

CORPORATE SUSTAINABILITY

REPORT

2020





A Message from Our CEO

The year 2020 was one that none of us will ever forget. When Popular embarked on its Environmental, Social and Governance (“ESG”) journey in 2019, it was hard to fathom the true value that having a formal ESG strategy would bring to the Corporation as we faced one of the most challenging social and economic times in history. As a financial institution operating for close to 130 years, we are keenly aware of our role in the wellbeing of our communities, and we are committed to do our part to support our customers through challenging times. I am exceedingly grateful to my colleagues, especially those working on the front lines, who were present day in and day out to offer excellent service to all our customers. Their commitment is proof of how we live out our corporate values.

A YEAR OF LESSONS AND INSIGHTS

I am proud to share Popular’s second annual Corporate Sustainability Report, which highlights our corporate sustainability and responsibility efforts during 2020. Our first full year of implementation of our ESG Framework presented unique opportunities to grow as we continue to learn more about sustainability best practices and how they might be applied in our markets.

Our internal engagement efforts demonstrated that employees are eager to learn more about sustainability topics and how they can play a role in making Popular better for our customers and communities, and a better place to work for all.

ACTIONS THAT ADVANCED OUR ESG VISION

Our ESG strategy is focused on three main priority areas: **Community**, **Environment** and **Our People**.

Some of our notable achievements in the area of **Community** include our deployment of over \$2.1 billion in loans, as of June 15, 2021, via the Small Business Administration’s (“SBA”) Paycheck Protection Program, an effort that has been recognized with the SBA Gold Award as a result of financing the highest number of SBA guaranteed loans among local banks in Puerto Rico. In response to the economic distress caused by the pandemic, we also acted proactively by waiving certain account charges and penalties, issuing provisional credits for overdraft accounts, and offering loan payment moratoriums to customers, among many other efforts. We also continued to expand our financial education program, *Finanzas en tus Manos* (“Finance at Your Fingertips”), throughout Popular’s branch network. Faced with the COVID-19 pandemic, we moved the program’s trainings online, where over 300,000 individuals benefited from our financial education curriculum. I am proud to say Popular was also recognized in 2020 by the American Bankers Association Foundation with the Community Commitment Award for the ongoing success of our financial education endeavors.

We believe our biggest step forward in 2020 was in the area of **Environment**. We revised our Commercial Credit Policy and Manual to consider each credit transaction’s potential environmental and social impacts in the credit analysis process. This represents a meaningful shift in the way we approach commercial transactions, and we



are seeking to engage in thoughtful conversations with our commercial customers on how their operations may impact their communities and the environment. We also saw considerable gains with respect to our physical environmental footprint, as we increased the number of branches operating with solar power and our combined heat and power plants went into operation. During the next several years we expect to continue to make improvements to our physical facilities with the goal of reducing the environmental impact of our operations.

In the area of **Our People**, we are measuring, tracking and analyzing a new set of data points in areas such as Diversity, Equity and Inclusion (DEI), talent development and employee wellness following the guidelines provided by the Global Reporting Initiative that I believe will make us a stronger company as we strive to attract, retain and develop the best talent.

The wellbeing of our employees and their families is one of our fundamental values and the extraordinary circumstances of the past year have only served to heighten our sense of responsibility. From the very beginning of the pandemic, Popular engaged in efforts to ensure that every employee who could perform their work remotely, had the equipment to do so and that those whose functions required their presence on-site felt safe in their workspaces. Regardless of whether they were able to perform their duties, we continued to pay our colleagues and we granted two special bonuses to front-line employees working on-site. We provided, and continue to provide, tools and resources for parents and families, as well as mental and physical wellness breaks, which are offered virtually throughout the workday. We also expanded our health plan coverage to make sure that colleagues who were not previously included, such as new hires still in their probation period and part-time employees, had the added security this benefit provides.

LOOKING AHEAD: COMMITTED TO ACTION

Our employees are eager to champion our corporate sustainability efforts. Looking ahead at how we can continue to strengthen our priorities regarding ESG practices, we are focused on the following objectives:

- Educating our Commercial Banking Relationship Officers on the value and importance of ESG due diligence.
- Establishing an Environmental and Social Risk Management (ESRM) Framework to help guide Popular's decision-making as we consider entering into new financial relationships and transactions in the coming years.
- Setting specific targets, tracking our progress, and communicating our results regularly and transparently for all our ESG priorities.

This past year has deepened my commitment that Popular continue to be a responsible corporate citizen as has been our way of doing business for the past almost 130 years. It has also strengthened my resolve to be a more active corporate citizen. The world has seen significant change in the last five years and this new reality underscores that Popular and others from the private sector must proactively lead constructive dialogues and develop innovative solutions for the benefit of all.

It is our great privilege to be able to work towards making a difference in the lives of our customers, colleagues and communities.

Ignacio Alvarez

President and Chief Executive Officer
Popular, Inc.

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.

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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. This report should be reviewed alongside the Popular, Inc. 2020 Annual Report and the 2021 Proxy Statement, 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 Fundación Banco Popular's website www.fundacionbancopopular.org.

This report contains information about our sustainability goals and efforts. These goals and efforts involve certain risks and uncertainties, such as changes in our business, the standards by which achievement is measured, the assumptions underlying a particular goal and our ability to accurately report particular information. Actual results could differ from our stated goals or the results we expect. Furthermore, the actual conduct of our activities, including the development, implementation or continuation of any program, policy or initiative discussed or forecasted in this report, may differ materially in the future. The standards by which sustainability efforts and related matters are measured, including standards and metrics used in preparing this report, continue to develop and evolve and in certain areas are based on assumptions believed to be reasonable at the time of the preparation of this report and should not be considered guarantees. These standards and assumptions could change over time. Certain information in this report regarding the Corporation comes from third-party sources and operations outside of our control. In addition, statements made about the Corporation, its

business or efforts may not apply to all our business units. The statements and information contained in this report speak only as of the date of this report. We assume no responsibility to update the information contained in this report or to continue to report any information.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 about Popular, Inc. (the "Corporation," "Popular," "we," "us," "our"), including, without limitation, statements about Popular's business, financial condition, results of operations, plans, objectives and future performance. These statements are not guarantees of future performance, are based on management's current expectations and, by their nature, involve risks, uncertainties, estimates and assumptions. Various factors, some of which are beyond the Corporation's control, could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "continues," "expect," "estimate," "intend," "project" and similar expressions and future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions, as well as variations or negatives of these words, are generally intended to identify forward-looking statements. You can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements are based on current expectations and involve inherent risks and uncertainties, including factors that could delay, divert or change any of them, and could cause actual

outcomes to differ materially from current expectations. More information on the risks and uncertainties that could affect the Corporation's future results, financial condition, plans and objectives is included in our most recent Annual Report on Form 10-K and in subsequent Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. Our filings are available on the Corporation's website (www.popular.com) and on the Securities and Exchange Commission website (www.sec.gov). As a result of these and other factors, we may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. The forward-looking statements contained in this report reflect our views as of the date hereof. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Popular's Profile

The institution's operations include:

BANCO POPULAR DE PUERTO RICO

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.



2020 Operations



37 Office Locations
222 Branch Locations
760 ATMs

2020 Community Investment



\$8M Philanthropic Giving
\$113M Community Loans and Investments

2020 Colleagues

8,522



Primary Legal Entities and Business Segments

Primary Legal Entity

- Popular, Inc.

Principal Subsidiaries

- Banco Popular de Puerto Rico
- Popular Bank
- Popular Insurance
- Popular Auto
- Popular Securities

Principal Business Segments

- Retail Banking
- Commercial Banking
- Individual Credit



2020 Financials

Popular, Inc.'s 2020 financial information is available in our Annual Report. Please visit the **Investor Relations** section of our website to access a copy of our [2020 Annual Report](#).

2020 Highlights

ESG

- Formally incorporated into the **Commercial Credit Policies** of Popular's banking subsidiaries environmental and social considerations to be taken into account as part of the credit analysis and evaluation process of all commercial credit applications.
- Created the **Environmental, Social and Governance Committee** (ESGC), a management committee established to support the implementation of our ESG strategy.
- Made **Community Reinvestment Act** qualifying investments totaling \$68.4 million.
- Received the **Community Commitment Award** from the American Bankers Association Foundation and the **Gold Award** from the Small Business Administration.
- Popular Bank was named a seed investor for the **Newark 40 Acres and a Mule Fund** (NWK FAM Fund). This new investment vehicle aims to economically empower Black and Latinx business owners throughout the City of Newark, New Jersey.
- Received the **Banking Development District** (BDD) designation from the New York State Department of Financial Services for Popular Bank's 1620 Pitkin Avenue Branch. The designation will further enhance community engagement and reinvestment initiatives throughout Ocean Hill-Brownsville neighborhoods in Brooklyn.
- Launched a new **eco-friendly branch** concept in Isabela, Puerto Rico, which operates independently from infrastructural support services such as energy and water systems.

- Upgraded 25 branches in Puerto Rico with the installation of more **efficient energy** generators and the replacement of traditional light bulbs with LED bulbs, improving the branches' resiliency in the event of natural disasters.
- Launched a **financial education** campaign to help customers better understand their account statements and reduced the cost structure and environmental impact of printing them.

COMMERCIAL BANKING

- Recognized with the **SBA Gold Award** for financing the greatest number of guaranteed SBA PPP loans among local banks in Puerto Rico. Popular processed 69% of all loans approved by the SBA in Puerto Rico during 2020.
- As of June 15, 2021, provided over \$2.1 billion in loans through the **SBA PPP** to over 50,000 small and medium-sized businesses, which benefited more than 278,000 employees.

INDIVIDUAL BANKING

- Grew our Puerto Rico customer base by **106,000 new customers**.
- Increased to 87% the number of in-branch ATMs with **Easy Deposit** functionality.
- Increased to 67% the number of deposits received at Popular via our **mobile application and ATMs**.
- Provided certain in-branch account services via our **call center**, resulting in a 16% increase in calls attended.

- Enhanced **drive-through services** by increasing the deposit transaction limit to \$10,000.
- The number of **deposit accounts opened online** increased by 25%.
- Launched new **contactless technology** for the ATH Visa debit card.

CORPORATE GOVERNANCE

- Amended Popular's Certificate of Incorporation to declassify the Board of Directors by the 2023 Annual Meeting of Shareholders, resulting in **all directors being elected on an annual basis**.
- Amended Popular's Certificate of Incorporation to **eliminate the supermajority voting requirements** for shareholders to amend Popular's Certificate of Incorporation, approve business combinations and approve the voluntary dissolution of the Corporation.
- Amended Popular's By-laws to grant shareholders holding 20% or more of Popular's outstanding common stock the **right to request a special meeting** of shareholders.



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

10.1	years average tenure
60	average age
80%	of board members are ethnically diverse
30%	of board members are female
80%	of the board is independent
3	new directors in the past five years

AUDIT COMMITTEE

Assists the Board in its 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 the accounting and financial processes, principles and policies, the effectiveness of internal controls over financial reporting and the audits of the financial statements; and
- 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 evaluation of the performance of the Board, its committees and the individual directors;
- recommending to the Board the form and amount of compensation for Popular’s directors; and
- overseeing Popular’s sustainability and social responsibility strategy, priorities and reporting practices, including environmental, social and governance (ESG) and public matters that may impact Popular, its shareholders, employees, customers and the communities in which Popular operates.

RISK MANAGEMENT COMMITTEE

Assists the Board in its oversight of:

- Popular’s enterprise-wide risk management program, practices, and 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, climate-change and credit risks;





- senior management’s activities with respect to capital management, including the development of Popular’s annual capital plan; and
- Popular’s technology, information security and cybersecurity matters, strategies, and programs.

TALENT AND COMPENSATION COMMITTEE

Discharges the Board’s responsibilities, subject to review by the full Board, relating to:

- compensation of Popular’s President and Chief Executive Officer 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 Chief Risk Officer, 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; and
- 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.

Summary of Board Competencies

										
DIRECTORS' EXPERIENCE AND SKILLS	CARRIÓN	ALVAREZ	BACARDÍ	BALLESTER	CARRADY	DIERCKSEN	FERRÉ	GOODWIN	SOTO	UNANUE
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 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 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 and nominees, except for Mr. Carrión who is our former CEO and Executive Chairman, and Mr. Alvarez, who is the current President & CEO, meet the independence standards of NASDAQ.



Popular's COVID-19 Response

CUSTOMERS

- Provided **uninterrupted essential banking services** throughout the pandemic, maintaining 85% of branches open.
- **Waived certain account charges** during the first months of the pandemic, such as the non-BPPR ATM withdrawal fees, the non-BPPR customer ATM surcharge, and the Certificates of Deposit early withdrawal fee penalty.
- Offered a wide array of **digital services**, eliminating certain charges and relaxing limits on selected transactions to promote the use of convenient and safe alternatives to branch visits.
- Granted \$8.3 billion in payment **deferral assistance** to approximately 132,000 eligible customer accounts that were impacted by the pandemic.
- Helped our business customers take advantage of **federal assistance** under the new CARES Act, including the SBA PPP.
- Popular Bank partnered with the New York City Comptroller's Office to participate in a three-part **workshop series** providing insights and guidance to women and minority-owned businesses that have been impacted by the COVID-19 health crisis, including those seeking the SBA PPP assistance.
- Facilitated the **processing of grants** totaling \$100,000 to 14 nonprofit organizations and small businesses through the Small Business Recovery Grants Program (SBRG) in partnership with the Federal Home Loan Bank of New York.
- Launched a **special mortgage assistance program** in Puerto Rico, which provided forbearance aid to approximately 47,000 clients affected by the pandemic and additional post-forbearance options for those with unresolved hardships.
- Developed and launched a web-based application as part of the special **mortgage assistance program** to provide clients with a contactless, self-service alternative.
- Issued a provisional 30-day **credit for overdraft accounts** to allow customers to use the complete amount from the CARES ACT incentive payment – this prevented the incentive funds from being used to pay overdraft fees.

EMPLOYEES

- Continued to **pay our employees**, even when at home and unable to work.
- Offered two **special bonuses** to our front-line employees working on-site.
- Implemented **alternative work arrangements** for more than half of our employee base.
- Provided the **equipment, technology and ongoing training** for employees using alternative work arrangements.
- Leveraged our **internal health clinic** and eliminated copays for COVID-19 tests and visits to emergency rooms.
- Extended **health plan coverage** to new hires who were still on the regular three-month probation period as well as to part-time employees.
- Encouraged the emotional wellbeing of our colleagues, offering services such as the **Employee Assistance Program** and live-online mindfulness courses.



COMMUNITIES

- Established a \$1 million fund to complement ongoing COVID-19 **pandemic business relief efforts**.
- Donated **personal protective equipment** (PPE) to medical personnel and supported local data and research projects related to COVID-19.
- Supported small and medium businesses through **donations to nonprofit partners** that provide guidance, coaching and emergency grants and offer virtual workshops in relevant areas such as financial planning, customer acquisition through social media and the management of human resources in a virtual environment.
- Offered a simple **online financial education module** that allows individuals to assess their financial situation and provides guidance and financial planning tools.
- Provided **emergency grants to nonprofit organizations** to ensure the continuity of their services and enhance their technological capacity to allow them to offer services remotely.



Cybersecurity

Protecting the Data Entrusted to Popular

SAFEGUARDING CUSTOMER ASSETS AND DATA IN THE DIGITAL AGE

Information security risks for large financial institutions such as Popular have increased significantly in recent years. This is the result of the proliferation of new technologies and channels, such as mobile banking and remote work connectivity, as well as the increased sophistication and activities of organized crime, hackers, terrorists, nation-states, hacktivists and other parties. Popular manages its risks through the combination of governance processes, having the right people, and selecting the proper technology, while using cyber insurance as a risk transference option.

RISK OVERSIGHT

Popular is committed to keeping client personal and financial information protected and secured through responsible information collection, processing and use practices. The Board of Directors’ Risk Management Committee (RMC) is responsible for overseeing the development, implementation, and maintenance of Popular’s cybersecurity program.

To that end, the RMC has enacted a **Corporate Information Security Policy** (the “InfoSec Policy”) and established a management committee and a management structure to jointly delineate the management of cybersecurity risks. The InfoSec Policy, among other things, ensures compliance with applicable cybersecurity laws, regulations and guidelines. The Cybersecurity Oversight Committee, or a senior management committee, is responsible for overseeing and ensuring the appropriate deployment and monitoring of cybersecurity strategies at the corporate level



“Every relationship is based on trust. Our team comes to work every day to ensure that the data entrusted to Popular by our customers and colleagues is safeguarded with the highest levels of security and responsibility. We worry, so they don’t have to.”

Betina Castellví
Executive Vice President,
Corporate Security Group

and across all subsidiaries of Popular. The Corporation’s information security and privacy programs are led and overseen by the Corporation’s Corporate Security Office, through the Chief Information Security Officer and Chief Privacy Officer. Our defensive approach employs people, processes, and technology to manage and maintain cybersecurity risk reduction capabilities. We also use a variety of preventative and detective tools to monitor, block and provide alerts regarding suspicious activity, as well as to identify suspected advanced persistent threats. Popular has also implemented fraud prevention and detection tools and strategies that allow us to prevent and decline high risk transactions before they are approved and executed. Transactions are risk scored to indicate their level of risk considering customer typical transaction patterns, fraud trends and observed tactics.

The Cyber Security Division (“CSD”), led by the Chief Information Security Officer, is charged with overseeing compliance with the InfoSec Policy. Furthermore, CSD implements Popular’s information security strategy and objectives, assesses the effect of security threats or incidents on the financial institution and our business lines and processes, and evaluates and determines the appropriateness and effectiveness of our Information Security Program preparedness. The Information Security Program is presented annually to the Board of Directors for their approval, along with identified strategies and related roadmap. The CSD is also responsible to report on cybersecurity matters to various management committees and provides the RMC with updates on the progress, initiatives and other significant cybersecurity matters at least quarterly.

NAVIGATING A DIGITAL LANDSCAPE

We continually evaluate and refine our security and privacy programs to remain current in an environment with new and evolving threats. We protect information by implementing information security and privacy policies and programs that delineate roles, responsibilities and measures used to identify, assess, manage and mitigate privacy and information security risks. These also govern our remediation activities in the event of data breaches or service interruptions. Our independent Internal Audit function regularly conducts exams of the lines of business and risk functions to ensure compliance with information security and privacy policies, standards and applicable legal requirements.

Popular’s information security controls are aligned to the National Institute of Standards and Technology (NIST) Framework for Improving Critical Infrastructure Cybersecurity (Cybersecurity Framework). We measure our maturity progress by utilizing the Cyber Assessment Tool (CAT). The Federal Financial Institutions Examination Council (FFIEC) developed the CAT to help banks and credit unions identify cybersecurity risks and determine their preparedness and this tool is also based upon NIST. Thus, the NIST Framework has been integrated into our security and privacy programs and these, in turn, have been designed to implement internal risk-based frameworks that align with NIST and the Cyber Assessment Tool. Through monitoring and evaluation processes, we proactively review our security controls and their effectiveness to ensure that cyber risks are properly identified and mitigated. As part of the continuous risk evaluation process, we assess how internal changes, new products, or technology deployments, as well as external events and the evolution of threats impact our security controls and present the need of additional resources, technology, or processes. System enhancements and updates are also evaluated to minimize introduction of new risks. Furthermore, we continually scan our digital infrastructure and conduct

annual penetration tests to ensure vulnerabilities are identified and mitigated, following a risk-based approach. Additionally, application and vendor assessments are conducted for new products and providers, which are updated and refreshed continuously, according to their risk level.

To address cybersecurity, fraud and privacy risks, Popular has also implemented training and awareness campaigns for our customers and employees, tailored to their roles, responding to and addressing threats as they continually evolve. In addition, monthly phishing campaign trainings occur for the entire employee base. Table-top incident response exercises are regularly conducted, at least annually, covering threats and events such as ransomware, customer fraud and data breaches, with the participation of key employees and service providers, to enhance and validate existing playbooks and incident response plans. Additionally, we have implemented other proactive measures to ensure business resiliency and a prompt recovery, if a disruption event were to occur.

As part of its continuous risk evaluation process, Popular regularly assesses how internal changes, new products or technology deployments, as well as external events and the evolution of threats, impact our control framework and whether additional resources, technology or processes are necessary to modify or enhance our layers of defense or to investigate and remediate any information security vulnerabilities. System enhancements and updates are also evaluated to review risks associated with implementing new systems and integrating them with existing ones and appropriate requirements are developed to minimize introduction of new risk.



EMPLOYEE PREPAREDNESS

Safeguarding Customer Assets in the Digital Age



8,962 Employees who underwent cybersecurity trainings

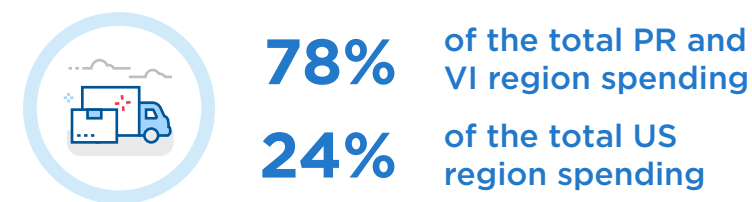
9,240 Employees that received trainings on consumer financial protection

Responsible Sourcing

At Popular we understand the impact our buying power has on the economies of the regions we serve. This understanding guides our continuous search for locally based suppliers that meet our criteria and needs. Our aim is that Popular’s procurement practices support local entrepreneurs and contribute to the development of vibrant business communities.

During the COVID-19 emergency, Popular deployed a procurement strategy designed to support our mainland United States operations from Puerto Rico by acquiring approximately \$1.2 million in personal protective equipment from Puerto Rico-based suppliers and exporting them to our offices in the mainland United States.

Popular’s 2020 Spending with Locally Based Suppliers

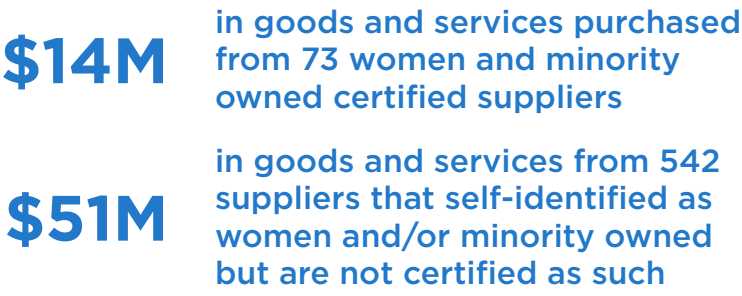


Popular follows a structured sourcing process that evaluates several criteria that include quality, flexibility, reliability, fair pricing, diversity, operation size and location, as well as supplier operating practices and reputation based on their scope of services and products. As part of our commitment to maintain and grow a diverse and responsible supplier base, we share with our suppliers the Code of Ethics for Popular Suppliers, as well as our Equal Opportunity Employer Requirement for Suppliers. Also, our Procurement Team engages in regular education and awareness efforts for our Engagement Owners (Vendor

Relationship Owners) on the topics of Procurement Policies, Procedures and our supplier diversity practices. Our annual supplier diversity plan includes reaching out to suppliers to create and promote awareness of the Puerto Rico Minority Supplier Development Council (PRMSDC) certification benefits.

As part of our aim to raise awareness of the PRMSDC, in 2020 Popular sponsored the PRMSDC Supplier Diversity Convention and hosted the first Popular Supplier Diversity Virtual Forum which included a panel of key local industry procurement leaders, as well as the participation of Women Business Enterprise and the Puerto Rico Supplier Diversity Council. Event attendees included Popular commercial and corporate clients as well as existing suppliers. Popular performs regular monitoring of its diverse supplier spending to better understand and improve its inclusion efforts of Minority Business Enterprises (MBE) in sourcing events.

Popular’s Supplier Diversity 2020 Spending Highlights



Responsible Marketing

Popular is committed to strengthening the social and financial well-being of our diverse communities and customers, while also actively helping to build a more sustainable future. We aim to deliver relevant and convenient products and services that improve our customers' life in a simple way.

As part of the marketing (advertising, promotion and social media) of our products and services, we ensure that our communications comply with fair and ethical practices and do not include harmful, illegal, immoral, irresponsible or misleading content. We have processes and procedures in place designed to provide current or potential customers, including diverse communities, with information that allows them to make knowledgeable decisions and access to our content via our branches, service centers, website, traditional and digital channels, including emails and social media.



We adhere to the following Responsible Marketing Principles:

Marketing communications should be accurate, truthful, and transparent.

We seek to bring the highest standards and level of integrity to our marketing efforts by following laws and regulations and evaluating content to avoid biases or other discriminatory practices. We are especially careful concerning marketing and advertising to persons under the age of 18.

Practice the responsible use of data to develop efforts with relevant content via the right channel at the right time to improve customer experience.

Popular does not sell customer data. Data is only shared with affiliates for everyday business or for marketing purposes. Marketing efforts are developed based on customers' insights to ensure that messages are relevant to our customers, while following data privacy and security guidelines established by the Corporate Security Group.

Perform ongoing regulatory monitoring.

Management provides input to content and then it is revised accordingly by support units, as applicable. External reviews and audits, from a regulatory standpoint, are conducted to assess existing procedures, related policies and marketing guidelines.



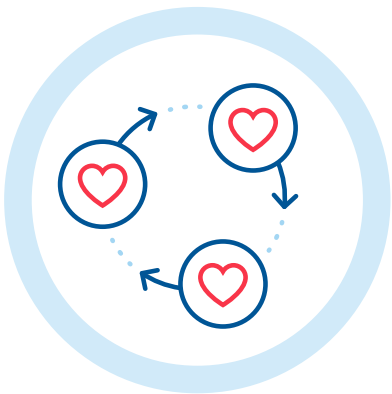
Our Environmental, Social, and Governance Framework

As a financial services company operating in various geographical markets, Popular manages a broad range of ESG efforts. This report focuses on those areas that we identify as most relevant to our business and of most interest to our stakeholders.

Our ESG priorities help define how we deliver responsible growth and contribute to our local economies. They also reflect our values and allow us to hold ourselves accountable for our progress as we create new business opportunities and success stories with our clients and communities.

ESG VISION

Since our founding in 1893, 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 wellbeing 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

We are committed to help strengthen the social and financial well-being of our employees, communities and customers. As a financial services company, we are acutely aware of the crucial role that banking plays in the vibrancy of our markets, and we seek to drive responsible growth as we advance our customers' personal and financial goals.

IN THIS SECTION

- Supporting Inclusive Growth
- Affordable Housing
- Financing Community
- Tech for Inclusion
- Fueling the Power of Small Business
- Echar Pa'Lante
- Corporate Grants
- Personal Financial Growth
- Creating Opportunities Through Youth Education



Supporting Inclusive Growth

Inclusive growth is achieved when all members of a society can reap the rewards of a prosperous economy. At Popular, we recognize that our future is inextricably tied to the prosperity and resilience of our customers and markets. As a commercial bank, our role is to ensure we offer a portfolio of products and services that meet the needs and exceed the expectations of our customers regardless of their level of income. Our role is to help them grow.

SMALL BUSINESS LOANS

The following are loans outstanding to small businesses during 2020 where the total loan amount was equal to or under \$1 million:



10,685 loans
Outstanding balance: \$649M

9,097 credit lines
Outstanding balance: \$55M

54,586 commercial credit cards
Outstanding balance: \$41M

COMMUNITY DEVELOPMENT LOANS



73 loans
Outstanding balance: \$113M

85 lines of credit
Outstanding balance: \$656K

SERVING LOW AND MODERATE-INCOME CUSTOMERS

As the effects of the COVID-19 pandemic began to be felt, at Popular we were eager to do our part to safeguard the interests and financial security of our customers. A critical part of our economic efforts during 2020 was our role in the deployment of loans via the U.S. Small Business Administration **Paycheck Protection Program** through which, as of June 15, 2021, we were able to disburse over \$2.1 billion in loans to more than 50,000 businesses with over 278,000 employees.

One of Popular’s strongest differentiators in Puerto Rico and the Virgin Islands is our presence and high level of accessibility to our customers. In 44 out of Puerto Rico’s 78 municipalities, Popular is the only commercial bank with a physical branch present. Even though COVID-19 has affected the way we physically interact with our customers, we continue to be present in all our markets, where and when our clients need us the most.

Number of branches in underbanked or unbanked areas

	Branches in LMI	
PR	44	27%
USVI	4	50%
US	27	54%
BVI	N/A	N/A



Affordable Housing

Affordable housing and housing security are a cornerstone of any growing community. Access to affordable housing provides critical stability to families and individuals, increases savings, leads to improved educational outcomes, frees up resources that can be used towards food and health care, among many other positive impacts on families and entire communities. Popular’s commitment is to always strive to finance both the creation and preservation of affordable housing units where possible.



153

Affordable housing units created

484

Affordable housing units preserved

In Puerto Rico, Popular was awarded \$703,540 for the El Zorzal Apartments project as part of the 2020 Affordable Housing Program (“AHP”) competitive round. With these funds, Lucha Contra el SIDA, a nonprofit organization and project developer, will rehabilitate 24 housing units for very low-income individuals with varying special needs in San Juan, Puerto Rico.

Home Mortgage Disclosure Act Originated Loans

	Number	Amount
Federal Housing Administration (FHA) Insured	568	\$87.3 million
Veterans Affairs Insured (VA)	149	\$28 million
SDA Rural Housing Service	303	\$37 million

PROMOTING HOMEOWNERSHIP FOR FIRST-TIME BUYERS

We know that buying a first home is a major step in a person’s life, and we are committed to offering programs that offer real solutions to future homeowners through excellent service and proper assistance.

In 2020, Popular was able to help 19 individuals through our programs for first homeowners with a total of \$1.3 million in loans and an average loan amount of \$70,316.



Financing Community

POPULAR MEZZANINE FUND

The Popular Mezzanine Fund LLC (“PMF”, or the “Fund”) is a public welfare investment fund created pursuant to the provisions of the Puerto Rico Private Equity Funds Act. The Fund contributes to the economic development of Puerto Rico and aims to facilitate job creation by, among other things, financing and investing in eligible businesses and development projects with limited or no access to traditional senior bank financing.

At the core of the PMF’s mandate is to help meet the credit needs of local communities, including low- and moderate-income neighborhoods. To do this, the Fund offers a variety of financing structures that have the flexibility to meet the needs of local businesses, including various investment types and investment terms mainly ranging from 2 to 5 years. The Fund’s portfolio is diversified across various industries, including, manufacturing, energy, healthcare, commercial real estate, and software services.

In 2020, Popular increased the Fund’s capital from \$50 million to \$100 million to further maximize its impact.

Examples of recent financing

Maximo Solar

In March 2018, the Fund made a \$5 million term loan to Maximo Solar Industries, a multi-service solar energy enterprise, providing design, engineering, and installation services, and offering innovative processes and products. The funds were used to acquire inventory and for general working capital purposes.

Puerto Rico Women’s and Children’s Hospital

In December 2018, the Fund made a \$10 million subordinated term loan to the Puerto Rico Women’s and Children’s Hospital, located in Bayamón. Proceeds from the facility supported the purchase and rehabilitation of the hospital by the Quiros Group.

BLUHAUS SMALL BUSINESS FUND

In 2020, Popular made a \$2.5 million investment commitment in a third-party fund based in Puerto Rico to support small business development. The Bluhaus Small Business Fund is a Small Business Investment Company (SBIC).

POPULAR COMMUNITY CAPITAL (PCC)

Popular Community Capital, LLC 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 with flexible rates and terms to businesses or projects located in, or that will directly benefit, Low-Income Communities (LIC), primarily in areas where Popular has presence.

Since 2017, PCC has obtained two New Markets Tax Credit (NMTC) allocations totaling \$120 million, of which to date 100% of the funds have been deployed. PCC’s target areas include education, tourism, nutrition, manufacturing, and healthcare; and focuses on 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; and
- are in high Latino population communities in New York and Florida.

PCC’s NMTC-enhanced financing has aided for-profit and nonprofit businesses with their equipment and working capital needs and provided the gap financing required to make certain real estate projects possible. Since 2017, our \$120 million in NMTC deployment has aided 21 qualified businesses/projects with a total project cost of \$292.1 million and provided them with a \$51.3 million net benefit.

In 2020, PCC closed the following two transactions:

Ponce Health Science University (PHSU)

PCC provided a \$10.0 million allocation for the construction of the new 125,000 square foot facility in Ponce, Puerto Rico, which, when completed, will provide master’s, doctorate, and certificate programs in the health sciences spectrum, as well as health and dental clinics for the community. The project will replace PHSU’s current facilities which were heavily damaged by Hurricane Maria and will increase the number of medical and health professionals providing care to underserved communities. PHSU enrolls approximately 1,262 students per year and the project is expected to retain 256 full-time employees, create 242 new permanent jobs, and create 165 construction jobs. In addition, the facilities will hold a primary care and behavioral health clinic which will serve 22,400 unduplicated patients per year, of which at least 75% are expected to be low-income. Student enrollment is expected to increase from 1,261 to 3,163 by 2026.

Biomass Green Fuels (BGF)

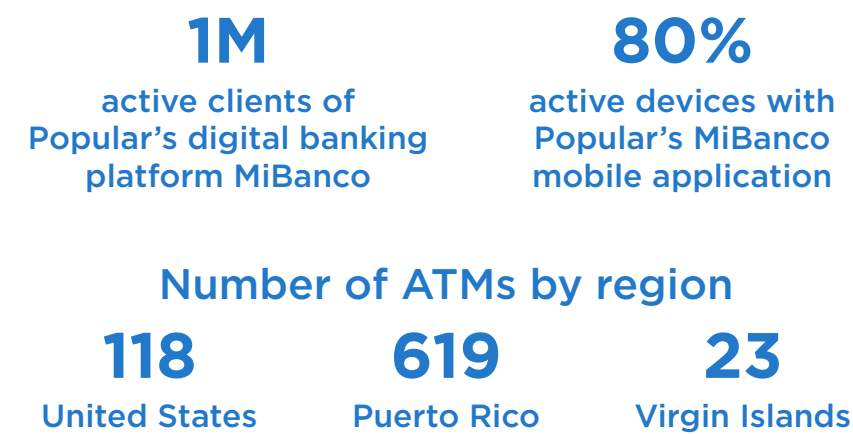
BGF is a Puerto Rico-based business that will build the first-of-its-kind purification facility in Puerto Rico which will convert landfill gas to renewable natural gas. PCC provided a \$7.5 million allocation for the construction of a purification facility which, when completed, will reduce local air pollution by 90%, create and retain jobs in Humacao, Puerto Rico, and produce natural gas and CO2 to sell to local businesses. The project is expected to create 18 permanent quality jobs, 20 construction jobs, and impact the educational spectrum by developing a curriculum to be offered with the Puerto Rico Science, Technology & Research Trust, University of Puerto Rico, Humacao and Mayaguez.



Tech for Inclusion

In a world of constantly evolving technologies and seemingly infinite digital offerings, Popular is committed to the relentless innovation of our digital portfolio and the leveraging of technology to increase access to financial services.

In early 2021, Popular made an early-stage investment in minority-owned and led Greenwood Financial, a digital mobile banking platform tailored to Black and Latino customers.



Fueling the Power of Small Business

Small and medium-sized businesses are the fuel of prosperous, vibrant economies. The spread of COVID-19 brought this truth front and center as too many businesses had to close their doors in keeping with new public health regulations. Nevertheless, Popular maintained its commercial operations, avidly seeking ways to support our small and medium-sized commercial customers.



SBA Loans Provided in 2020 (excluding PPP loans)

128 loans provided
\$20M amount provided



SBA PPP Loans (awarded as of 06.15.2021)

50,000 loans provided
\$2B amount provided



As part of our COVID-19 response, we granted \$300,000 to three Puerto Rico-based nonprofit organizations to provide coaching, counseling and emergency grants to entrepreneurs: Grupo Guayacán, Causa Local, and Centro para Emprendedores.

Grupo Guayacán - \$100,000 for the Guayacán COVID-19 Small Cash Grants Program to provide emergency capital and technical assistance to **17 startup businesses**.

Causa Local - \$100,000 to provide grants and orientation to small business owners. The organization provided emergency cash grants to **16 small business owners** and offered business counseling and technical assistance to more than **200 business owners**.

Centro para Emprendedores - \$100,000 to provide grants and technical assistance and produce educational workshop videos aimed at small business owners. The organization provided emergency cash grants to **38 small business owners** and gave **591 coaching sessions** to **297 entrepreneurs**.

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. Since inception, the program has approved **\$4.1 million in loans to 130 customers**.

StartUp Popular has three main components: financing of proven business ideas that have been operating for less than two years, business coaching, and networking.

- **Financing** works on a proposal basis with loans ranging 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; and
- 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 but not limited to: accounting, sales, business development, exporting, marketing, and human resources.



6 loans approved in 2020
\$213K total amount approved

Due to the ongoing emergency created by the COVID-19 pandemic, StartUp Popular cohorts were not active after February 2020 as Popular employees were re-tasked to support the deployment of PPP funds to commercial customers in need of assistance.

Echar Pa'Lante

During 2020, the Echar Pa'lante movement (EPL), a multi-sector alliance powered by Popular to promote entrepreneurship, effectively migrated all efforts online, resulting in the contribution of a wide range of international experts, the participation of a more diverse population from all corners of the Island in the capacity-building programs and, an even greater impact.

Over 2,000 educators and entrepreneur-support practitioners participated in EPL's Entrepreneurship and Innovation (E&I) capacity building program, helping the program reach its target critical mass of 801 college professors and 304 entrepreneur-support practitioners. The EPL-managed certifications have been recognized and validated by the International Council for Small Business (ICSB). Encouragingly, the first cohort of 56 college professors completed their certification requirements.

Furthermore, the team of volunteer college professors offering the **Emprende 100x100** training to school directors and teachers grew to over **150 professors** who delivered the basic module online to over **1,200 K-12 public school teachers**.

The collaboration with the **Puerto Rico Science Trust** facilitated the integration of a robust Business Resilience and Continuity program for both support practitioners and business owners. Additionally, more than **100 high school teachers** became facilitators and started to offer the Youth Start-Up Experience online.



The 7 allied universities, with 40 college campuses, continued to implement systemic agendas via their specially trained staff to stimulate entrepreneurship within their campuses and in their surrounding communities.

The benefits of EPL are starting to be reflected in the entrepreneurship metrics captured by the UPR-led Global Entrepreneurship Monitor. Specifically, the intention to engage in entrepreneurial activity in the next three years has significantly increased from **13.1% in 2013 to 23.9% in 2019**. As EPL gets ready to celebrate its 10th anniversary in 2022, it is getting ready to transform into a learning and collaboration community following 21st century leading practices.

Corporate Grants

AWARDED TO ORGANIZATIONS SUPPORTING SMALL ENTREPRENEURS

Popular remains determined to continue to expand our support to the inception, development, and financing of new and existing small and medium sized enterprises and to that end will be increasing our level of investment in this area for 2021. These are our 2020 grantees in support of small entrepreneurs:

Causa Local – \$50,000

In 2020, Causa Local impacted 102 small business owners and deployed \$1 million through Kiva loans. They also launched Causa Rural & Causa Creativa to help local farmers and small business owners to increase the level of exposure of their products and services, and to increase their income by diversifying the markets they sell to.

Grupo Guayacán – \$97,500

This total amount reflects the sum of Popular’s support for Grupo Guayacán’s various initiatives aimed at supporting start-up entrepreneurs. Among the program’s awarded funds were the Idea Seed Fund, the EnterPRize Business Competition where Popular has sponsored the Social Enterprise Special Track Prize of \$10,000 in equity free seed capital since 2016, the Guayacán Venture Accelerator to sponsor 50% of the cost of participation for a Popular client, and the Guayacán Endowment Fund.

Corporación para el Financiamiento Empresarial del Comercio y de las Comunidades (COFFECC) – \$15,000

Grant awarded to cover the cost to produce and offer the first Academia Práctica, a five-month long entrepreneurial training program with a direct link to microloans for participants at its completion, in 2021.

Grameen Bank – \$100,000

Funding awarded in support of Grameen’s microfinance program located in Puerto Rico which provides microloans to local low-income female entrepreneurs. In April of 2020, Grameen launched the Member Economic Relief & Recovery Package, lowering interest rates on all loans to 0%, covering repayment fees to digital vendors, and offering loan extensions that cut members’ repayments in half. They also offered repayment assistance for members in high distress and unable to make their weekly repayments. Unfortunately, Grameen had to close its operations in Puerto Rico at the end of 2020.



Personal Financial Growth

Financial literacy is an important set of skills and knowledge that can help individuals better manage their personal finances and be able to plan for their future goals. As a responsible banking institution, we take great pride in our proprietary financial education program, **Finanzas en Tus Manos**, and the genuine dedication our colleagues put into its offering.

FINANZAS EN TUS MANOS

Finanzas en Tus Manos (Finance at your Fingertips) was launched by Popular in 2010 and has since then improved the financial well-being of individuals and businesses throughout Puerto Rico. The mission of Finanzas en Tus Manos is to transfer knowledge and personal finance management skills beginning in early childhood, to transform and improve the financial health of our communities.

Popular’s financial education program is designed to be offered at the primary and secondary school levels and at universities, as well as for business owners, corporations, government agencies and a variety of other organizations. The program focuses on providing best practices for developing saving habits and personal financial management and on empowering individuals to take charge of their own financial awareness with the help of Popular banking experts.

2020 Impact

1,785

participants in 39 financial education workshops

366,000

individuals impacted via online asynchronous financial education videos



Kenneth Pabón, Finanzas en Tus Manos spokesperson, and Ignacio Alvarez with the 2020 Community Commitment Award.

The ongoing success of *Finanzas en Tus Manos* program earned Popular the 2020 Community Commitment Award from the American Bankers Association Foundation, an award that recognizes and promotes the many valuable ways in which banks of all sizes contribute to economic growth, community development and enhancing the quality of life in their communities—and is a true badge of honor for any bank to earn.

CREDIT BUILDER

For our customers in the mainland 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.

How it works: 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.

In 2020 Credit Builder loans accounted for 35% of all personal loan and credit line originations for Popular in its mainland United States market.



Creating Opportunities Through Youth Education

We believe that education is an indispensable pillar for a just and prosperous society, and we support organizations and projects that promote educational excellence as well as access to quality education.



Grants destined to educational programs

54 (\$1,660,271) Fundación Banco Popular	12 (\$110,000) Popular Foundation	11 (\$787,484) Corporate Donations
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FUNDACIÓN BANCO POPULAR

During 2020, [Fundación Banco Popular](#) strategically focused on relationship building and receptive program management so that nonprofit partners had maximum flexibility to respond to the ongoing crisis. This included extending the grant program applications deadline, converting project-based grants to unrestricted support, coordinating telephone evaluations instead of site visits, and periodically consulting all grantees about population needs and operational challenges. Moreover, we successfully adapted proprietary programs such as **Aceleración Musical** as well as the **Premio a la Excelencia Académica** and the **Rafael Carrión, Jr. Scholarship Program** awards ceremonies to immersive online experiences.

Furthermore, Fundación Banco Popular established a COVID-19 community-based emergency response fund of \$200,000 which was granted to 14 key nonprofit partners assisting homeless populations, school-age children and youth, as well as other vulnerable groups such as gender violence survivors and the elderly.

\$3.5M	Fundación Banco Popular total investment
\$2M	Social Investment Program to 65 organizations
18,439	Individuals impacted

The coworking space located within Fundación Banco Popular’s headquarters, the **Community of Collaboration and Social Innovation**, continued to promote collaboration and offered at-distance support to the 30 nonprofit organizations who are members of the Community and operate from the space. The coworking space was enabled and opened for a limited number of members in urgent need of access to the Internet.

Rafael Carrión, JR. Scholarship Fund

The Rafael Carrión Jr. Scholarship approved **\$422,000 for scholarships to 262 children** of Popular employees and retirees.



POPULAR FOUNDATION

In the United States, the Popular Foundation was established in 2004 with the mission of strengthening the social and economic well-being of the communities we serve in the United States mainland. The Popular Foundation focuses on the areas of education and youth, health and supported living, and community development. It especially 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.

25 grants awarded
\$391K provided

CORPORATE DONATIONS

In addition to the grants provided by our corporate foundations, Popular also awards grants to nonprofit entities in the areas of education, economic development, arts and culture, sponsorships and events that aim to improve the quality of life of the communities we serve.

107 grants awarded
\$5M provided



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 Popular with the goal of providing the highest quality education to the children of Popular employees, as well as to children of nearby communities. During 2020, the school was able to successfully transition to an online modality and continued offering its curriculum.

23 students
\$334K invested by Popular
3 scholarships awarded

Environment

We are aware that businesses and corporations do not exist in isolation from the places and communities in which they operate. We also recognize that the accelerated rate of climate change and its effects pose a considerable risk not just to our business, but to our customers and to the communities where we live and work. As a financial institution with a significant market presence in Puerto Rico and the U.S and British Virgin Islands, as well as operations in Florida, New York and New Jersey, we recognize our responsibility in helping to mitigate the effects of climate change and achieving climate resilience.

IN THIS SECTION

- Improving the Efficiency of Our Operations
- Driving Sustainable Finance



Improving the Efficiency of Our Operations

Environmental sustainability is fundamental to ensure the future health of our planet and we are consistently searching for ways to safeguard our natural resources.

For Popular, being environmentally sustainable requires doing our part to reduce the environmental impact of our operations in the markets where we are present. Our Corporate Real Estate Division is tasked with limiting the environmental impact of our facilities and improving the energy efficiency of their operations. To that end, we continuously explore and consider new alternatives and technologies to help us further limit our environmental impact as we work towards the steady improvement of the environmental footprint of our operations.



ENERGY CONSUMPTION

2.2M KWH
(solar)

Total fuel consumption from renewable sources

57.8M KWH
(total non-solar)

Total fuel consumption from non-renewable sources

57.8M KWH

Total electricity consumption

60M KWH

Total energy consumption



WATER USAGE

244,950 m³

Total water usage



WASTE MANAGEMENT AND RECYCLING

1,287 tons

Paper shredded and recycled

This translates into the following environmental benefits:

1,863,731 lbs of CO₂ emissions avoided

180 cars off the road

6,436 cubic yards of landfill space conserved



Driving Sustainable Finance

To further integrate the consideration of ESG factors into Popular’s credit processes, during 2020, the commercial credit policies of Banco Popular de Puerto Rico and Popular Bank were amended to formally incorporate environmental and social factors into the analysis and approval of extensions of commercial credit. These amendments were complemented with the creation of the **Environmental, Social and Governance Committee** (ESGC), a management committee established to support the implementation of our ESG strategy. While the ESGC does not conduct an evaluation of creditworthiness or address credit administration matters, it seeks to complement the credit approval process with an assessment of social and environmental-related considerations. As a result of these changes, certain commercial credit applications may be subject to an enhanced due diligence that requires the approval of the ESGC.

To provide additional clarity and transparency as to how Popular approaches environmental and social risks, during 2021, we expect to develop an **Environmental and Social Risk Management (ESRM) Framework**. The ESRM framework will help guide Popular as it seeks responsible growth, allowing us to continue investing in our colleagues, customers, communities, and environment.

RESIDENTIAL SOLAR FINANCING

As part of Popular’s efforts to help our customers be less dependent on fossil fuels, since 2018 Popular has offered clients solutions to help finance energy-efficient home upgrades. We currently offer financing for the following types of products:

- Generators
- Transfer switches
- Batteries
- Solar panels
- Inverters

Financing provided in 2020
115 loans = \$3M



SUPPORTING SUSTAINABILITY THROUGH COMMERCIAL FINANCING

Popular aims to be an active participant in the process to transition to a low carbon economy. Therefore, we proactively look to finance commercial projects that integrate sustainability in their operations or business practices. During 2020, Popular provided **6 loans amounting to \$150.7 million** to commercial projects that we identified met these characteristics.



BOLSTERING RESILIENT COMMUNITIES

The geographic location of our markets means we are all too familiar with severe climate events and natural disasters, such as hurricanes, floods, droughts and earthquakes. Conscious of these challenges, Popular seeks to ensure that our employees, customers and communities are prepared and equipped to withstand and recover from such events.

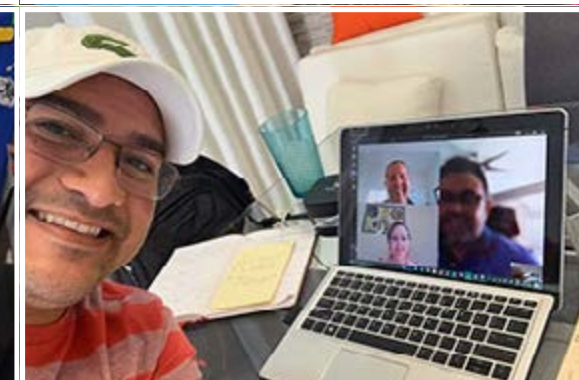
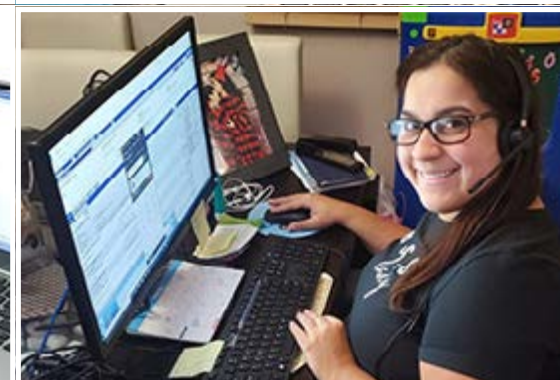
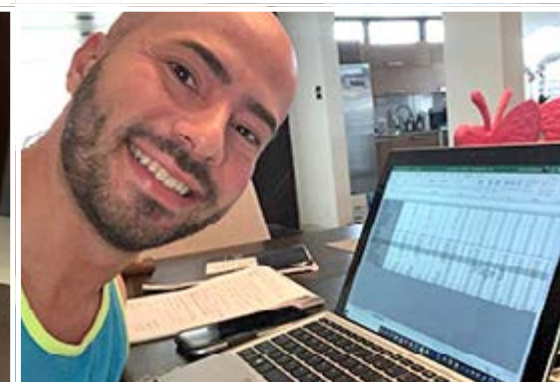
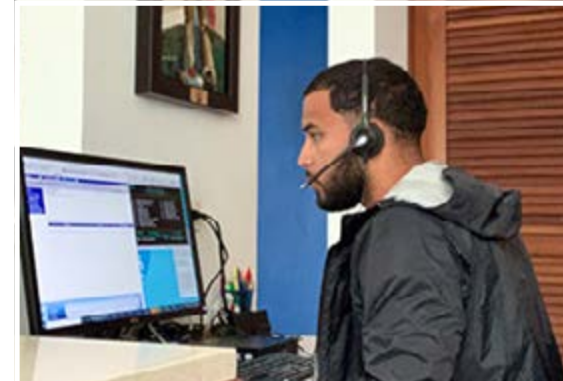
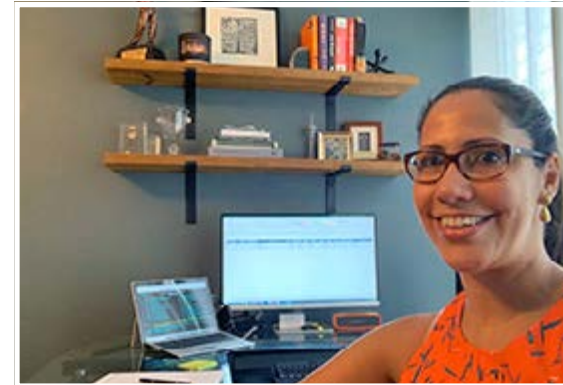
Following the January 2020 earthquakes in the southwestern part of Puerto Rico, Popular donated \$250,000 to Fundación Banco Popular to assist impacted communities and organizations. Internally, we also quickly responded to ensure our people’s safety and well-being by deploying emotional support throughout our branches and buildings, offering orientations on what to do during and after an earthquake, and delivering essential items to affected employees.

Our People

In Popular, we recognize that our ability to meet our goals of providing an excellent customer experience and propelling the economic growth and wellbeing of our customers, communities, and shareholders depends on our capacity to provide a rewarding and meaningful work experience to those who make it happen, our employees. Popular's long-term strategy entails driving a high-performance culture by attracting, developing, and retaining top talent in an environment that promotes well-being, growth, and inclusion. This is our commitment to our more than 8,600 employees and their families in Puerto Rico, the Virgin Islands and the United States mainland.

IN THIS SECTION

- Diversity, Equity, and Inclusion (DEI)
- The Employee Experience
- Fair Employment Practices
- The Right Talent in the Right Place
- Investing in the Development of Technical and Human Skills
- Leadership Development Programs
- Workforce Planning
- Outreach Efforts
- Apprenticeship Programs
- Competitive Pay
- Well-Being
- Health & Wellness
- Supporting Life's Changes
- Employee Engagement



Diversity, Equity, and Inclusion (DEI)

At Popular, we foster a diverse, equitable, and inclusive environment. We maintain a multidisciplinary diversity council, headed by our Corporate Diversity Officer, to develop and implement initiatives that support our diversity, equity, and inclusion goals and strategy. For more information, please refer to [Popular’s Diversity, Equity, and Inclusion Policy](#) available on our company’s website.

Workforce Breakdown by Gender

34% Male **66%** Female

Workforce Breakdown by Age Group

Younger than 25	350	4.0%
25-34	2,578	29.6%
35-44	2,582	29.7%
45-54	1,987	22.8%
55-64	1,096	12.6%
65 and older	102	1.2%

In 2020, we directed our DEI efforts toward listening and identifying the needs of our workforce by conducting and analyzing the results of employee focus groups. The results drove the development of targeted efforts that are now part of our diversity and inclusion strategy.

Our genuine commitment to providing an environment of respect, inclusion, and acceptance for all members of our communities is reinforced through our internal and external communication channels.

VETERANS AND MILITARY EMPLOYEES

This year, a virtual conference for our veteran and military employees was held to promote the benefits that the Department of Veterans Affairs offers to them and their families.

The event was hosted by a combat veteran and Veterans Outreach Program Specialist who offered participants orientation on the services offered by Vet Center, community-based counseling centers that provide a wide range of social and psychological services, including professional readjustment counseling to eligible veterans, active duty service members, and their families.



“Societal change is moving at an unprecedented pace and we want to make sure that Popular remains a great place to work for everyone. Last year gave us a crash course on radical empathy as our team worked tirelessly to make sure our colleagues were well, both physically and mentally, and to ensure we were doing everything in our power to offer safe workspaces to those colleagues working on-site. As we look ahead, we are focusing greater efforts on our DEI strategy and challenging ourselves to be better in those areas where we have room for growth.”

Mariemi Sierra
Senior Vice President, Our People Division

PAY EQUITY

Popular is an organization committed to pay equity and conducts analyses on an annual basis with related pay adjustment strategies to address any gaps. As part of this commitment, Popular invested nearly \$400,000 in closing gender pay gaps in 2020, for a total of \$2.5 million over the past nine years. As a result, our gender pay gap continues to narrow and is now lower than the nationwide median, according to data from the US Census Bureau.





The Employee Experience

Popular aims to provide an extraordinary employee experience that attracts and retains the right talent while inspiring them to provide our customers and communities with the best possible service.

EMPLOYEE ENGAGEMENT

For the fourth consecutive year, our employees gave us valuable feedback through the Great Places to Work® engagement survey. This feedback allows us to identify areas of opportunity and set and monitor action plans to improve their experience. We have seen an overall continuous increase in our people’s engagement since the first administration of the survey in 2016. The survey is just one of the many tools Popular uses to listen to our employees and improve their experience.



Employees who received a regular performance and career development review

By Gender

Male	96.50%
Female	96.80%

By Employee Category

Support and Service	97.24%
Administrative and Technical	96.35%
Professional and Specialized	96.48%
Supervisory	97.71%
Managerial	95.93%

Employee turnover

By Age Group

Younger than 25	89	23.00%
25-34	335	12.90%
35-44	111	3.60%
45-54	47	3.10%
55-64	34	3.30%
65 and older	8	8.60%

By Gender

Male	196	6.80%
Female	428	7.40%

By Region

PR/VI	519	6.50%
US	105	15.10%

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 outlined in our widely disseminated and zealously enforced policies. We are committed to offering equal employment opportunities and complying with the full range of fair employment practices and non-discrimination laws.

New employee hires

By Gender

Male	274	43%
Female	359	57%

By Region

PR	564	89%
VI	16	3%
US	53	8%



The Right Talent in the Right Place

GROWTH MINDSET

Popular has a robust Learning and Development framework that provides learning opportunities to our leaders and professionals while addressing business needs. Our goal is to nurture growth mindsets and boost Popular employees with the skills and capabilities needed now and in the future. Providing opportunities for growth, whether through promotions, lateral changes or new opportunities for career development, is of significant importance to our people’s experience. Therefore, promoting internal mobility and training participation is very important to us.

41% Internal mobility

Average hours of training undertaken by employees



By Gender

Male	12.5
Female	12.5

By Employee Category

Support and Service	13.8
Administrative and Technical	10.0
Professional and Specialized	11.6
Supervisory	15.2
Managerial	15.9
Executive	18.5



Investing in the Development of Technical and Human Skills

In response to the COVID-19 pandemic, instructor-led courses were quickly migrated from traditional classroom delivery to virtual delivery. Our first virtual offerings catalog included over **150 redesigned virtual sessions and over 20 new courses**. Throughout the year, there were more than 11,800 participations in instructor-led courses and over 183,000 participations in web-based trainings.

To promote an environment of lifelong learning, leaders and employees are expected to delineate a development plan during the annual goals setting process and agree on concrete actions that include training and development experiences. Thanks to the open academy offerings available through our human experience management (HXM) platform, employees have the power and accountability to act towards closing their technical and human skills gaps. These academies are constantly revised and updated to ensure we include the most relevant skills in the market.

We are proud to be an official National Association of State Boards of Accountancy (NASBA) National Registry of Continuing Professional Education (CPE) Sponsors, an association that promotes the highest caliber of innovative continuing professional education for lifelong learning and growth mindsets. All our offerings are accredited courses to earn continuing education credits.

Some of the academies offered by Popular to develop technical and human skills are:

- **Professional Academy** aimed at all our employees, it provides alternatives to develop and strengthen competencies, knowledge, skills, and abilities required at the organizational and functional level. Courses on analytical excellence, productivity, and effective communication are offered.
- **Well-being Academy** supports all employees in building their self-awareness, self-confidence and self-reliance so they can use new experiences as a source of learning. In addition, we help them develop their personal tool kits to manage time, boundaries, and mental wellness to reinforce resilience.
- **English Academy** provides Spanish-speaking employees with access to English language training support on communication and writing skills, scaled to meet both personal and professional development goals and business needs. We also offer a Spanish language program for English-speakers.
- **Innovation Academy** aimed at providing employees with knowledge on key capabilities such as agile, lean, and design thinking and providing a clear understanding of how to achieve excellence and add value to the organization and its customers.
- **Analytics Academy** aimed at upskilling technical awareness and data analysis to employees who frequently (at least once a week) work with data import, transformation, and analysis.



Leadership Development Programs

Our leaders have a critical role in leveraging and sustaining a growth mindset among our talent. Popular’s leadership development programs are designed to provide our leaders with the knowledge, skills and tools they need to nurture learning within their teams.

Popular has two robust leadership development programs, the **Leadership Academy** (for executives) and **Managerial Academy** (for managers and supervisors), aimed at strengthening and developing leadership skills and effective talent management at the personal and team level. In light of the COVID-19 pandemic, we offered special sessions focused on how to lead through the current environment, build skills related to complex problem solving and organizational change, and motivate and support teams -- not only during the extraordinary circumstances, but looking forward as well.



Management Academy Cohort – This new cohort was launched in 2020 for a select pool of high-potential managers and supervisors to build the critical capabilities needed to lead in a world of increasing uncertainty and volatility.

Annual trainings required for all employees:

- Ethics Training
- Unfair, Deceptive, or Abusive Acts or Practices, (UDAAP)
- Seismic Events in your Workplace
- Tools to Prevent the Spread of Coronavirus
- Consumer Compliance Issues and Complaints Awareness
- Strengthening the Value of Knowing Your Customer
- Anti-Money Laundering
- Counter Terrorism Finance
- Office of Foreign Assets Control Compliance
- Cybersecurity
- Financial Exploitation Prevention
- Sexual Harassment Prevention
- Fair Lending Considerations
- CRA: An Overview (Popular Bank)

It is important to note that other trainings are available and required depending on an employee’s roles and responsibilities.



Workforce Planning

To continue offering our customers the innovative financial solutions that distinguish us, it is essential to retain the best talent with the right skills and competencies. Popular is committed to maintaining a work environment that promotes attracting and retaining the right people, enables their desire to grow, and develops their skills.

Popular introduced the workforce planning methodology in 2019 to ensure a better understanding of future and current staffing and skilling needs. In 2020, demand and supply analyses were conducted in targeted segments of our workforce. Corporatewide, employees can now document their skills in our human experience management (HXM) platform. Targeted segments also have a skills proficiency rating feature enabled and are invited to complete skills assessments. With this information, we are creating strategic action plans to ensure talent readiness.

Outreach Efforts

Our outreach efforts are aimed at reaching and attracting high potential candidates by connecting with universities and hosting or engaging in activities for students, recent graduates, and other pools of talent. Some of the efforts carried out in 2020 include:

- Hosted a virtual Power BI course & challenge for engineering students
- Reached over 800 students in virtual university-sponsored job fairs
- Continued partnering with a premier platform for early career professionals
- Connected with four more highly recognized universities located in the United States and Puerto Rico

Apprenticeship Programs

Through our in-house apprenticeship programs, we invest in our people to reskill or upskill them for high-demand and hard-to-fill positions. New hires and employees are provided with an enhanced, fast-paced, and project-based learning experience for a period of 16-weeks. The **Data Analytics Program** develops professionals capable of analyzing strategic data to drive business performance. Meanwhile, the **Project Management Program**, launched in 2020, imparts the skills needed to successfully execute corporate projects from beginning to end. Candidates are nominated by their senior leaders. All employees are eligible.



Other development programs we offered in 2020:

Department Associate Trainee: 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. In 2020, these trainees completed key projects related to Popular’s organizational pillars. In 2021, this program will evolve to a three-year rotational program to develop a new generation of forward-looking talent with analytical dexterity, digital skills, and strategic agility.

Branch Trainee: Designed to upskill employees who want to pursue a career in retail branch management. The employee must show proficiency in customer focus, learning and analytical agility, collaboration, communication, and leadership competencies. In 2020, branch trainees completed two projects related to key retail banking initiatives.

Competitive Pay

Sustaining a competitive compensation advantage is paramount to Popular. We regularly monitor our rewards package as well as our fixed and variable pay components to ensure their level of competitiveness against the market. Individual salaries may be reviewed to recognize each employee’s contribution based on demonstrated performance. In 2020, efforts were concentrated on implementing a system that will enable maintaining consistent and equitable rewards and promoting transparency. Popular sets its minimum wage based on the cost of living in each of its regions, among a number of other factors.

Federal Minimum wage: \$7.25

Popular’s Minimum Wage per Region

\$18	\$16	\$13	\$11
NY/NJ	SFL	VI	PR

Well-Being

Popular provides our employees with a valuable and extensive benefits program that complements our regular monetary compensation. We aim to offer attractive and valuable benefits that adapt to the particular health and wellness needs of our people. Regular full-time employees are eligible to enjoy all the benefits offered by the organization. Regular part-time employees also participate in most of our benefits program.

Benefit	Full-Time	Part-Time
Health, Pharmacy, and Dental Plan	● ● ●	● ●
Employee Assistance Program	● ● ●	● ● ●
Basic Life Insurance	● ● ●	● ●
Accidental Death & Dismemberment Insurance	● ● ●	● ●
Business Travel Life Insurance	● ● ●	● ● ●
Worker’s Compensation Insurance	● ● ●	● ● ●
Physical Training & Sports Program	● ● ●	● ● ●
Family Programs	● ● ●	● ● ●
Financial Planning & Personal Finance Program	● ● ●	● ● ●
Savings & Investment Plan	● ● ●	● ● ●
Profit-Sharing Plan	● ● ●	● ● ●
Rafael Carrión Jr. Scholarship	● ● ●	● ● ●
Time off for Vacation, Sick and Personal Time	● ● ●	● ● ●
Community Service Time	● ● ●	● ● ●
Parental Leave	● ● ●	● ● ●
Bereavement	● ● ●	● ● ●
Jury Duty	● ● ●	● ● ●
Health & Wellness Day	● ● ●	
Supplemental Life Insurance	● ● ●	
Short-Term Disability	● ● ●	●
Long-Term Disability	● ● ●	
Other Leaves Required by Local or Federal Law, as applicable	● ● ●	● ● ●

● Puerto Rico ● Virgin Islands ● US



In 2020, our **Health, Pharmacy and Dental Plan** benefit was extended to regular **part-time employees in Puerto Rico** and their dependents for the first time.

PARENTAL LEAVE

Our parental leave benefit includes maternity, adoption and bonding time leave and varies depending on the region.

Maternity Leave

In all our regions, mothers of a newborn may receive **eight consecutive weeks** of paid time off. Mothers in Puerto Rico and the Virgin Islands who adopt a minor are entitled to eight consecutive weeks of paid time off. Mothers in other regions who adopt a minor may also be entitled to paid time off pursuant to local laws and regulations.

Bonding Time Leave

Mothers and fathers in any of our regions can enjoy **four consecutive weeks** of paid time off to bond with their newborn child or newly adopted minor child (for a total of up to 12 weeks of paid parental leave for mothers).

Total number of employees that were entitled to parental leave

2,911 Males **5,751** Females

Total number of employees that took parental leave

88 Males **186** Females

Total number of employees who returned to work in the reporting period after parental leave ended

83 Males **176** Females

Total number of employees who returned to work after parental leave ended that were still employed 12 months after their return to work

83 Males **176** Females

Return to work and retention rates of employees that took parental leave

94% Male **95%** Female



Health & Wellness

Now, more than ever, our employees' physical, emotional and financial well-being is a top priority for Popular. At the outset of the COVID-19 pandemic, we quickly moved almost 50% of our workforce to remote work, ramped up our safety measures in all our facilities and established protocols based on the recommendations of the Centers for Disease Control and Prevention, the World Health Organization and local Health Departments. Highlighted below are initiatives undertaken by Popular to ensure our employees' safety and promote their well-being.

- Assembled a **case analysis team** to ensure monitoring of confirmed and suspected cases providing employees with support from diagnosis to recovery.
- Launched a **Daily Check-In platform** to quickly identify and support employees with possible COVID-19 symptoms or exposure.
- Eliminated **copays** for COVID-19 tests and visits to emergency rooms.
- Extended **health plan coverage** to new hires who were still on their probationary period.
- Implemented an **emotional support program** with virtual weekly talks by mental health professionals.
- Offered **virtual mindfulness sessions** to help employees manage stress.
- Held approximately **700 virtual fitness events** to encourage wellness and reduce physical ailments related to high workload.
- Launched the **Hero Caretakers Program** to support employees who are caretakers of elderly loved ones.

- Facilitated access to **COVID-19 tests** through agreements with testing facilities.
- Continued operating our **On-Site Health & Wellness Center** in Puerto Rico to provide employees with a simple alternative for receiving medical evaluations and referrals.
- Continued to pay our employees their **regular salary**, even when they worked less hours or were unable to work due to local government restrictions.
- Rewarded front-line employees working on site with a **special bonus** of \$1,000 and gave branch employees a second special bonus of \$750.
- Provided the **equipment, technology and ongoing training** for employees using alternative work arrangements.
- Installed **acrylic protectors** in branches and limited the amount of people in shared spaces.
- Completed **filter upgrades and HVAC system enhancements** at most of our locations, maximizing the air quality for approximately 99% of the workforce. Combined with the safety protocols and measures we have put in place, such as wearing masks, physical distancing, and filtration systems, the risk profile in our spaces is very low and can inspire confidence amongst our people that we are safeguarding their health.

Supporting Life's Changes

LENDING A HAND IN TIMES OF NEED

In 2004 Popular established the **Employee Emergency Fund** through which Popular employees are able to apply for emergency financial assistance during unexpected times of need.



PROGRAMS FOR KIDS AND TEENS

Our commitment to employee well-being extends to their families. In 2020, we adapted our family programs, offering virtual sessions focused on supporting parents in managing the sudden changes brought about by the pandemic. In addition, two activities designed specifically to entertain employees' children were offered: (1) a virtual summer closing ceremony featuring acrobats, magicians, dances and theater and (2) a live virtual Christmas play. Overall, more than 30 sessions were offered reaching over 1,500 participations

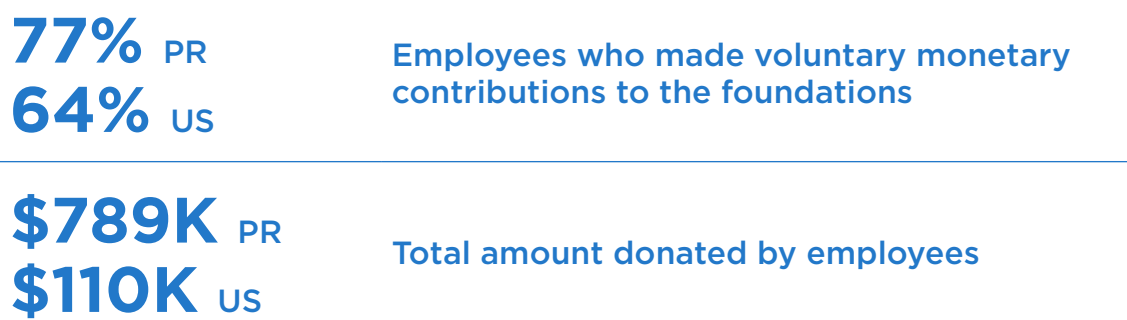
PREPARING FOR RETIREMENT

Popular cares about helping our employees reach their financial goals and offers various tools and benefits to promote saving for the future and support an adequate retirement. Employees' contributions to the **Savings and Investment Plan** are matched up to 4% of their total cash compensation, subject to legal limits. (Due to the COVID-19 pandemic and for a limited time, the matching contribution was decreased to 3%; the 4% match has since been reinstated.)

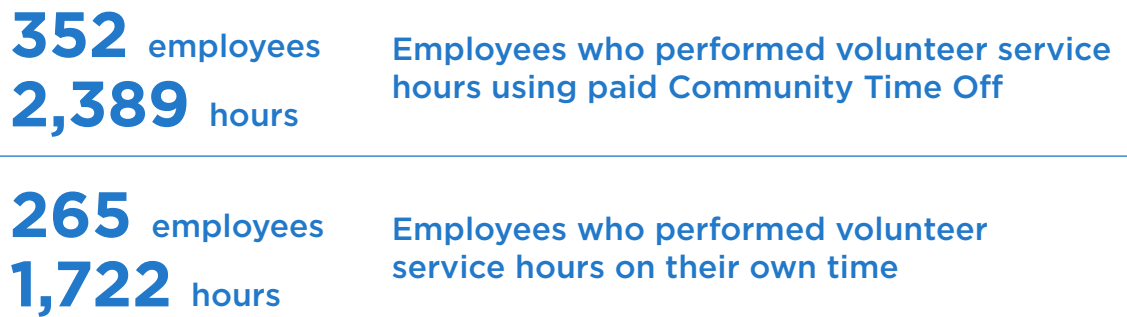
Employees have access to a platform where they can manage their investments and access educational tools and resources. Throughout the year, training courses and workshops are offered to educate our employees on planning and investing for a secure financial future. In 2020, special workshops on the impact of the pandemic on 401(k) plan investments were offered.

Employee Engagement

VOLUNTARY MONETARY CONTRIBUTION



VOLUNTEERISM



Sustainability Index

This Index reflects our report in accordance with Industry Standards issued by the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). Our disclosures under SASB standards are based on the two industries within the financial sector that are most closely aligned with our mix of businesses: Commercial Banks (CB) and Consumer Finance (CF). Unless otherwise noted, all data and descriptions are reported for Popular, Inc. on a consolidated basis where applicable, and not just the businesses or

segments relevant to the particular industry. We do not currently disclose all metrics included in these standards but will continue to evaluate them in the future. Our commitment is to provide investors with useful, relevant and meaningful sustainability information and we may evolve our disclosures on these standards over time. All reported data is as of and for the year ended December 31, 2020, unless otherwise noted.

Topic	Standard	Industry	Metric	Code	Response
Data Security	SASB	CB, CF	Description of approach to identifying and addressing data security risks	FN-CB-230a.2 FN-CF-230a.3	Refer to page 12 of this Report.
Customer Privacy	SASB	CF	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	FN-CF-220a.2	For a description of the material legal proceedings of the Corporation during the fiscal year ended December 31, 2020, please refer to Note 23 of the Consolidated Financial Staments in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2020.
Financial Inclusion and Capacity Building	SASB	CB	Number and amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	<p>BPPR:</p> <p>Small Business Outstanding balance: \$577 million Number of loans: 72,669</p> <p>Community Development Loans Outstanding balance: \$443 million Number of loans: 1,040</p> <p>PB:</p> <p>Small Business Outstanding balance: \$168 million Number of loans: 1,699</p> <p>Community Development Loans Outstanding balance: \$196 million Number of loans: 37</p>

Topic	Standard	Industry	Metric	Code	Response
	SASB	CB	Number and amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	BPPR: Small Business Outstanding balance past due/nonaccrual: \$13 million Number of loans: 659 Community Development Loans Outstanding balance past due/nonaccrual: \$15 million Number of loans: 21
	SASB	CB	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	Banco Popular and Popular Bank do not offer no-cost retail checking accounts. We do, however, offer various options of low-cost retail checking accounts. More information here.
	SASB	CB	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved communities	FN-CB-240a.4	1,785 participants in 39 financial education workshops 366,000 people Impacted in online asynchronous financial education YouTube video full views
Incorporation of Environmental, Social and Governance Factors in Credit Analysis	SASB	CB	Description of approach to incorporation of ESG factors in credit analysis	FN-CB-410a.2	Please refer to page 30 of this Report.
Business Ethics	SASB	CB	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	For a description of the material legal proceedings of the Corporation during the fiscal year ended December 31, 2020, please refer to Note 23 of the Consolidated Financial Statements in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2020.
	SASB	CB	Description of whistleblower policies and procedures	FN-CB-510a.2	Please refer to Popular's Code of Ethics which is reviewed annually by the corporation's Board of Directors.

Topic	Standard	Industry	Metric	Code	Response
Systemic Risk Management	SASB	CB	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	<p>While the Corporation is not subject to the U.S. Dodd-Frank Act’s supervisory stress testing (“DFAST”), it has established an annual capital planning process following the comprehensive and integrated capital planning governance and stress testing framework previously required to comply with DFAST for similarly sized institutions. The key objective of the capital planning and stress test process is to determine the level of capital that Popular needs to absorb the impact of a hypothetical highly-stressed business scenario while continuing to provide credit in the markets it serves. The amount of capital that the Corporation and its banking subsidiaries require to operate is a function of 1) the risk profile of the Corporation, 2) its strategic focus, 3) its operating environment and 4) other factors that could materially affect capital adequacy.</p> <p>Our Board of Directors and our management believe that our operating capital targets are appropriate and prudent after undergoing a thorough assessment of Popular’s overall risk profile and capital position. Factors considered in our analysis include the results of our stress test, the capital distribution practices of our peers and the factors listed in the Federal Reserve Board of Governors’ Supervisory Letter 09-4 (“SR 09-4”).</p>

Topic	Standard	Industry	Metric	Code	Response
SASB Commercial Banks Activity Metrics	SASB	CB	Number and value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	PR/VI Personal Checking Number of accounts: 1,482,589 Amount: \$9.91 billion Personal Saving Number of accounts: 807,665 Amount: \$5.76 billion Small Business Checking Number of accounts: 102,538 Amount: \$4.10 billion Small Business Saving Number of accounts: 5,763 Amount: \$426 million US Personal Checking Number of accounts: 80,505 Amount: \$64 million Personal Savings Number of accounts: 57,126 Amount: \$1.48 billion Small Business Checking Number of accounts: 10,455 Amount: \$569 million Small Business Savings Number of accounts: 189 Amount: \$3 million
	SASB	CB	Number and value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	Commercial \$14.5 billion Individual Mortgage: \$7.98 billion Consumer: \$6.95 billion

Topic	Standard	Industry	Metric	Code	Response
Selling Practices	SASB	CF	(1) Number of complaints filed with the Consumer Financial Protection bureau (CFPB), (2) percentage with monetary or non-monetary relief (3) percentage disputed by consumer, and (4) percentage that resulted in investigation by the CFPB	FN-CF-270a.4	<p>According to the CFPB website, Popular received the following number of complaints:</p> <ol style="list-style-type: none"> BPPR 125 complaints PB 35 complaints BPPR 115 complaints resolved with explanation; 8 complaints with monetary relief; and 2 complaints with nonmonetary relief. PB 35 complaints resolved with explanation (100%); none were resolved with monetary or nonmonetary relief. BPPR none PB none
	SASB	CF	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	FN-CF-270a.5	For a description of the material legal proceedings of the Corporation during the fiscal year ended December 31, 2020, please refer to Note 23 of the Consolidated Financial Statements in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2020.
SASB Consumer Finance Activity Metrics	SASB	CF	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	FN-CF-000.A	Number of unique consumers with an active credit card account: 289,890 Popular, Inc. does not offer pre-paid debit card products.
	SASB	CF	Number of (1) credit card accounts and (2) pre-paid debit card accounts	FN-CF-000.B	Number of credit card accounts: 535,794 Popular, Inc. does not offer pre-paid debit card products.

GLOBAL REPORTING INITIATIVE (GRI) METRICS INDEX

Topic	Metric	Code	Response
Procurement Practices	Management approach	GRI 103	Please refer to page 14 of this Report.
	Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation	GRI 204-1a	Puerto Rico and Virgin Islands: 78% United States mainland: 23.5%
Energy	Management approach	GRI 103	Please refer to page 29 of this Report.
	Total fuel consumption from non-renewable sources	GRI 302-1a	57.8 MM KWH (total non-solar) Note: Emergency back-up generators run on diesel fuel, which is estimated to be less than 1% of the total annual energy consumption.
	Total fuel consumption from renewable sources	GRI 302-1b	2.2 MM KWH (solar) Note: Production is approximate 80% of capacity.
	Total electricity consumption	GRI 302-1c-i	57.8 MM KWH
	Total energy consumption	GRI 302-1e	60 MM KWH
	Standards, methodologies, assumptions, and/or calculation tools used	GRI 302-1f	ANSI, Energy STAR, Local and international codes, among others.
	Source of the conversion factors used	GRI 302-1g	ANSI, Energy STAR, Local and international codes, among others.
Water and Effluents	Total water consumption	GRI 303-5a	244,950 cubic meters
Employment	Management approach	GRI 103	Please refer to pages 31-32 of this Report.
	Total number and rate of employee turnover during the reporting period by age group, gender and region	GRI 401-1b	Please refer to page 33 of this Report.
	Total number of employees that were entitled to parental leave, by gender	GRI 401-3a	Male: 2,911 Female: 5,751
	Total number of employees that took parental leave, by gender	GRI 401-3b	Male: 88 Female: 186

Topic	Metric	Code	Response
	Total number of employees who returned to work in the reporting period after parental leave ended, by gender	GRI 401-3c	Male: 83 Female: 176
	Total number of employees who returned to work after parental leave ended that were still employed 12 months after their return to work, by gender	GRI 401-3d	Male: 83 Female: 176
	Return to work and retention rates of employees that took parental leave, by gender	GRI 401-3d	Male: 94% Female: 95%
Training and Education	Management Approach	GRI 103	Please refer to page 35 of this Report.
	Average hours of training undertaken by employees, by gender and by employee category	GRI 404-1a	Male: 12.5 hours Female: 12.5 hours Support & Service: 13.8 hours Administrative & Technical: 10.0 hours Professional & Specialized: 11.6 hours Supervisory: 15.2 hours Managerial: 15.9 hours Executive: 18.5 hours
	Type and scope of programs implemented and assistance provided to upgrade employee skills	GRI 404-2a	Please refer to page 35-36 of this Report.
	Percentage of total employees by gender and employee category who received a regular performance and career development review	GRI 404-3a	Male: 96.5% Female: 96.8% Support & Service: 97.2% Administrative & Technical: 96.3% Professional & Specialized: 96.5% Supervisory: 97.7% Managerial: 95.9%
Diversity and Equal Opportunity	Management approach	GRI 103	Please refer to page 32 of this Report.
	Percentage of individuals within the organization's governance bodies by gender	GRI 405-1a-i	Please refer to page 8 of this Report.
	Percentage of employees per employee category by gender and age group	GRI 405-1b	Please refer to page 32 of this Report.

Topic	Metric	Code	Response
Supplier Social Assessment	Management approach	GRI 103	Please refer to page 14 of this Report.
Marketing and Labeling	Management approach	GRI 103	Please refer to page 15 of this Report.
Customer Privacy	Management approach	GRI 103	Please refer to pages 12-13 of this Report.

