



CORPORATE SUSTAINABILITY REPORT 2022



A Message from Our CEO

This has been a strategically important year of business transformation and renewed commitment to our customers, our colleagues, our communities and our shareholders. While corporate responsibility has always been one of our core institutional values, this report marks three years on our journey to formalize and report our sustainability priorities. I am pleased with the progress we have made, particularly in the areas of economic development, environmental responsibility and diversity, equity and inclusion. We recognize that we have more work to do in building the future we envision and the value and impact Popular can deliver.

OUR PURPOSE: PUTTING PEOPLE AT THE CENTER OF PROGRESS

In our continued quest to better serve our people and our communities, this year we are proud to launch our renewed Purpose - to put people at the center of progress. Our business will continue to grow and adapt around the goals of our clients, colleagues, communities and shareholders. Popular's commitment to the social and economic well-being of the communities we serve has been an integral part of what we do since our foundation in 1893. We have been an important driver of economic prosperity in the markets we operate, particularly in Puerto Rico, advancing initiatives to promote financial inclusion and education. The creation of mobile bank branches in the 1950s to reach remote areas in Puerto Rico, the introduction of FHA loans in the 1930s to make home ownership a possibility for many, and, nearly sixty and forty-two years of history serving low and moderate income communities in the New York city Metro area and the Virgin Islands, respectively, are only a few of many examples of how we fulfill our purpose to put people at the center of progress.

PROVIDE OPPORTUNITY

As the largest financial institution in Puerto Rico, we recognize the immense responsibility to provide opportunity for our communities and our people. Economic development is a natural area of focus for us, and one in which we have played, and will continue to play, a significant role. We are committed to providing inclusive access to a full range of financial products and services as well as high-quality financial education for both individuals and businesses that will aid them in achieving their financial goals. We have also actively supported the development of the local entrepreneurial ecosystem as a key pathway to economic development in the communities we operate.

Similarly, taking care of Our People has historically been an important part of how we conduct our business. Popular employees are the driving force behind our success as a company, and our approach focuses on their professional, financial, physical and emotional well-being. In recent years we have made significant investments in compensation and dedicated significant attention to diversity, equity and inclusion. I'm particularly proud of the ongoing efforts made to reduce the gender pay gap, the increase in leadership opportunities for women, and the progress we've made to ensure that all eligible employees have parental and bonding time leave.



PROTECT THE ENVIRONMENT

We are increasingly searching for innovative ways to protect the environment, and to make our operations more sustainable, implementing energy-efficient technologies and alternative fuel sources. Externally, we strive to be an active part of the solutions to the environmental challenges faced by our communities. One of our greatest strides in this area has been the inclusion of environmental factors as considerations in our credit analysis process. Aware that addressing climate change challenges will require investment and innovation, we have provided grants to environmental organizations and through our Popular Impact Fund, invested in companies pioneering in this space. These investments represented over \$2 million in 2022.

PROMOTE LEADERSHIP

Leadership is the cornerstone of our approach to corporate governance and long-term value creation for our shareholders and other stakeholders. That means leading by example, defining the opportunities for leadership for our business, and being a source of strength for our stakeholders in good times and bad.

This year we embarked on a multi-year transformation journey that aims to build an agile organization that is fit for the future and delivers sustainable profitable growth and return on capital. We are making great progress on key initiatives to drive connectivity with our customers, empower new ways of working and cross-functional collaboration, and leverage technology and data across our business. We continue to build momentum for delivering progress on these key objectives while developing our corporate culture, behaviors and purpose to sustain Popular's success well into the future. In parallel, we continue strengthening our ESG strategy and governance in order to drive sustainability within our operations and opportunities for our business to be a leader and lean into areas of strength.



Amidst economic uncertainty, geopolitical risk, and changing cybersecurity concerns, we also continue to invest in business resilience and contingency planning. To address cybersecurity, fraud and privacy risks, Popular has implemented training and awareness campaigns for our customers and employees, tailored to their roles, responding to and addressing threats as they continually evolve. Additionally, we have implemented other proactive measures to ensure business resiliency and a prompt recovery if a disruption event were to occur.

OUR PATH FORWARD

The increasingly rapid pace of change will require us to adjust our sustainability strategy to evolving conditions, much in the same way we manage our business strategy. We look forward to opportunities such as improving our standing regarding gender equity, playing a bigger role in the financing of sustainable energy and continuing to promote financial inclusion and education to help reduce poverty in the communities we serve.

I am grateful for the support of our colleagues and their efforts to make these results possible. An effective sustainability strategy cannot be successfully implemented without the engagement of the organization as a whole. I am also grateful for our customers, shareholders and communities, for their trust and inspiring us to continue raising the bar. I am confident that our investment in sustainable practices make us a stronger company and will result in long-term value for all. We must work together to continue on our commitment to putting people at the center of progress.

Ignacio Alvarez

President and Chief Executive Officer
Popular, Inc.

About this Report

Popular's vision is to provide an excellent customer experience by offering financial solutions that meet our clients' needs in a simple way. This report illustrates how we bring this vision to life through our business, corporate citizenship activities and performance. This report should be reviewed alongside the Popular, Inc. 2022 Annual Report and the 2023 Proxy Statement, which provide additional facts, figures and analyses about our operations.

While this Corporate Sustainability Report provides an overview 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 the Fundación Banco Popular's website www.fundacionbancopopular.org.

This report contains information about our sustainability efforts. These efforts involve certain risks and uncertainties, such as changes in our business, the standards by which achievement is measured, and our ability to accurately report particular information. 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, 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.

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.



207
Banking
Branches




37
Non-Banking
Offices



8,813
Employees
(full-time
equivalent)

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



701
ATMs Owned



2022 FINANCIALS

Popular, Inc.'s 2022 financial information is available in our 2022 Annual Report. Please visit the **Investor Relations** section of our website to access a copy of our [2022 Annual Report](#).

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 employees, clients and communities.

ESG VISION

Popular strives to put people at the center of progress using our core service offerings and responsible business practices to elevate the social and economic well-being of everyone we interact with.



Environment

Mitigate the impacts of climate change and create a more sustainable and resilient future.

Priority topics:

- Climate Change Mitigation and Resiliency
- Sustainable Finance
- Climate Risk



Social

Improve the social and economic well-being of our employees, customers, and communities while prioritizing diversity, equity, and inclusion in all aspects of the business.

Priority topics:

- Inclusive Banking
- Economic Development
- Diversity, Equity and Inclusion
- Talent Development and Culture
- Employee Wellness and Engagement



Governance

Employ governance best practices and manage risk across the organization.

Priority topics:

- Security and Privacy
- Corporate Governance

Environment

We are blessed to have our headquarters and a significant part of our operations in some of the most beautiful geographic locations on Earth. This privilege, in turn, allows us to see first-hand the effects of a changing climate on our local ecosystems. At Popular, we are committed to being part of the solutions to the challenges being created by a changing climate and are continually on the lookout for new and innovative opportunities to do our part to protect the planet. We do so by prioritizing **sustainable business practices** within our physical operations as well as by supporting nonprofit organizations working to **protect and rehabilitate natural habitats** in the communities we serve.

IN THIS SECTION

▶ Climate Change Mitigation and Resiliency

Business Resilience

Sustainable Operations

Fostering a Culture of Recycling

Bolstering Community Resilience

Promoting Eco-Friendly Mobility

Hurricane Fiona Response

▶ Sustainable Finance

Integrating Environmental and Social Considerations in the Commercial Credit Process

Affordable Housing

Financing Solutions for a Brighter Future



Climate Change Mitigation and Resiliency

BUSINESS RESILIENCE

Business resilience and contingency planning are key components of our operations. Popular has established a **Business Continuity Program** designed to limit disruptions to essential customer services and the technology we use as well as minimize the potential losses related to crisis events. Our Business Continuity Program follows Federal Financial Institutions Examination Council (FFIEC), as well as leading industry standards from National Institute of Standards and Technology (NIST) and the International Organization for Standardization (ISO).

Popular's Business Continuity Policy, Pandemic Response and Crisis Management Program establishes the necessary components to plan, respond, and recover during a loss of associates and key facilities, systems and third parties. The Board of Directors' Risk Management Committee and the Operational Risk Management Committee oversee the Business Continuity Policy and associated programs.

Our **Crisis Management Team** ensures efficient evaluation, response, and communication of significant events that could impact our assets or our customers. Because of this preparation and governance, we have been able to respond quickly and minimize the impact on our customers and operations during natural disasters, pandemic crisis, and other technical events. Our planning includes alternate sites, communications, providers, and remote work strategies. As climate, cyber, and other emerging risks and related regulations arise, we continue to evaluate and enhance our internal business resilience strategies to minimize the impact to our customers and shareholders.

SUSTAINABLE OPERATIONS

As a company that operates with a significant physical footprint, we recognize and give priority to our responsibility to act as caretakers of our surrounding environments. We have implemented a long-term strategy to refurbish our branches and office buildings with equipment and assets that minimize the environmental impact of our operations. These improvements include:

- Transitioning to LED lighting
- More efficient cooling systems
- Photovoltaic energy systems
- Combined Heat and Power Plants
- Electric vehicle charging stations
- Rainwater harvesting systems
- Establishing waste management and recycling programs

60 branches with Photovoltaic systems
17 electric vehicle charging stations



"We want to provide branches that are more efficient and better prepared to withstand natural disasters such as hurricanes, in order to avoid power and service interruptions and be able to provide an improved level of service to our customers."

Luis Cestero, Executive Vice President
Retail and Business Solutions Group





Our **Corporate Real Estate Division** works to ensure that every project undertaken by Popular advances our goal of attaining the long-term sustainability of our operations. During the design process of all new construction or remodeling projects, we select materials and furniture from sustainable sources with a strong commitment to recycled or recyclable components as well as environmentally conscious manufacturing. These items include carpets, modular furniture and fabrics.

Our Corporate Real Estate team also standardizes products to increase potential for future reuse, as well as refurbish future or repurposing existing furniture, to **decrease waste** and minimize excess production.

The designs employed strive to maximize natural light and exterior views in order to create more comfortable environments. This focus also **reduces electricity and energy consumption** by minimizing the number of necessary light fixtures and also allows us to incorporate energy management controls.

Transitioning to Cleaner Sources of Energy

During 2022, Popular completed the installation of a second **combined heat and power (CHP) electricity generation plant**. This system, at our El Señorial Center offices uses liquified natural gas as fuel. This new plant, together with the one already in operation at our Cupey offices, is part of our ongoing efforts to obtain our energy from cleaner and more efficient sources. In combination with our **solar energy systems**, these CHP plants will generate an important reduction in the company's overall carbon footprint.

FOSTERING A CULTURE OF RECYCLING

Popular promotes and encourages the responsible use of resources in our operations and among our colleagues and customers. In 2022, Popular instituted a new initiative of recycling fairs to foster the responsible recycling of personal electronic equipment by our colleagues. During these fairs employees are invited to bring their unused or obsolete electronic devices to our corporate buildings where these are collected for recycling, free of charge.



BOLSTERING COMMUNITY RESILIENCE

Funding Environmental Conservation and Sustainability

In 2021, Popular revamped its Corporate Donations program in Puerto Rico and established the Environmental Program to ensure better alignment with its ESG priorities. Since the inception of the Program, Popular has directed significant funding and resources to aid nature conservation efforts in Puerto Rico.

5 grants awarded in 2022

\$555K total grants awarded

\$1.1M total awarded since 2021

The purpose of the Program is to invest in projects aimed at **environmental conservation and restoration**. It provides funds to projects and initiatives aligned with our areas of focus that attend to Puerto Rico's environmental priorities:



Reforestation initiatives that improve air quality, quality of life and combat climate change;



Biodiversity initiatives focused on the protection and conservation of species, forests, ecosystems and the caretaking of the environment to stop the loss of biodiversity;



Renewable energy initiatives designed to promote access to solar energy and,



Responsible consumption – internal program to promote initiatives and volunteering opportunities among employees to drive the responsible use and consumption of resources.

Para La Naturaleza

Reforestation is a powerful mitigating tool against the harmful effects of climate change. New forests help improve air quality by removing pollutants, prevent soil erosion and play an important role in protecting coastal areas. By planting trees in areas that have been degraded by natural events or deforested by human intervention, reforestation helps reestablish a healthy forest structure that in turn acts to preserve the biodiversity that dwells within that ecosystem.

Para La Naturaleza is a nonprofit organization dedicated to the **protection and conservation of lands** with high ecological value as well as treasured historical sites in Puerto Rico. With a trajectory that spans over 40 years, Para La Naturaleza's efforts focus on:

- Facilitating transformative experiences in nature
- Preserving lands of high ecological value
- Encouraging people to take responsibility for the protection of natural resources
- Driving public policy for environmental protection

In 2022, Popular awarded Para La Naturaleza a grant to provide continued support to their reforestation efforts. These funds will cover the cost of maintaining 40,000 trees planted between 2021 and 2022 as well as the planting of 1,000 additional trees.



Corporación Piñones Se Integra (COPI)

Founded in 1999, COPI is a nonprofit organization based in Loíza, Puerto Rico, that seeks to transform the issues that affect the integral development of the community's residents through projects focused on arts, culture, education and the protection and conservation of their mangrove forest.

Popular's 2022 grant to COPI supports the organization's **flood mitigation project** that seeks to reduce the harmful effects of climate change in the community. The project is comprised of four key aspects:

- **Ecological restoration** - maintaining the canals, lagoons and forests of Piñones free of natural and manmade debris;
- **Reforestation** - planting 8,400 mangrove trees extending the tree nursery with an additional 4,200 mangrove trees, 150 seagrape plants and 150 icaco or coco plum trees;
- **Water quality** - monitoring water quality in canals, lagoons and reforested zones through field visits, water testing and the assessment of mortality and survival rates of the planted trees; and
- **Job creation** - creating community jobs for the roles involved in maintaining this project.

Fundación Colibrí and Environmental Defense Fund

Renewable energy is a critical tool to combat climate change and to foster a sustainable future. For communities often impacted by power outages due to natural disasters or lack of adequate infrastructure, having renewable energy sources can make a world of difference.

In 2022, Popular awarded a grant to Fundación Colibrí for the Environmental Defense Fund "Building a Resilient Puerto Rico Project" in the island municipality of Culebra. The project seeks to provide Culebra's residents with access to **clean, resilient, low-cost energy** and to create a model for sustainable communities worldwide. Popular's contribution made possible the installation of **photovoltaic systems and energy storage** batteries in 11 homes of families with critical needs on the island.



PROMOTING ECO-FRIENDLY MOBILITY

As part of our strategy to promote positive social and environmental outcomes in our communities, Popular established a partnership with Skootel, a locally owned micromobility company, to launch **biciPOP, the first shared bicycle system in the island**. The partnership facilitated Skootel's expansion of its alternative transportation offerings by adding 120 electric bicycles to its growing fleet of e-scooters. By supporting this initiative, we will contribute to increasing the number of people who choose alternative methods of transportation for short distance trips, promote innovative ideas to reduce carbon emissions and strengthen the entrepreneurial ecosystem.

Areas served by biciPOP in Puerto Rico: Hato Rey, Miramar, Condado, Santurce, Old San Juan, Rio Piedras

"Popular seeks to support innovative projects that have a positive impact on the environment. biciPOP is a perfect example, a bicycle that allows micromobility via alternative transportation, is eco-friendly and healthy. We continue to bet on ideas that drive and inspire us to see beyond what we know and that continue to position Puerto Rico in the innovation map."

María Cristina González Noguera,
Executive Vice President of
Corporate Communications and Public Affairs



HURRICANE FIONA RESPONSE

\$854,965 in donations

Five years of lessons learned since the devastating onslaught of Hurricane María, informed our strategy as Fundación Banco Popular's team sprang into action days before Hurricane Fiona was predicted to make landfall in Puerto Rico. After consultation with over 80 allied nonprofit organizations throughout the island, we focused our efforts on 4 distinct areas:



Emergency Services

Grants to nonprofit organizations aimed at providing food, water and essential services to individuals and families from areas with significant or catastrophic losses.



Support to Farmers

Strategic alliances with nonprofit organizations focused on agriculture, recovering lost crops to provide community kitchens with fresh, locally-sourced produce, as well as direct support to small farmers with cash grants, equipment, materials and cleanup brigades.



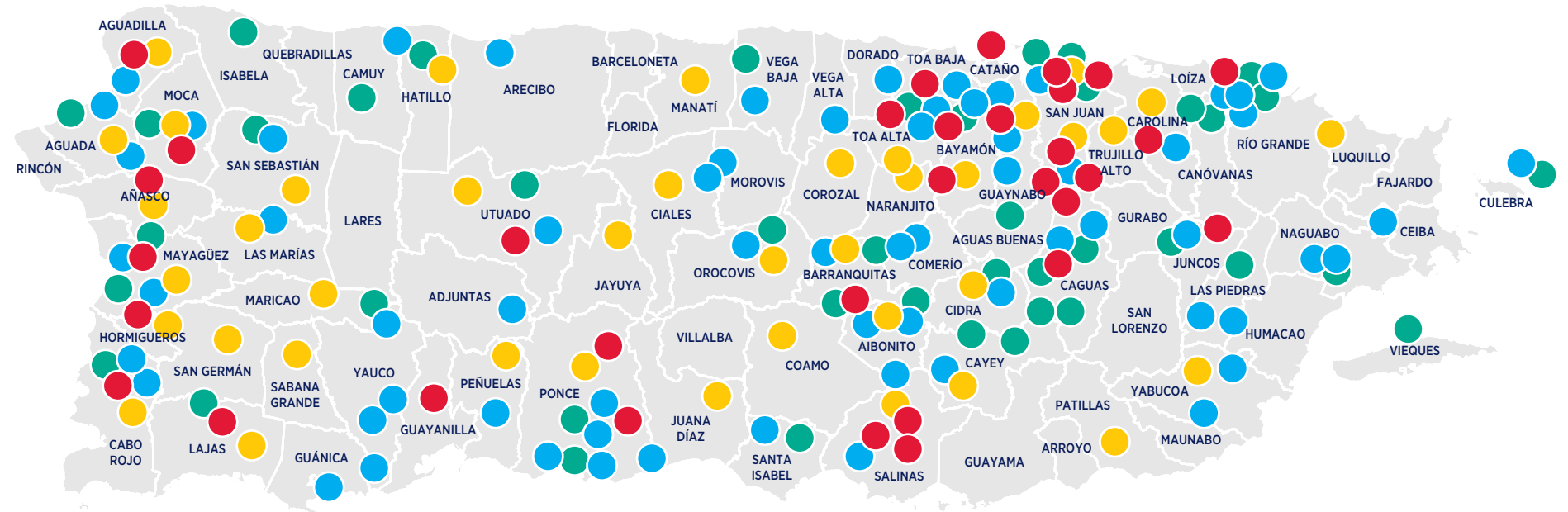
Support to Small Businesses

Strategic alliances with nonprofit organizations focused on business development to aid small businesses in the affected regions to ensure their business continuity.



Volunteer Programs

Employee participation in Hurricane Fiona response efforts across the island.



Fundación Banco Popular established an alliance with **PRoduce**, a local, innovative company with a mobile app that provides the general public as well as restaurants and chefs with access to thousands of fruits, vegetables, meats and other locally sourced products that are typically hard to obtain by traditional means. This partnership resulted in food deliveries to 17 organizations running community kitchens serving the general public in affected areas.

Over **18,000 lbs.** of food reached **21** communities



Sustainable Finance

At Popular we want to ensure that we are actively supporting and financing the projects and businesses that are consciously working to create **positive environmental impacts** through their mission and operations. We believe that taking part in the solutions to today's challenges will play an important role in our organization's long-term sustainability as well.

INTEGRATING ENVIRONMENTAL AND SOCIAL CONSIDERATIONS IN THE COMMERCIAL CREDIT PROCESS

During 2021, Popular integrated ESG considerations into the credit analysis and approval process contemplated in our Commercial Credit Manuals. The implementation of ESG considerations allows for **better-informed credit and business decisions** considering how the commercial credit products we provide impact the communities we serve.

The ESG considerations screening process allows Popular to assess, document, monitor and mitigate environmental and social risks associated with commercial credit transactions. Our Commercial Credit Manuals include **environmental and social screening parameters** for transactions that meet certain criteria. Some of the parameters that Popular may review and consider include:

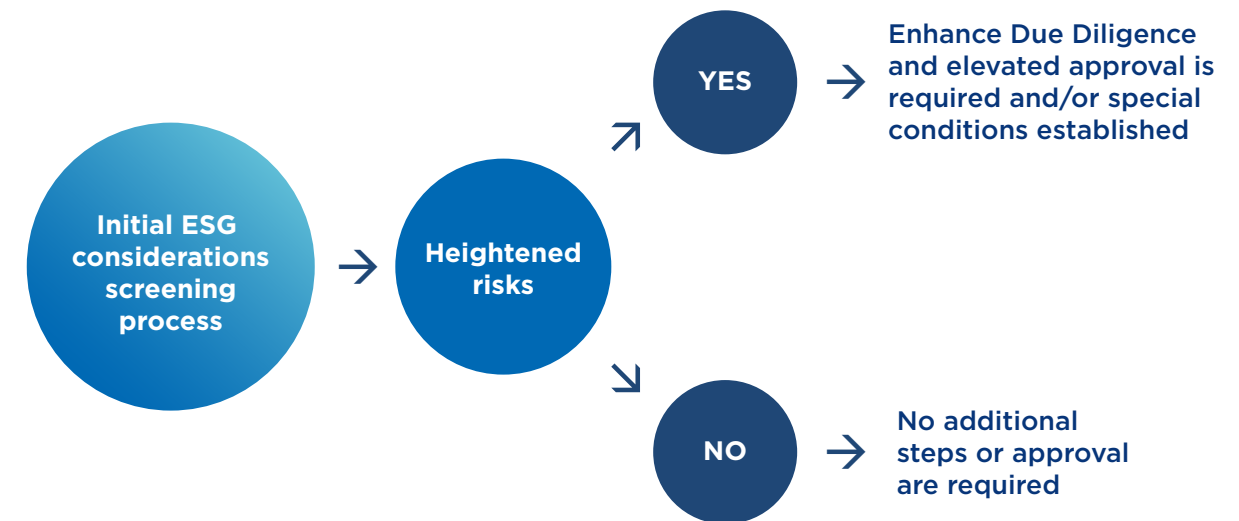
- Purpose of the proposed project
- Geographic location of the proposed project and borrowers' real estate facilities
- Borrower's capacity to implement mitigation measures to counteract potential adverse impacts on surrounding community or environment
- Borrower's recent labor relations history
- Borrower's health and safety track record

An Enhanced Due Diligence process is required if a heightened ESG risk is identified during the initial screening. Cases requiring Enhanced Due Diligence undergo an additional review and require elevated approval. In certain cases, Popular may engage with clients to address adverse impacts.

Heightened environmental risk is presumed in projects located on the waterfront or near a natural reserve, projects that present actual or potential threat or adverse effects on local flora and fauna and the environment, and businesses operating in industries or activities that have potentially significant environmental impacts. Heightened social risks are considered in

commercial loans where the borrower's practices involve activities or matters that could have a negative impact on society and surrounding communities, as defined in our Commercial Credit Manuals.

Our commercial credit manuals are expected to evolve as we continue maturing alongside our strategy.



AFFORDABLE HOUSING

Access to affordable housing is a basic human need that is core to our mission. Popular provides financing for the acquisition, construction, rehabilitation and/or refinancing of affordable housing projects. Through our financing products, we are able to provide construction and permanent financing to multifamily projects that provide access to affordable housing for working low-income individuals as well as completely subsidized housing for those unable to work, such as senior citizens, homeless individuals and others impaired by illness or disability.



Since 2016, Popular has financed **32 affordable housing projects with over \$230 million in loans** in Puerto Rico and the U.S. Virgin Islands towards the preservation or creation of 3,919 units. Popular has developed a strong trajectory of working with developers, nonprofit organizations, investors, and government officials to leverage federal funds in the construction and rehabilitation of affordable multifamily projects that serve as cornerstones for the revitalization of low-income communities.

9 loans with a balance of \$41.5M approved

Égida Sagrado Corazón de Jesús

Égida Sagrado Corazón de Jesús, located in a parcel in Arecibo, Puerto Rico will consist of a six-story building with one hundred and twenty (120) one-bedroom apartment units for the elderly, to be operated under a Section 8 Housing Assistance Payments Contract for 100% of the units.

The Project will provide **affordable housing for the elderly** with Section 8 project-based vouchers, under which units must be occupied by households earning 50% or less of the median family income of the area. The project’s projected rent is \$405 for each unit under a monthly subsidy contract.

The Égida’s location will provide its tenants pedestrian access within 700 meters to the town square, grocery store, market, diagnostic and treatment center, pharmacy, public park, dental offices, and civic center. All apartments consist of one-bedroom and one-bathroom units, with living/dining room, kitchen, and balcony, in a gross living area of approximately 545 and 48 square feet of balcony area. The Project’s amenities include a central courtyard, 92 parking spaces and 24 handicapped, meeting center, administrative offices, a mailbox wall, doctor’s offices, public bathrooms, and equipped common laundry room.

This loan was the first closing with the Puerto Rico Housing Finance Authority of a program created to finance the construction and/or rehabilitation of affordable housing projects using 4% Low Income Housing Tax Credits and private activity bonds, which are exempt from federal taxes.

In this transaction, the Puerto Rico Housing Finance Authority provided an interim, non-revolving, construction bridge loan facility to the Sagrado Corazón Affordable, LLC to finance the construction of the Project. Advances under the Construction Facility are funded by Popular pursuant to the terms of a commitment to advance funds on a non-revolving basis.

Home Mortgage Disclosure Act Originated Loans		
	Number	Amount
Federal Housing Administration (FHA)	349	\$56.6 million
Veterans Affairs	104	\$20.5 million
USDA Rural Housing Service	188	\$25.1 million
Homebuyers Assistance Program	235 loans	\$20.9 million



FINANCING SOLUTIONS FOR A BRIGHTER FUTURE

Small Business Loans

Small and medium-sized businesses are the fuel of prosperous, vibrant economies. Popular remained steadfast in its commitment to support our small and medium-sized commercial customers. Our ample products and services offering is constantly evolving to address the needs of the entrepreneurial ecosystem.



SBA Loans Closed in 2022

302 loans provided

\$55M amount provided



StartUp Popular

To promote entrepreneurship, stimulate economic development, and support local businesses in Puerto Rico, we have created StartUp Popular, a unique program that helps develop new businesses. StartUp Popular has three main components:

- **Financial Impact** – providing finance to business that have operated no more than two years;
- **Business Coaching** – providing mentorship and guidance to entrepreneurs; and
- **Networking** – connecting entrepreneurs with potential colleagues, mentors and business opportunities.

Financing works on a proposal basis with term loans of 4 years ranging from \$2,500 to \$50,000. StartUp Popular clients receive **complimentary business coaching** during the term of the loan, or while they participate in the program. StartUp Popular also hosts **networking events** as an opportunity for customers to connect, learn from other startups, and make strategic 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.



\$6.7M provided in loans since inception

127 customers

41 new loans approved in 2022

\$1.4M total approved loans



Sugar Creations

Noelia Miranda started her small business, Sugar Creations, in her apartment in Santa Isabel. Her local Popular branch manager encouraged her to apply to StartUp Popular. The financing she received from the program made it possible for Miranda to move her business to a dedicated physical space and purchase all the necessary equipment to scale her operations and increase her production. Sugar Creations sells themed cakes, coffee and desserts, and also serves as a baking academy where students come to learn and gain from the most basic to the most advanced skills.

“A key benefit that StartUp Popular offered me was the one-on-one coaching. As a first-time business owner, I was full of questions about so many different aspects of the business and they were with me every step of the way, making sure everything was running smoothly and allaying my fears.”

Noelia Miranda, Owner, Sugar Creations

BluHaus Small Business Fund

Since 2020, Popular, through its limited partner investment, has supported the BluHaus Small Business Fund, a specialized small business investment company to support the economic development of small businesses in Puerto Rico. BluHaus Small Business Fund plays a critical role in **supporting small businesses and promoting economic growth in underserved communities**. By providing access to capital and resources, BluHaus Small Business Fund helps create new jobs, supports entrepreneurship, and promotes diversity and inclusion in the business community.

Popular Impact Fund

Aware of a rising need in Puerto Rico's startup ecosystem, in 2021 Popular launched the Popular Impact Fund with an initial allocation of \$15 million. This first-of-its-kind fund in Puerto Rico seeks to support companies that (1) develop strategic technologies for the Financial Services sector; or (2) generate a positive social impact in the communities we serve.

Through the Popular Impact Fund, we're proudly investing capital and additional nonfinancial resources in companies that are **actively seeking and creating solutions** to some of today's most pressing social and environmental challenges. Some of our early investments include the following companies:

Raincoat Insurance: Founded in the aftermath of Hurricane María, Raincoat was created with the purpose of **reducing the economic impact of natural disasters** in all parts of the world. A Puerto Rico-based digital parametric insurance platform, Raincoat offers climate insurance solutions to protect individuals and small businesses affected by natural disasters such as hurricanes, earthquakes and floods.

Skootel: Looking to tackle the detrimental effects of Puerto Rico's high car-to-person ratio, Skootel was launched aiming to **reduce the number of cars on the road** by offering innovative low-cost, accessible, and sustainable options for short-distance travel. They are the first micro-mobility service company in Puerto Rico and the largest operator of shared e-scooters and bicycles in the Caribbean.

Carbonwave: Pioneering developer of plant-based biomaterials from sargassum seaweed, Carbonwave is one of the few companies in the globe exploring the benefits of brown seaweed, with an integrated mass collection network and processing operation aimed at **creating a circular economy** that turns Sargassum from harmful waste to materials and products.

Greenwood: Founded in 2020, Greenwood is a financial services company that offers digital mobile banking designed and made for the Black and Latino communities focused on **creating generational wealth and closing the wealth gap**.

Popular Community Capital

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). Popular Community Capital'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, primarily in areas where Popular has presence.

Popular Community Capital's Small Revolving Loan Fund

In 2022, Popular Community Capital deployed \$3.8 million in funds available in the New Market Tax Credit Small Revolving Loan Fund to support the biotechnology, manufacturing, and healthy foods sectors in Puerto Rico and the United States Virgin Islands. These funds will directly benefit the **creation of permanent jobs in low income communities** over the next three years, while providing flexible terms for the borrowers including, lower interest rates, subordination, longer amortization periods, higher loan to value, no origination fees, and nontraditional forms of collateral.



CDI Laboratories, Inc.

An innovative provider of immune biomarker discovery platforms in Mayaguez, P.R. and Baltimore, MD, CDI Laboratories received a \$1.2 million two-year term loan from Popular Community Capital which provided working capital to support sales growth and to finance accounts receivable. With Popular Community Capital's support, CDI Laboratories continues to help its clients make **scientific findings and expand the field of immunology research**, while supporting the local community by retaining more than 30 jobs and the expectation to create close to 125 jobs in the next three years.

Mezzanine Fund

The Popular Mezzanine 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 Popular Mezzanine Fund 's mandate is to help **meet the credit needs of local businesses**, offering a variety of funding structures to support projects that have an impact on low-and moderate-income neighborhoods. Examples of recent financing include:

Cytoimmune Therapeutics

Cytoimmune Therapeutics and its parent company are clinical-stage immunotherapy companies developing novel therapies to fight cancer. Formed in 2020, Cytoimmune Therapeutics has hired **40 employees** to manufacture cells and conduct research in its 37,000 square-foot facility in Toa Baja, Puerto Rico. Cytoimmune Therapeutics operates in a severely distressed low to moderate income area, with 59.4% of the population living in poverty and a median family income of \$17,322.



Social

We believe a company's success is inextricably tied to the prosperity of the communities it serves, the social and economic well-being of its employees, and the financial security of its customers. Our commitment to **put people at the center of progress** is embedded in everything we do, from our hiring and retention practices to the way we design our products and how we imagine our customer and employee experiences, to the impacts our investment decisions have on society and our planet.



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Inclusive Banking

Everyone deserves a bank that works for them. Our goal at Popular is to support sustainable, inclusive growth in all our markets and for all our customers. We're committed to providing responsible access to safe, useful, and affordable financial products and services that help individuals and businesses in all segments to thrive.

SERVING LOW- AND MODERATE-INCOME CUSTOMERS

Banks play a crucial role in the financial well-being of their customers. At Popular, we're committed to offering an array of financial products and services that meet the needs of customers from all walks of life. This commitment includes providing access to credit, offering tools to manage debt and ensuring our products include features that take the stress out of banking and help people on their path to financial stability.

BANKING MADE EASIER

Since our founding, Popular's utmost commitment has been to the social and economic well-being of our customers. Part of this commitment is to ensure our business practices align with our customers' best interests. In 2022, Banco Popular became the first financial institution in Puerto Rico to **eliminate the charge for insufficient funds** for returned transactions. We also eliminated **overdraft fees** on transactions of five dollars (\$5.00) or less paid against insufficient funds, as well as the fees charged for maintaining overdrawn accounts. These modifications to our overdraft fees are in part the result of a multi-year strategy that began with Popular's efforts to obtain the **Bank On certification** for certain bank accounts. The Bank On initiative, led by the national non-profit organization Cities for Financial Empowerment Fund, works to ensure that everyone has access to a safe, affordable transactional banking account.

4,804 new certified Bank On accounts since certification in 2021



"We constantly evaluate the needs of the communities we serve. These changes are the result of a continuous effort to identify opportunities where we can make banking easier, safer and more equitable for our customers."

Javier D. Ferrer, Executive Vice President, Chief Operating Officer
Head of Business Strategy and Corporate Secretary Popular, Inc.

PHYSICAL PRESENCE THAT MAKES A DIFFERENCE

We believe in being there for our customers. We're proud to be the bank with the farthest-reaching branch network in Puerto Rico and the only one with branches present in 76 of the 78 municipalities.

In the mainland US, we are part of the New York State's Banking Development District Program (BDD), with six certified branches out of our twenty-four branch network in New York. These branches are located in underserved communities to promote community development and revitalization through access to financial services and financial literacy activities facilitated through our colleagues' volunteer efforts.



Branches in underbanked or unbanked areas

Mainland US: 17, 44% of our branch network

PR: 44, 28% of our branch network

VI: 4, 50% of our branch network



Economic Development

Healthy, robust and sustainable economic development is paramount for the shared prosperity of any community, town, city or country. Economic development implies not only economic growth, but also the improved well-being and quality of life of a group or individual according to set goals and objectives. At Popular, we are dedicated to the pursuit of sustainable economic development for the communities we serve through our wide and varied offerings of programs, products, services and education.

FINANCIAL EDUCATION

We believe that responsible banking includes comprehensive financial education for our customers, both individuals and businesses. We want to help our customers achieve their life goals; their dreams become our dreams. Our financial education program, **Finanzas en Tus Manos**, is designed to help individuals and businesses build strong foundations of financial knowledge that enable them to be successful, sustainable and resilient. We provide individuals and businesses tools to gain the confidence, knowledge, skills and self-efficacy to make and execute money management decisions for their needs and circumstances.

Finanzas en tus Manos, through a network of employee educators, provides financial workshops to a wide range of audiences including children, youngsters, adults, seniors and entrepreneurs. Workshop topics include the principles of finance, savings, budgeting, building and managing credit, preparing for retirement, business finances, among others. To amplify access, all workshops are available as either in-person or online offerings.



Ensuring our workshops are effective, we encourage participants to complete a pre-test to assess knowledge and continue monitoring learning and progress through a short self-evaluation. To support the learning process, we also provide educational content through Popular's blog, newsletters and videos.



182 workshops provided

6,849 participants

182 Popular employees active in the educators network during 2022

Partnerships for Impact

Operation Hope

Seeking to address the changing and emerging needs of our customers, in 2021 Popular formalized a strategic collaboration with the nonprofit organization Operation HOPE to develop and offer a workshop specifically for individuals or groups looking to pivot away from their previous jobs towards **careers as entrepreneurs**. Operation

HOPE's mission has been to make free enterprise and capitalism work for the underserved—disrupting poverty for millions of low and moderate-income youth and adults across the nation. Popular's partnership with Operation HOPE has allowed us to reach thousands of individuals thanks to the deep ties that the organization has with the communities it serves. This collaboration has been key in driving forward our strategy to bring financial knowledge to the widest audience possible.

MMM

The years after retirement can be a challenging transition for many individuals. Adjusting to a new routine and lifestyle while managing assets to ensure they last through retirement may be daunting. Recognizing the importance of financial education during this life stage, in 2022, Popular, in collaboration with the health insurance company MMM, offered **financial education workshops** free of charge for retirees. These workshops allowed us to reach a wider audience and focused on **budget management** through practical, concrete exercises that are applicable to daily life.

Financial Knowledge as a Tool for Gender Equality

Popular seeks to be an active agent of **female social and economic empowerment**. We believe that only with equal access to a full range of needs-based financial services - savings, credit, insurance, payments - and the accompanying financial education, can women break through the gender dynamics that limit their potential. Effective financial education not only creates the necessary financial knowledge but also builds the trust and confidence to make smart, autonomous financial decisions.

In response to the state of emergency declared by the Governor of Puerto Rico in January 2021 due to alarming increases in gender violence, Popular teamed up with nonprofit organizations and experts who applied a critical gender lens to all our financial education offerings and materials in an effort to ensure our oral, written and visual content not only fosters but drives social justice and financial equity.

FUELING THE POWER OF SMALL BUSINESS

Small businesses are the lifeblood of communities across the globe. They are indispensable employers and providers of essential goods and services that directly and indirectly contribute to the overall social and economic well-being of our communities.

Celebrating a Decade of Echar Pa'Lante

Since its inception, Echar Pa'Lante's mission has been to integrate multisector efforts to accelerate a culture of globally competitive entrepreneurship, innovation, resilience and sustainability to propel prosperity in Puerto Rico. It was formed following research by Popular which uncovered a collective mindset of despair and inertia among Puerto Ricans after a decade of economic stagnation (2000-2010) which social-science experts defined as "the new poverty". Popular served as a catalyst for a new collective-impact movement, providing seed funding for Echar Pa'Lante's development, including

dedicated staff. The result has been the formation of an effective **multisector alliance** which has been in place since 2012, leading the development of a strong **entrepreneurship and innovation ecosystem for socioeconomic progress** in Puerto Rico and which today is at the core of the island's Workforce Development Strategy.

In building the movement, Echar Pa'Lante was recognized by world class organizations and experts such as the Clinton Global Initiative, American Bankers Association, International Council for Small Business and People-Centered Internet, among others. As a result of these efforts, Puerto Rico was invited to participate in the UN Digital and Cooperation Commission as a role model of grassroots community empowerment.

Popular is proud to be a driving force in a movement that has been able to build programs that **stimulate entrepreneurship and innovation** at the school, college and community levels. It's a movement that has sparked new ideas, businesses, ways of thinking and ways of working that will surely lead Puerto Rico into the future. We look forward to helping develop the next generation of entrepreneurs.

Key Program Achievements:

- Developed a critical mass of Kinder to college educators and a network of support practitioners through comprehensive **Entrepreneurship and Innovation certifications** based on global leading practices.
- The 7 largest universities in Puerto Rico implemented **programs to stimulate entrepreneurship**.
- Puerto Rico's Department of Education included entrepreneurship and innovation in the Kinder to 12th grade curriculum and established an **entrepreneurship education public policy** based on the Echar Pa'Lante model.



- Significantly improved the Puerto Rican public perceptions of **opportunities** and their intention to engage in entrepreneurship.
- Developed Puerto Rico's **Lifelong Learning Strategy** in collaboration with the Society for Human Resources Management - Puerto Rico Chapter.

11,663 individuals trained

- 1,106 College professors
- 10,061 Kinder-12th grade teachers
- 496 Entrepreneur support practitioners



“For the past ten years, ECHAR PA’LANTE has been an influential architect in developing the entrepreneurial mindset in Puerto Rico’s culture. The carefully designed model has been recognized internationally as a creative, innovative, and replicable one. The success is thanks to active multisectoral collaboration members who have a passion and patriotism for converting Puerto Rico into an Enterprising Island.”

Dr. Eileen Figueroa-Rivera, Former President, International Council for Small Business, Puerto Rico & Caribbean



Supporting Entrepreneurs from A to Z

As we reflected upon a decade of acquired knowledge and lived experiences from Echar Pa’ Lante, and with a deep sense of commitment to continue supporting the development and growth of entrepreneurs in Puerto Rico, the next step became clear: we needed to turn our learnings into action. And so, in 2022, Popular created the **Entrepreneur Grant Program**, which provides funding support to nonprofit partners in three main areas:

- **ScaleUp Popular** - aimed at established businesses (those that have 3.5 years or more of operation) that are financially steady and ready to expand or grow;
- **Pre-acceleration** - designed for businesses with less than 3.5 years of operation and that have a greater need of education and coaching than ScaleUp participants; and
- **Strategic Collaborations** - formed with critical partners on and off the island to deliver the key learning and growth opportunities.



743 impacted businesses
\$1.3M awarded in grants in 2022

Part of the program’s design and development phase included an analysis of how and where Popular is currently providing support, products, and services to small businesses and where we have areas of opportunity to enhance or create new offerings that best meet the needs of small business owners. The program also has a robust education, coaching and mentoring component for participants.

2022 GRANT HIGHLIGHTS Center for Business and Economic Development, University of Puerto Rico, Mayagüez Campus

The Center for Business and Economic Development’s mission is to promote the development of an entrepreneurial ecosystem that mobilizes the multidisciplinary human and technical resources present at the University of Puerto Rico Mayagüez Campus to stimulate innovation and economic development. The Center for Business and Economic Development provides technical assistance and business coaching to nascent and small businesses in western Puerto Rico. Service providers are members of the University of Puerto Rico community and include professors, graduate and undergraduate students who have the relevant experience and demonstrated capacity to provide high quality assistance.

Popular’s 2022 grant to the Center for Business and Economic Development was in support of their AREA-E Program, a structured **business accelerator program** focused on early-stage businesses or established businesses with a demonstrated capacity and desire for growth. The grant funded technical assistance for 50 small businesses to increase their knowledge in topics such as exports, human resources, digital tools and risk management, as well as one-on-one coaching.

Youth Education

FUNDACIÓN BANCO POPULAR

For more than 43 years, Fundación Banco Popular has been serving Puerto Rico and promoting the vision of its founder, Rafael Carrión, Jr.: true progress rooted in the community and led by its members. The legacy of our founder's dream transcends program funding, financial figures, and the number of people impacted; it is to highlight the wealth of knowledge that Puerto Rican communities own on how to solve problems and overcome challenges. The respect we feel for our partner organizations and individual collaborators and the genuine admiration for their unwavering commitment is our reason for being.

Today and tomorrow, we reaffirm our goal of amplifying community voices and honoring the experiences of those most directly affected by inequality.

Impact of the Social Investment Program

Our program has a strategic and measurable impact on children, youth and adults who benefit from projects executed by our partner organizations in each of the Foundation's focus areas.



4,230

students from **after school programs** improved their grades in English, Math, and Spanish courses.



1,094

students participated in **on-site experiences** that increased their cultural knowledge.



795

children, youth and adults developed creativity through initiatives that stimulate **imagination and motor sensory capacity**.



737

children, youth and adults strengthened **rhythmic and melodic skills**.



731

students showed **positive behavior** in their classes and school.



158

community enterprises were impacted by **business development and mentoring** programs.



137

alliances were generated through **collaborative agreements** between various entities, stakeholders, and service providers for the benefit of community programs.



91

participants developed the capacity to create projects to address needs or **solve community problems**.



DEVELOPMENT OF MUSICAL TALENT

We believe in the power of music to transform lives. To that end, we prioritize social investment in music education, supporting programs that foster learning in young children and the development of skills in talented youth.

In 2022 we launched a unique **educational model and curriculum** that seeks to fill the gaps in the current music education offering in Puerto Rico through the integration and expansion of existing services; as well as the addition of new components tailored to the needs of a global music industry in constant growth and technological transformation. The model implements the indispensable pillars and skills according to the corresponding stage of development through proprietary direct service programs and partner organizations with expertise in said stage and/or skill: from introduction to music, instrument specialization, college preparation, university training and career pathway.

Direct Service Proprietary Programs

Aceleración Musical

We support the development of talented young musicians through a unique learning experience that positions them to continue developing to the fullest in the field of music



as professionals and entrepreneurs: a **residential summer internship for high-performing music students** between the ages of 13 to 18. Participants take daily classes and workshops on music technique and theory, cultural context and historical overview, self-management and entrepreneurship, and technology in music.

Fundación Banco Popular held in 2022 the 5th edition of this initiative that began in 2018 and has since impacted 129 participants over the past years. In 2022, we impacted 48 students from 26 municipalities who participated in the nine-day, eight-night residential summer internship.

We are extremely grateful for the indispensable guidance they received throughout the week by a group of six mentors who are professors at Universities of Puerto Rico that have musical programs.

Revive La Música

We promote musical education, in partnership with Fundación Luis A. Ferré, through a program that **donates musical instruments** to schools and other non-profit organizations. As part of the program, since 2009, we have held an **annual concert** in which students participate alongside great musicians who donate their time and talent. For most of the young participants, this activity is their first experience on stage and accompanying a professional artist performing their own musical pieces.

Revive La Música has touched the lives of thousands who have benefited from receiving over 2,000 instruments, as well as the opportunity for hundreds of them to participate in an annual concert with a renowned Puerto Rican artist.

In 2022, a total of 163 instruments were donated to 21 schools and organizations in 17 municipalities, impacting the lives of 2,276 students.



The annual “Revive la Música: The Concert”, unfortunately postponed due to delays caused by Hurricane Fiona, will be held in 2023 with the participation of students nominated by the schools and music programs.



“The impact is very positive because, first of all, it is a school in the countryside, in the center of town, and it gives many young people the opportunity to take instrument classes. Above all, because the instruments, with the humidity, the weather, and the pandemic - the few that we had - had deteriorated and I found almost no tools to work with when I arrived. The theoretical component can be worked on and taught, but what the students want, expect and need is a workshop and to practice in order to improve.”

Javier Declat of the José Emilio Lugo High School in Adjuntas, a music teacher with more than 20 years in the teaching profession



Mini Grants

The Banco Popular Foundation provided mini-grants to students impacted by our programs so they can continue academic studies in music and create their first musical productions:

- **Emanuel Navarro**, timbalero, percussionist and composer, to continue master's studies at Berklee College of Music
- **Indira Sanchez**, guitarist and high school student accepted to Berklee College of Music
- **Roberto Peña**, high school student for the purchase of a specialized cello
- **Fabiola Méndez**, cuatrística and composer, to produce her concert Negrura: the music of Fabiola Méndez

Investment in our Musical Talent Development model's implementing partners

In 2022, Fundación Banco Popular invested **\$215,000** in seven partner organizations that directly impacted **1,481** participants.

To view the full extent of Fundación Banco Popular's programs and initiatives, access their [latest annual report](#).

“Fundación Banco Popular has been the foundation of my career as an artist. Receiving their support through the mini grant is not only an honor, but an affirmation that the work I propose is understood for its cultural, educational and social commitment. In this case, the funds contributed to the hiring and fair compensation of local musicians as part of the accompanists and special guests in my concert/documentary: Negrura.”

Fabiola Méndez,
cuatrística, composer and graduate of our programs

Taking a Stance Against Gender Violence

The United Nations recognizes gender equality not only as a fundamental human right, but also as a necessary foundation for a peaceful, prosperous and sustainable world. Lockdown orders and overall pandemic related economic insecurity exacerbated women's vulnerability to violence in the home. According to the Puerto Rico Statistics Institute, in 2021 and 2022, a total of 40 femicides we reported in Puerto Rico.

With a workforce made up of over 5,000 female employees, we feel it is our responsibility to do our part to address and mitigate the crisis of gender violence that confronts Puerto Rico today. We want our colleagues to feel safe and protected in their workplace and our clients to feel safe and protected whenever they enter one of our branches or offices. Outside of our facilities, we want to make sure we are doing everything we can through Fundación Banco Popular's nonprofit partners.

Sparked by a need to address the state of emergency declared in January 2021 by the government of Puerto Rico in response to the spike in gender violence, specifically femicides, Popular and Fundación Banco Popular created a joint project, publicly pledging to be more proactive and do well by our employees and clients; to show solidarity with domestic violence victims. Our pledge stated:

“Puerto Rico once again woke up in mourning. We do not want one more woman to be a victim of domestic violence, or one more family to be torn apart by the pain. At Popular, women make up over 65% of our workforce. For us, it's important that the emergency that assails our island is dealt with. We are committed to Puerto Rico, to our clients and to our colleagues to be more proactive, to show solidarity with our population and do our part to protect them.”

As bankers, we are cognizant of how **financial independence** can be decisive in saving lives in situations of violence. Women with access to financial products and services may be better able to manage their income, spending and financial decisions. Our main project objective is twofold and focused on both external and internal outcomes: to support victims of domestic and gender violence extricate themselves from violent relationships; and second, to decrease the occurrence of revictimization of survivors.

Our commitment resulted in 3 strategic solutions:

1. Rapid investment of **\$500,000 in emergency grants** for expert nonprofit partners through Fundación Banco Popular;
2. Strengthen and integrate **corporate policies** benefiting employees facing domestic violence; and
3. Develop and promote **community financial education** through a gender equality lens.

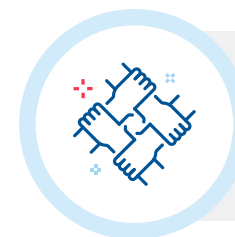
External outcomes through Fundación Banco Popular's grantmaking partnerships:

- **\$75,000** to create the first ever civil society-managed **emergency fund** for survivors;
- **\$100,000** collateral fund created to support black women's **access to banking**;
- **\$50,000** in seed funding for women-led **agricultural associations**, and
- **\$275,000** in unprecedented investments to **improve existing servicing systems** regarding temporary housing referrals, 24/7 hotlines, legal representation, mental health and statistics reporting.

Internal outcomes:

- Implemented a paid 2-week **Special Domestic Violence license** for all employees;
- Recognized domestic violence as an eligible condition that provides victims with access to Popular's **Employee Emergency Fund**; and
- Developed a **financial education module** for women and girls.

Internally, Popular integrated and strengthened existing **domestic violence prevention corporate policies** to increase financial stability amidst a domestic violence emergency. Externally, the agile and unprecedented investment of \$500,000 through Fundación Banco Popular addressed short-term **emergency financial needs** as well as created longer term **economic development opportunities** for thousands of Puerto Rican women.



In the United States, Popular Bank has a longstanding commitment to support Violence Intervention Program, a non-profit organization which empowers Latinx survivors of domestic violence in NYC.

Our People

We are dedicated to supporting our colleagues by offering a unique human experience so that Popular continues to be recognized as an employer that cares about its people. During 2022, the Our People objectives involved attracting, developing, rewarding, and retaining our talent while creating and sustaining initiatives to provide the best experience for our colleagues.

OUR DEMOGRAPHICS

As of December 31, 2022, Popular had a total of **8,943** employees across four regions:



- 8,050** in Puerto Rico
- 697** in the mainland United States
- 163** in the US and British Virgin Islands (VI)
- 33** in Latin America

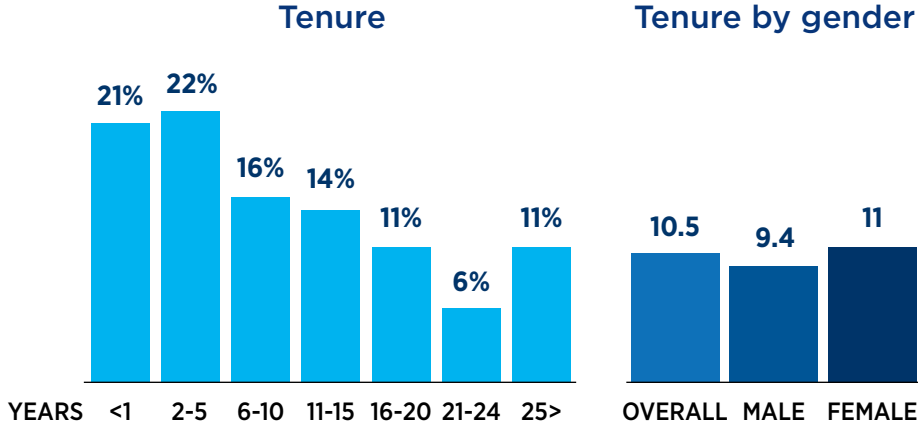
JOB GROUP DISTRIBUTION



- 0.9%** Strategy and Leadership
- 17.4%** Leaders
- 29.1%** Individual Contributors
- 52.7%** Sales and Support

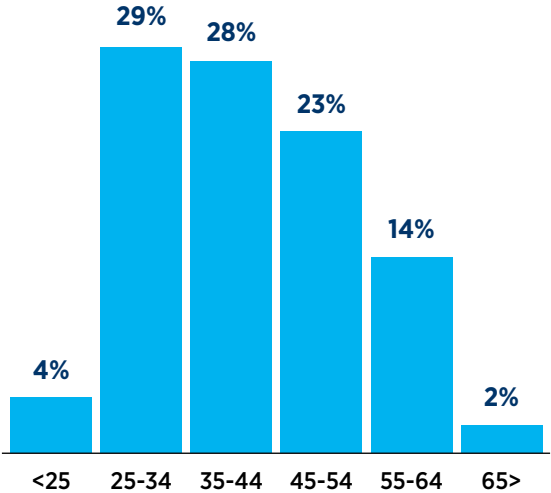
Our **Full-Time Equivalent** (excluding agency employees) was 8,745.5. Popular employed 95.5% full-time, 4.15% part-time, and 0.35% seasonal employees.

Our **average employee tenure** is 11 years in our Puerto Rico operations, 7 years in our United States operations, and 10 years in our Virgin Islands operations. 43% of our workforce has been employed for five years or less.



Workforce Breakdown by Age Group

Age Range



The **average age** of Popular employees is 41 years; among our regions, Puerto Rico, the mainland United States, the Virgin Islands and Latin America the average age is 41, 44, 41, and 34 years respectively.

EMPLOYEE EXPERIENCE

Listening to and considering employee feedback has been at our strategies' forefront; Popular aims to provide an excellent employee experience that inspires its employees to provide customers and communities with the best service.

To understand its employees' experience, the Corporation conducts anonymous surveys regarding topics that impact colleagues' experience and engagement, including the **Great Place to Work** survey. The Great Place to Work survey, administered biannually, revealed an **81% Trust Index** score for 2022. This result represents an increase in engagement of 2pp since 2020 and 5pp since Popular began measuring engagement in 2016.

In 2023, Popular will enhance the employee experience by conducting surveys targeting the different stages in the employee lifecycle (onboarding, performance, exit, etc.) and measure employee engagement and loyalty quarterly. In addition, a formal engagement survey will be administered annually through Qualtrics, accompanied by short pulse surveys every quarter. We seek to continuously measure and improve the employee experience to increase employee productivity while contributing to enhancing customer satisfaction and improving business results.

The Corporation capitalizes on an interactive dashboard encompassing data surrounding different people-related topics to support the people strategy, data-driven decision-making and ESG monitoring. The dashboard gives senior management visibility over people metrics such as workforce demographics, hiring, turnover, and Diversity, Equity, and Inclusion.

As of year-end 2022, our **turnover rate** was 10.8%, improving 1.9 percentage points since 2021. Additionally, the **voluntary turnover rate** was 8.8%, improving 2.3 percentage points since 2021. Throughout 2022, the Corporation saw a stabilization in turnover, which had increased for the past seven quarters. The dashboard metrics, such as turnover, help shape our attraction and retention strategy.

DIVERSITY, EQUITY AND INCLUSION (DEI)

Popular continues to strive to provide a diverse, equitable, and inclusive environment for all our colleagues. We believe the different backgrounds, skills, knowledge, life experiences and perspectives of each of our team members are what makes Popular the leader it is today. We value the uniqueness and individual contributions of our colleagues and recognize the role they play in our organizational success. We are proud of our diverse workforce and continually seek ways in which we can challenge ourselves to be even better. Popular’s inclusion for a second year in a row in **Bloomberg’s Gender Equality Index** is proof of our unwavering commitment to be a great place to work for all.



Actively Embedding DEI Into the Our People Strategy

- **Recruitment**
Diverse outreach efforts to military, LGBTQ+, and women
- **Compensation**
Action plan in progress to reduce gender pay gap
- **Benefits**
Inclusive bonding time leave and coverage of domestic partners in all regions
- **Flexibility**
Corporate dress code and hybrid work model
- **Policies**
Workplace and sexual harassment protocol
- **Training**
Topics include celebrating neurodiversity, anti-racism, and allyship

For more information, please refer to Popular’s [Diversity, Equity and Inclusion Policy](#) available on our website.

Gender Pay Equity

We believe that men and women should receive equal pay for equal work. Since 2011, Popular has undertaken a series of targeted efforts and made significant investments aimed at analyzing and reducing any gender pay gap. The organization’s DEI Policy, formalized and approved by the Board of Directors in 2016, includes steps to detect and rectify any cases where a disparity is identified.



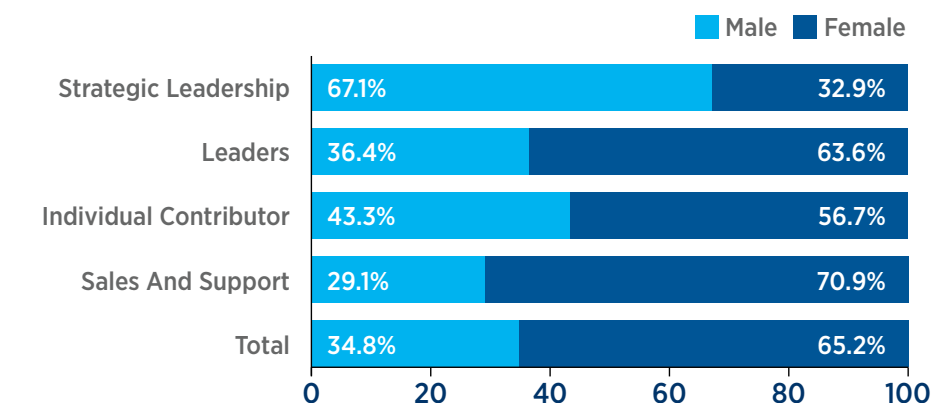
“I am very proud to be able to say that we have significantly reduced the gender pay gap at Popular. We have made notable strides in analyzing the challenge over the last few years. We employ a third party who provides an objective view of each position of males versus females. Once we receive the data, we look at each case individually. If it’s the same position, with the same level of responsibility and an equal level of skills, the only differentiating factor can be performance.”

Mariemi Sierra Álvarez, Senior Vice President, Our People Division, Chief Diversity Officer

Workforce Breakdown by Gender

Women make up **65% of our workforce** and outweigh men in almost all job groups, which aligns with talent availability.

Gender Distribution



Changes to the Corporate Dress Code

Having levels of flexibility, including in one's appearance, was ranked as one of the most impactful aspects of our colleagues' experience. Millennial and Gen Z colleagues especially expressed their opinion on **flexible attire** in various forums, such as surveys, focus groups, and interviews. Taking these opinions into account, in 2022 Popular established a corporate dress guide that is more flexible, equitable, fair, and gender-neutral, recognizing differences in roles, while seeking the greatest possible alignment.

Employee Resource Groups (ERGs)

During 2022, three new ERGs were successfully launched: Functional Diversity, Women, and Multicultural. These join the existing LGBTQ+ ERG which was launched in 2021. These four ERGs provide a **safe space** for employees with common interests and life experiences.

LGBTQ+ 245 (↑80) members

In 2022, Popular for the first time sponsored and participated in three of the Pride parades celebrated in Puerto Rico. The group hosted speakers, community service experiences and workshops for members and allies of the LGBTQ+ community. These efforts have helped raise awareness, educate, reinforce policies and procedures, and position Popular as an inclusive employer.

FUNCTIONAL DIVERSITY 161 members

A kick-off session facilitated by a Functional Diversity Consultant and a psychologist allowed members to meet and share stories about their personal experiences. The group is growing and planned development and networking events for people in the community to be held during 2023.

MULTICULTURAL 40+ members

The group hosted a speaker series and an event in our US region celebrating Hispanic Heritage Month. An event celebrating Black History Month was held in early 2023.

WOMEN 277 members

This recently launched group focuses on sparking interest in creating and supporting initiatives within the organization to provide resources that contribute to women's professional development.



Internal and External Awareness

To achieve the goals set within our Diversity, Equity, and Inclusion strategy, we have increased communication with our internal and external stakeholders to raise awareness of our efforts.

Through this heightened visibility, we want to ensure our customers, employees, suppliers, and communities recognize the importance of having a diverse, equitable, and inclusive environment.

Internally, we have promoted events and initiatives on our email and digital platforms. Through internal campaigns, we created a space for employees to be the central character in the highlighted stories, allowing them to narrate, from their perspective, how their diverse experiences and challenges impact their lives.

Externally, DEI was inserted into the brand's marketing strategy. Popular's social media strategy highlighted posts on platforms such as Facebook, Instagram and TikTok featuring DEI topics and initiatives that took place during the year, reaching over 1 million viewers in 2022.

ATTRACTING TALENT

Popular has experienced the challenging global talent market which has led to significant changes in the behaviors and needs of employees and candidates. Our efforts are aligned across regions to find the best talent that our business needs, despite the competitive environment.

Employee Turnover

The annualized **turnover rate** for 2022 was 10.8%, an improvement over 2021, although we continue to focus our efforts on retaining talent. Turnover decreased throughout all regions, but most significantly in the United States.



New Way of Working

Since the pandemic, Popular formalized the **hybrid work model** to adapt to market trends and innovative ways of working. Today, **49%** of our workforce is eligible to work remotely part of the time based on their roles and responsibilities.

Changes to the Internal Mobility Policy

At Popular we want to make sure our colleagues have every opportunity to develop and grow in their careers. Our research into employee mobility allows us to see areas of opportunity and formulate timely response strategies. Recent turnover data revealed that 39% of employees who left the organization in 2022 did so before completing two years of employment. A perceived lack of **mobility opportunities** was one of the main reasons provided by those who left. In response to this challenge, Popular's new policy allows employees to apply for a different internal position once they have completed **18 months** in their current role, a requirement that was previously set at 24 months.

33%

Internal Mobility

32% PR (↓13.7pp vs 2021)

34% VI (↑7.9pp vs 2021)

50%

Internal Mobility Excluding High Volume Positions

53% PR

56% VI

OUTREACH EFFORTS

At Popular, we value the richness that different experiences and diverse talent pools can bring to the organization. Therefore, ensuring a diverse and inclusive talent pool is extremely important to us. Our outreach efforts include job fairs, recruiting events targeted to military, LGBTQ+, women in STEAM careers, underrepresented groups, and non-traditional profiles. In addition, during 2022, there were targeted efforts in the Virgin Islands to participate in two local job fairs to widen the candidate pool.

Student Programs

Popular is highly invested in developing emerging talent to support the future of the organization. During 2022, a total of 95 students in Puerto Rico and the United States participated in Popular’s **internship programs** during academic semesters and summer months. During the academic semesters, interns focused their part-time job experience on projects and specific tasks tied to the assigned business unit’s needs. Summer interns participated in a guided experience which included workshops, team building, community service and networking activities.

Popular’s internship programs have been showcased through information sessions, symposiums, bank tours and social media, among other strategic efforts to attract high-potential candidates. During the year, we participated in more than **10 job fairs and recruiting events** at Puerto Rico universities for potential candidates for student and associate programs. Moreover, a dedicated **Outreach Week** was launched connecting 77 college students with Popular through different experiences, such as coffee chats with executives, which focused on career and professional development opportunities in different areas of the organization. The **partnerships** with University of Michigan and University of Puerto Rico-Mayagüez give opportunities to individuals to progress in their careers. In 2023, Popular is extending partnerships with Holberton and Ironhack to develop technical skills, such as software engineering.

Part of our efforts also included the placement of recent graduates with education and experience in non-traditional fields across our organization. This initiative provided opportunities to, for example, high-performing interns that we want to retain in Popular, but that we do not currently have an open position in their field. The pilot featured 5 recent graduates.



INVESTING IN TALENT DEVELOPMENT

In 2021, workshops with senior leaders and market research revealed a series of critical skills needed in Popular. As a result, the learning and development offerings for 2022 were curated to address the gaps in skills, knowledge and competencies across business units. The goal was to provide learning resources and opportunities for all employees while developing the talent and skills needed for the future.



Fostering a Learning Culture

We celebrate employees devoting time to focus on learning through our various available platforms. Over the past two years, we have kept up with demand by doubling the number of courses and increasing participation rates. Academies included **283 courses with 6,558 participations**. Popular colleagues have shown their appetite for lifelong learning through higher participation and the reduction of “no-shows” **from 22% (YE 2021) to 16% (YE 2022)**.

Academy	Sessions (2022 vs 2021)	Participants (2022 vs 2021)
Onboarding	41 (↑16)	1,991 (↑529)
Analytics	50 (↑28)	963 (↑649)
Management	57 (-)	850 (↓259)
Management Cohort	18 (↑18)	650 (↑650)
Professional	34 (↓11)	649 (↓207)
Wellbeing	33 (↑6)	588 (↓159)
Innovation	29 (↑14)	541 (↑280)
English	21 (↓83)	323 (↓104)

Three campaigns promoting **LinkedIn Learning** increased activated licenses to 50%, **10% higher than benchmarks**. Employees that actively use the platform invested a yearly average of five learning hours, exceeding benchmarks, and completed **261,185 videos**. While employees devoted time to learn about numerous subjects, cybersecurity, and Microsoft Excel were promoted and proved to be the most popular. LinkedIn Learning presented an investment of approximately \$66 per activated employee in 2022.

Leadership development focused on communication, leading innovation, empowerment, project management, breaking silos, and development of teams through a new **Continuous Professional Development program** that offered voluntary courses.

Effective **risk and compliance training** empowers individuals to execute their roles with greater confidence, including best practices. For this, **93 risk-related courses and 15 technology learning projects** were conducted in 2022. Incorporating gamification and tests improved learning interest and impact. These reduced re-training: saving over 100 minutes on courses launched.

We strive to continuously improve the digital learner experience. The **Corporate Learning SharePoint** provides visibility of trainings, FAQs, and tutorials to maximize the use of learning tools. Additionally, weekly newsletters help leaders recommend courses to their teams. The complete online migration of the learning catalog allows colleagues to book training courses up to 3 months in advance.

Skills for the Future

Projections and workforce planning are essential to building a strong talent pipeline. Through training programs, Popular is accelerating the readiness of foundational capabilities necessary to lead and transform the organization. Beyond learning offerings, there are robust **development programs for associates and trainees** in the Data, Process, Project, and newly added Tech Tracks.

Accelerated Development Programs gave a total of 131 practitioners technical frameworks to apply their experience in real projects. As a result of the projects executed, on average, time metrics were improved by 42%, and quality metrics were improved by 59%, resulting in a potential annual cost avoidance of more than \$642,000.

Accelerated Development Programs are important because they provide an **immersive experience** to practitioners as well as real value to the organization. Since 2020, 85 colleagues who have participated



TOP 5 EDUCATION

1. Business Administration
2. Accounting
3. Finance
4. Management
5. Marketing



TOP 5 SKILLS

1. Analysis
2. Customer Service
3. Accounting Principles
4. Teamwork
5. Bank Operations

in the programs have continued their development in various areas of the organization, including Popular's Transformation.

An internal campaign was conducted encouraging employees to complete their **Talent Profile and Skills Assessment in SuccessFactors**. The skills inventory gave visibility to the educational and skills preparation of our workforce. Through this campaign, we obtained data on 82.1% of colleagues' educational backgrounds and 47.2% of colleagues' skill sets.

Education and skills data enable us to develop strategies to fill skills gaps and business needs. Additionally, we widened the **internal candidate pool** allowing us to supply talent to different areas of the organization. As an example, we looked for employees with tech backgrounds, who may or may not work in tech functions, making it possible to invite 55 of them to join the new **Tech Track**.

As our organization moves to cloud technology, we internally developed 25 employees through **Amazon Web Services (AWS)** training and certification. Efforts to close the IT skills gap will be expanded in 2023.



The 2022 achievements contributed to receiving the **BAI Global Innovation in Learning and Development Award for the Talent and Skills Lab Accelerator**. This award recognizes financial services companies' innovative solutions that impact all stakeholders.



Promoting a Growth Mindset

Establishing and promoting a growth mindset is important for Popular to **nurture innovation, curiosity, and advancement**. In order to achieve this, we seek to ensure that our colleagues have the time and resources to learn, develop or strengthen skills, and grow inside the organization.

We also seek to apply a growth mindset to our hiring practices. When employees develop themselves, we as an organization need to provide them with opportunities to apply their skills to projects and new opportunities. This means increasing openness to fill positions internally and recommending employees to take on higher responsibilities. We believe that with the right tools and support, colleagues can thrive in their personal and professional growth.

REWARDING A HIGH-PERFORMING ORGANIZATION

During 2022, Popular committed over **\$48 million to invest in our colleagues' compensation** through a number of varying initiatives.

Initiative	Employees Impacted	Investment
Base Salary Increase	4,702	\$12.1M
Market Adjustments	2,953	\$26.1M
Merit Increase	2,421	\$8M
Non-Executive Equity Incentive Program	158	\$2.4M

Base Salary Increase

In January 2022, the **minimum base salary was increased** to \$13/hr. in Puerto Rico, \$15/hr. in the Virgin Islands, \$17/hr. in South Florida, and \$20/hr. in New York. These increases were accompanied by a differentiation or “bumping effect” for employees who were close to the new minimum. We also announced that in January 2023 the new minimum would increase to \$15/hr. in Puerto Rico and \$16/hr. in the Virgin Islands.

Market Adjustments and Merit Increases

During 2022, Popular conducted a comprehensive analysis evaluating each colleague's total compensation against what other leading companies pay in each market. Taking role and location into consideration, employees were classified as below or at market. Employees that fell into the below market category were eligible to receive a **salary adjustment** to reach the range according to the job match. Those at market were eligible to receive a **merit**

increase of an average of 4.5% of their salary (previously set at 3%), subject to performance and disciplinary actions, among others.

Non-Executive Equity Incentive Program

This program is designed to **motivate and retain** the organization's key, critical, and High Potential (HiPo) talent in the leader and individual contributor job groups. Selected employees were awarded 10-15% of their salary through time-vested restricted shares of common stock.

Financial Health

To prepare for a secure financial future, Popular offers employees a **401(k) savings and investment plan** accompanied by educational initiatives tied to personal finance. For 99% of employees, we matched **\$0.50 for every dollar** contributed to their 401(k) plan, up to 8% of their salary.

In 2022, **Profit-Sharing** was awarded due to organizational financial achievements. Employees received up to 8% of their eligible compensation (capped at \$70,000), half in cash and half as a 401k contribution, encouraging their future financial well-being.

Performance Appraisal

The performance appraisal process invites the employee and their leader to collaborate in goal setting and progress for the year. At the beginning of the year, an employee establishes objectives with their leader. In midyear, the leader reviews the employee's objectives and provides feedback on the progress made. At the end of the year, the employee completes a self-assessment, the leader reviews the assessment, and they discuss results and rating. The performance review interactions allow for structured, development conversations between the leader and employee. During 2022, **98% of employees received a regular performance and career development review**. Great Place to Work survey results revealed scores of 89% on the employee having performance conversations with leader and 81% on receiving feedback on performance from leader. Having those conversations and feedback is imperative for maintaining a growth mindset and a high-performance organization.

FOSTERING EMPLOYEE WELL-BEING

In 2022, Popular continued its commitment to the physical and emotional well-being of our employees, including protection against COVID-19. Popular's **comprehensive benefits package** consists of health insurance, leaves of absence, wellness initiatives, and an on-site health & wellness clinic.



Health and Pharmacy Insurance

The health and pharmacy plans include an extensive variety of providers and services. Colleagues who complete their **Annual Preventative Exam** can receive up to 90% and 83% coverage of the premium in Puerto Rico, Virgin Islands and the United States, respectively. Popular's plans offer coverage to retirees, employees, spouses, dependents, and domestic partners (as of this year, also offered in Puerto Rico and Virgin Islands). Additionally, we eliminated the waiting period for new hires. This allows them to utilize their health benefits and our on-site clinic beginning on their first day of employment. In 2022, 95% of employees in Puerto Rico, 98% in Virgin Islands, and 76% in the United States chose to enroll in our insurance plans, a higher percentage than benchmark. After the integration of our colleagues from Evertec, we implemented a health insurance plan in Colombia and Costa Rica with 85.7% and 100% participation, respectively.

COVID-19

Our **On-Site Health and Wellness Center** provides in-person and virtual care for annual routine exams, acute care, nutrition, and psychological services. Since the pandemic, around 70% of utilization of the clinic has been to treat COVID-19 symptoms. We are proud of our efforts to keep our people and communities safe.

Time Off

Paid time off is essential for the mental health and overall well-being of all our colleagues. At Popular, annual leaves encompass time off for vacation, illness, personal matters, community service, parental, bereavement and domestic violence, among others that may impact colleagues outside of work.

During 2022, **bonding time leave** was increased from 4 to 8 weeks for all employees who become parents (including through adoption), regardless of gender. **Maternity leave** encompasses an additional 8 weeks for mothers who give birth. Popular's parental leave benefits exceed the local requirements and regulations in its mainland United States jurisdictions. In 2022, 227 colleagues took advantage of parental and/or bonding time leaves. Popular firmly believes this time off is crucial in supporting parents during the early attachment, development and special moments with their child.



We are exceedingly proud of our colleagues who took time off to serve their communities. During 2022, utilization of the **Community Time Off (CTO) leave rose by 6 percentage points.**

1,426 volunteer employees
7,329 hours of volunteer work

Employees in the Virgin Islands helped senior housing communities in St. Thomas, St. Croix, and Tortola through a variety of community service projects. These included donations of supplies and the restoration of gardens affected by the hurricanes. In Puerto Rico, divisions participated in the **Abrazando a Puerto Rico** initiative, helping those in need across the island.



Volunteerism

Actively seeking ways to improve the well-being of the communities where we live and serve, both in and out of the workplace, is an integral part of the Popular experience. Having been forced to pause in-person community projects during 2020 and 2021 due to the pandemic, it was with great joy and enthusiasm that in 2022 Popular colleagues were once again able to take to the streets for in-person volunteering initiatives during the month of October for our annual *Abrazando a Puerto Rico* campaign.



8,074 volunteer hours
1,535 colleagues participated in
77 projects

Another significant way in which Popular colleagues create positive impact in our communities is by making **voluntary monetary contributions** to our corporate foundations both in the U.S, mainland and in Puerto Rico. Their donations go directly to fund grants to non-profit partners around our regions.



Fundación Banco Popular
70% of employees make voluntary contributions
Popular Foundation
78% of employees make voluntary contributions

Family Programs

Parenting and elderly care sessions were offered to 189 employees. 229 children participated in **summer camps**. The **Leadership Institute** resumed providing 22 teenagers the chance to gain leadership skills and become future leaders. They also had the opportunity to meet, interact, and receive advice from our CEO, Ignacio Alvarez.

Sports and Fitness

Sports and Fitness events, including gyms, fitness classes, sports leagues, and the annual golf tournament, resumed in 2022 after being paused during the worst of the pandemic. After a temporary closure during the first 2 months of 2022 due to COVID-19 restrictions, gyms in Calle Popular and Señorial Center were re-opened for employees. Participation in 2022 was high reaching pre-pandemic levels. We received 13,478 total visits and 1,196 unique employees throughout the year. In addition, six sports leagues were reinstated. Employee participation reached 32 in Bowling, 56 in Basketball, 50 in Track and Field, 70 in Soccer, 60 in Softball, and a record of 160 in Volleyball. The Golf Tournament was also accomplished with 107 participants. These events promote camaraderie, team building, and networking among colleagues from all Divisions.



ORGANIZATIONAL DEVELOPMENT

In 2022, we continued to build strategies to manage planned changes in different parts of the organization, while advancing organizational readiness to succeed based on our future needs. There were more than 80 organizational development and team interventions and exercises facilitated, spanning the areas of change management, team alignment, and leader effectiveness.

Change Management

Efforts revolved around the onboarding of executives, organizational structure changes, integration of Evertec employees, and Transformation.

Team Effectiveness, Alignment, And Culture Interventions

We conducted integration and team interventions as well as focus groups for specific team alignments. These efforts supported the ongoing needs of groups and teams preparing for their desired future state.



Executive Coaching, Assessment, And Diagnostic Activities

We administered psychometric and behavioral tools that provide scientific and data-driven insights for leader or group interventions, including executive and team coaching, assessments, and observation-based feedback and 6 leadership development strategies.

In 2022, nearly 600 colleagues experienced **Better Conversations Everyday** (BCE) through its various delivery methods. BCE originated in 2018 as a response to feedback from our Great Place to Work Survey regarding organizational communication. The program was targeted at leaders but was adapted to be made available for all employees in 2021. We continuously encourage leaders to utilize techniques learned through BCE with their teams in their performance and development conversations. We are analyzing the impact of this tool from the last 5 years and

how to better instill its four main skills (Listen to Understand, Ask Powerful Questions, Challenge and Supporting with Feedback, and Establish Next Steps and Accountability) in the organization.

Leadership Academy

The Leadership Academy continued to equip senior leaders with the skills they need to embrace and lead change, encourage collaboration, and increase accountability through trust and empowerment. In 2022, 19 participants graduated from Wave #4 of the Leadership Academy. This was a long-awaited session for this cohort that began before the pandemic. The capstone session focused on **Leading for Shareholder Value** and participants celebrated with an official ceremony attended by their leaders and members of the Senior Management Team. In 2023, the Leadership Academy will relaunch with an updated design focused on Transformation mindsets, behaviors, and skills.

Human Rights

At Popular, we believe that all humans are entitled to fundamental rights and freedoms. We recognize that companies and the private sector have a key role to play in ensuring respect for human rights in their operations and the regions where they are present.

Guided by the principles set forth in the United Nations Universal Declaration of Human Rights and our belief that respect for human rights is a minimum standard for responsible business, Popular supports fundamental human rights, their protection and fulfillment, across all our lines of business and in all regions where we conduct business. In engaging with our employees, customers, suppliers and communities in our day-to-day business activities, our commitment is to support, engage and carry out fair and responsible business practices that avoid causing, contributing to, or being directly linked to adverse human rights impacts.

As an employer, Popular is committed to valuing and protecting our employees and treating them with dignity and respect, while aiming to ensure ethical, fair, equitable, inclusive, and safe workspaces that protects human rights and allow our people to thrive. Our promise of being a safe workplace for all is also embedded in our Code of Ethics.



Responsible Marketing

An essential element of our business is to support the social and economic well-being of our customers and the diverse communities we serve. Therefore, as part of the marketing efforts of our products and services, we ensure the **transparency** of our communications and their **compliance** with equitable, fair, and ethical practices in conformity with protection laws and regulations, including Fair Lending, UDAAP, and Privacy Policy, among others. We ensure that our advertising and promotional materials share product information and disclosures in a clear, transparent way, have the correct size typography for readability and does not include any harmful, illegal, immoral, irresponsible, or misleading content.

We have designed and implemented processes and procedures to provide current and potential customers with simple and clear data for them to be able to make sound financial decisions and choose the products and services best suited for them. Customers can access information related to our offerings through digital platforms, such as social media, email, and website, as well as through traditional channels like branches and service centers.

Adhering to the following Responsible Marketing Principles is our foremost commitment:

- Communicating in an **accurate and truthful way**.
- Bringing the **highest standards and level of integrity** by following laws and regulations and evaluating content to avoid biases or other discriminatory practices, while being cautious of marketing and advertising to people under the age of 18.
- Working alongside the Compliance and Legal Divisions to review all promotional materials prior to publication. These efforts are supported through ongoing **trainings led by the Compliance Department**, to all personnel involved in the development and marketing of products, services, and channels, thus promoting first-line accountability for fair and responsible banking.
- Incorporating procedures to **comply with policies and guidelines** to steer phases of a product offering process, such as pricing, eligibility, servicing, among others.
- Conducting **customer surveys** and participating in **syndicated studies** to measure satisfaction using an NPS scale, further enhancing our customer service, as well as monitoring and optimizing marketing efforts.

- Performing **external and internal reviews and audits**, from a regulatory standpoint, to assess existing procedures, related policies, and marketing guidelines.
- Producing guidelines to ensure **transparency and consistency** in marketing processes, to help foster and improve long-term customer relationships and positive customer experience.
- Reviewing promotional materials and information to disclose the most **accurate data** to our customers and communities. Input to creative content strategies is provided following guidelines, including revisions by the Compliance and Legal divisions, as applicable.

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

- Sharing Popular data with only **partnered affiliates** for everyday business or marketing purposes.
- Developing marketing efforts based on **insights from our customers** to ensure message relevancy.
- Following **data privacy and security guidelines** established by the Corporate Security Group.

Ensure that DEI is embedded in the marketing materials and services provided by:

- Incorporating **diverse communities** in marketing efforts.
- Providing an **accessible design** in Popular's main web page to let people of all abilities navigate, interact, and understand our products and services.
- **Explaining the documents and forms** required to make transactions, as well as open or apply for products or services, via Bank Consultants and TeleBanco Popular® representatives.
- Offering **American Sign Language (ASL) interpreters**, a complementary service available at our branches, and audible information and instructions for users with visual impairment via **ATM voice guidance**.
- Providing **wheelchair accessibility** and accessible bathrooms for disabled communities at our branches and drive-throughs for the convenience of our customers (available at most of our branches).

Responsible Sourcing

Our suppliers are helping us deliver the best services and products to our customers, and we search for the best ones to partner with us. Our focus is ensuring that our suppliers are fully committed and equipped to help us achieve Popular's goals. As part of our supplier onboarding process, we ensure that our suppliers will meet business and risk requirements. Through the **onboarding's diligence process**, we assess vendors based on service categories and their potential impact. Some of the factors we strongly consider in our selection criteria are reputational risk, supplier diversity certifications, acceptance of supplier code of ethics, compliance with regional and national laws, and their capabilities to mitigate risk such as cyber-attacks. We are responsibly looking at our suppliers as an extension of our business and expect our suppliers to operate under strict ethical standards.




Our Procurement Practices include:

- Popular's **Supplier Code of Ethics** is included in our contracts, and it is also included in the supplier registration process.
- **Equal Opportunity Employer** and **Affirmative Action** notification of required compliance is shared every year to active suppliers.
- Most services retained by Popular require the execution of a contract as per Procurement Policy. **Terms and conditions** are included in supplier contracts, and we require suppliers by contract to comply with state and national laws, as well as applicable regulations.
- Procurement Request for Information and Request for Proposal templates for major sourcing events include, when applicable, **Supplier Diversity Criteria** and in certain cases include additional considerations for local operations.
- As much as possible, Procurement publishes our upcoming potential sourcing categories in the **minority business events**.
- We continuously **educate** our internal stakeholders in supplier diversity and other best practices managing supplier's risk.

SUPPORTING OUR LOCAL COMMUNITIES

Our suppliers have the potential to become a force of economic impact in our communities and, when applicable, we also evaluate their local or regional capabilities around our major operating hubs in the sourcing process. The Strategic Sourcing and Procurement Division is constantly seeking **local and regional suppliers** to provide them with fair opportunities to compete for our business. We completed a procurement system implementation in 2021 that will enable Popular to have better visibility of our supplier relationships and the potential opportunities.

In 2022, Popular's spending in locally based suppliers from the PR and Virgin Islands, and US regions was 74% and 25%, respectively.



Popular manages top strategic and relevant relations in a vendor performance program. The program measures their performance, innovation, quality, and compliance and provides feedback to promote and support their continuous improvement. In 2022, our program had 260 suppliers of which 77 were local suppliers.

SUPPLIER DIVERSITY & INCLUSION

We value diversity and inclusion, and our efforts are aimed at becoming a real reflection of the communities we serve. Popular refers to Minority Business Enterprises to suppliers with their respective third-party certifications. We are constantly reaching out to include diverse suppliers and encourage the participation of certified Minority Business Enterprises in our sourcing opportunities. In 2022, the Strategic Sourcing and Procurement Division held **30 sourcing events** for different categories. In these sourcing events, 11 qualified and certified Minority Business Enterprises were invited to participate, resulting in 5 new contracts to certified minority suppliers.

During 2022 Popular was recognized by the Puerto Rico Supplier Minority Development Council as Partner of the Year. We are active participants in the regional supplier diversity council, including board membership, and multiple sponsorships during the year.

Popular's efforts towards responsible sourcing are measured on a subset of its defined actionable spending within total procurement spend. In 2022, Popular's actionable spending represented 50.4% of total procurement spend, of which 7% was allocated to **113 Minority Business Enterprises**.



Governance

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Sound Governance

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

BOARD OF DIRECTORS STRUCTURE

As of May 11, 2023

- Average tenure: **9.46 years**
- Average age: **62.54**
- **84.6%** of board members are female or ethnically diverse
- **84.6%** of the board is independent
- **Five** new directors in the past five years

COMPENSATION OF NON-EMPLOYEE DIRECTORS

Compensation	Amount
Equity Grant	\$ 125,000
Retainer	75,000
Additional Retainers	
Chairman Retainer	\$ 150,000
Lead Independent Director Equity Grant	25,000
Audit and Risk Committee Chair Retainer	30,000
Talent and Compensation and Corporate Governance and Nominating Committee Chair Retainer	20,000

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 overseeing 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.

In addition, the Audit Committee issues a report, as required by the U.S. Securities and Exchange Commission (the “SEC”) rules, for inclusion in Popular’s annual proxy statement. The Audit Committee was established in accordance with the requirements of the Securities Exchange Act of 1934.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

The 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;
- overseeing the Corporation’s strategy, initiatives, practices, and policies that relate to sustainability and social responsibility, including environmental, social and governance (ESG) matters; and
- reviewing and overseeing the Corporation’s reporting with respect to corporate sustainability and ESG matters.

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, credit, liquidity, interest rate, market, legal, compliance, cyber, climate, reputational, including social risks;
- senior management’s activities with respect to capital management, including the development of Popular’s annual capital plan; and
- Popular’s information security and risk management with respect to cybersecurity; and
- Popular’s risk management with respect to environmental risks, including risks pertaining to climate-change.



TALENT AND COMPENSATION COMMITTEE

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

- the compensation of Popular’s CEO and all other senior executive officers;
- the adoption of policies that govern Popular’s compensation and benefits programs;
- overseeing plans for executive officer development and succession;
- reviewing and advising management regarding the Corporation’s human capital strategies, practices and initiatives, including ESG matters related to culture, talent development, diversity, equity (including pay equity) and inclusion;
- 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 in Popular’s annual proxy statement in compliance with applicable law, rules and regulations.

TECHNOLOGY COMMITTEE

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

- overseeing the development and implementation of the Corporation’s technology planning, strategy and major initiatives, as well as the Corporation’s technology functions, operations and needs;
- overseeing and reviewing Popular’s major technology related transactions, acquisitions, investments, projects and architecture decisions, including the financial, customer and strategic benefits thereof;
- monitoring the risks associated with major technology vendor relationships;
- overseeing Popular’s plans and activities relevant to technology innovation; and
- reviewing and receiving reports from management and third parties regarding current and emerging technology trends.

BOARD OVERSIGHT OF ESG MATTERS

Our Board of Directors is actively engaged in the oversight of the Corporation's ESG strategy and practices.

Board of Directors

The Board of Directors oversees the Corporation's general ESG activities, priorities and strategies. To ensure the pursuit of the Corporation's ESG objectives and goals, the Board has delegated direct oversight responsibility for ESG-related matters to three of its committees.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

- Oversees Popular's strategy, initiatives, practices and policies related to ESG matters in consultation and coordination with other committees of the Board.
- Receives reports and advises management on ESG matters, including but not limited to environmental sustainability, community and social impact activities, charitable contributions, philanthropy and other public policy and responsibility matters, that may impact the Corporation, its shareholders, employees, customers and the communities in which it operates.
- Reviews and oversees the Corporation's reporting with respect to ESG matters.

RISK MANAGEMENT COMMITTEE

- Oversees Popular's risk management with respect to credit, market, liquidity, operational, cyber, compliance, legal, environment, including climate change, and reputational, including social, risks.

TALENT AND COMPENSATION COMMITTEE










- Reviews and advises management regarding the Corporation's human capital strategies, practices, and initiatives, including ESG matters related to culture, talent acquisition and development, workforce engagement, and diversity, equity and inclusion.

MANAGEMENT

ESG Committee

- Establishes and defines Popular's ESG efforts and work plan.
- Oversees the development, management and implementation of the Corporation's ESG efforts, including, but not limited to the standards, strategies, policies and guidelines that address ESG matters.
- Provides feedback and guidance on the execution and implementation of Popular's ESG work plan.
- Assesses and approves the ESG related standards used in the evaluation of commercial loan applications in accordance with the applicable Commercial Credit Policy of BPPR and Popular Bank.
- Reviews and approves Popular's ESG communications, disclosures and reporting plans.

BOARD COMPETENCIES

		Alvarez	Bacardí	Ballester	Carrady	Carrión	DeVita	Diercksen	Ferré	Goodwin	Rodríguez	Sánchez	Soto	Unanue
DIRECTORS' AND NOMINEE'S EXPERIENCE AND SKILLS														
International Business			•	•	•	•	•	•	•	•	•	•	•	•
Technology and Innovation						•	•		•	•			•	
Cyber and Information Security													•	
Business Operations		•	•	•	•	•	•	•	•	•	•	•	•	•
Senior Management & Leadership		•	•	•	•	•	•	•	•	•	•	•	•	•
Public Company Knowledge		•				•	•	•	•	•	•	•	•	
Audit and Risk Oversight		•				•	•	•		•	•	•	•	
Financial Services, Investment and M&A		•				•	•	•		•	•	•	•	
Understanding Popular's Main Geographic Markets		•	•	•	•	•			•		•	•		•

BOARD DIVERSITY MATRIX

As of May 11, 2023

Total Number of Directors: 13

	FEMALE	MALE	NON BINARY	DID NOT DISCLOSE GENDER
PART I: GENDER IDENTITY				
Directors	4	9		
PART II: DEMOGRAPHIC BACKGROUND				
African American or Black	1			
Alaskan Native or Native American				
Asian				
Hispanic or Latinx	2	7		
Native Hawaiian or Pacific Islander				
White	1	6		
Two or More Races or Ethnicities		4		
LGBTQ+			1	
Did Not Disclose Demographic Background				



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, except for Mr. Carrión who is our former CEO and Executive Chairman and Mr. Alvarez who is our current President & CEO, meet the independence standards of NASDAQ.

Security and Privacy

APPROACH TO CYBERSECURITY RISKS

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 available to employees and customers to conduct financial transactions, such as mobile banking, coupled with efforts surrounding digitalization, remote work and 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.

Popular is committed to keeping client personal and financial information protected and secure 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 approved 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, promotes compliance with applicable cybersecurity laws, regulations, and guidelines. The **Cybersecurity Oversight Committee**, a senior management committee, is responsible for overseeing and ensuring the appropriate deployment and monitoring of cybersecurity strategies at the corporate level and across all subsidiaries of Popular. The oversight of

Popular's Privacy Program is a responsibility shared between the Chief Information Security Officer, the Data Privacy Officer and the Compliance Division. 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 debit and credit card 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 Corporation's **Corporate Security Office**, through the Cyber Security Division ("CSD"), led by the Chief Information Security Officer, is charged with overseeing compliance with the related InfoSec Policy and the various guidelines and standards. Furthermore, CSD implements Popular's information security strategy and objectives, assesses the impact 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 for reporting 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

Because in the ordinary course of business, we rely on electronic communications and information systems to conduct our operations and to store sensitive data, 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, a tool also based on NIST standards and controls, to help banks and credit unions identify cybersecurity risks and determine their preparedness. Thus, the NIST Cybersecurity Framework has been integrated into our information security and privacy programs and these, in turn, have been designed to implement internal risk-based frameworks that align with NIST and the CAT. Through monitoring and evaluation processes, we proactively review our information 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 information 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 the assessed 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.

Sustainability Index

This Index reflects our report referenced 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, 2022, unless otherwise noted.

TOPIC	STANDARD	INDUSTRY	CODE	METRIC	RESPONSE
Cyber Security	SASB	CB, CF	FN-CB-230a.2 FN-CF-230a.3	Description of approach to identifying and addressing data security risks	Refer to page 46 for a description of our Cyber Security practices
Customer Privacy	SASB	CF	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	For a description of the material legal proceedings of the Corporation during the fiscal year ended December 31, 2022, please refer to Note 24 of the Consolidated Financial Statements in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2022.
Financial Inclusion and Capacity Building	SASB	CB	FN-CB-240a.1	Number and amount of loans outstanding qualified to programs designed to promote small business and community development	<p>BPPR Small Business Outstanding balance: \$6.6 billion Number of loans: 104,170</p> <p>Community Development Loans Outstanding balance: \$439.2 million Number of loans: 106</p> <p>PB Small Business Outstanding balance: \$164.1 million Number of loans: 603</p> <p>Community Development Loans Outstanding balance: \$988.3 million Number of loans: 182</p>

TOPIC	STANDARD	INDUSTRY	CODE	METRIC	RESPONSE
Financial Inclusion and Capacity Building	SASB	CB	FN-CB-240a.2	Number and amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	<p>PR Small Business Outstanding balance: \$75.8 million Number of loans: 878</p> <p>Community Development Loans Outstanding balance: \$0 Number of loans: 0</p> <p>PB Small Business Outstanding balance: \$1.9 million Number of loans: 39</p> <p>Community Development Loans Outstanding balance: \$0 Number of loans: 0</p>
	SASB	CB	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	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 and Certified Bank On accounts: Cuenta Popular in PR, Popular Checking in VI and Popular Easy Access Checking in Popular Bank. Please refer to www.popular.com for more details of the checking accounts we offer clients.
	SASB	CB	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved communities	<p>Puerto Rico and VI: 1,472 events with 168,671 participants (not unique)</p> <p>US: 52 events with 758 participants</p>
Incorporation of Environmental, Social and Governance Factors in Credit Analysis	SASB	CB	FN-CB-410a.2	Description of approach to incorporation of ESG factors in credit analysis	Refer to page 13 for our ESG factors in credit.

TOPIC	STANDARD	INDUSTRY	CODE	METRIC	RESPONSE
Business Ethics	SASB	CB	FN-CB-510a.1	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	For a description of the material legal proceedings of the Corporation during the fiscal year ended December 31, 2022, please refer to Note 24 of the Consolidated Financial Statements in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2022.
	SASB	CB	FN-CB-510a.2	Description of whistleblower policies and procedures	Please refer to Popular's Code of Ethics which is reviewed annually by the corporation's Board of Directors.
Systemic Risk Management	SASB	CB	FN-CB-550a.2	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	<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 and the factors listed in the Federal Reserve Board of Governors' Supervisory Letter 09-4 ("SR 09-4").</p>

TOPIC	STANDARD	INDUSTRY	CODE	METRIC	RESPONSE
SASB Commercial Banks Activity Metrics	SASB	CB	FN-CB-000.A	Number and value of checking and savings accounts by segment: (a) personal and (b) small business	<p>PR & VI</p> <p>Personal Checking Number of accounts: 1,547,210 Amount: \$11.9 billion</p> <p>Personal Savings Number of accounts: 808,023 Amount: \$6.5 billion</p> <p>Small Business Checking Number of accounts: 123,612 Amount: \$5.1 billion</p> <p>Small Business Savings Number of accounts: 9,654 Amount: \$537 million</p> <p>US</p> <p>Personal Checking Number of accounts: 70,801 Amount: \$675 million</p> <p>Personal Savings Number of accounts: 43,602 Amount: \$912 million</p> <p>Small Business Checking Number of accounts: 9,180 Amount: \$663 million</p> <p>Small Business Savings Number of accounts: 3 Amount: \$1.5 million</p>
	SASB	CB	FN-CB-000.B	Number and value of loans by segment: (a) personal, (b) small business, and (c) corporate	<p>Commercial \$16.5 billion</p> <p>Individual Consumer: \$8.2 billion Mortgage: \$7.4 billion</p>

TOPIC	STANDARD	INDUSTRY	CODE	METRIC	RESPONSE
Sales Practices	SASB	CF	FN-CF-270a.4	(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	<p>According to the CFPB website, Popular received the following number of complaints:</p> <p>1a. BPPR 144 complaints</p> <p>1b. PB 28 complaints</p> <p>2a. BPPR 135 complaints resolved with explanation; 7 complaints with monetary relief; and 2 complaints with nonmonetary relief.</p> <p>2b. PB 25 complaints resolved with explanation; 2 complaints with monetary relief; and 1 complaint with nonmonetary relief.</p> <p>3. None</p> <p>4. BPPR No CFPB investigations arising from these complaints have been notified to BPPR as of December 2022.</p>
	SASB	CF	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	For a description of the material legal proceedings of the Corporation during the fiscal year ended December 31, 2022, please refer to Note 24 of the Consolidated Financial Statements in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2022.
SASB Consumer Finance Activity Metrics	SASB	CF	FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	(1) Number of unique consumers with an active credit card account: 332,754 Popular, Inc. does not offer pre-paid debit card products.
	SASB	CF	FN-CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts	(1) Number of credit card accounts: 588,948 Popular, Inc. does not offer pre-paid debit card products.

Global Reporting Initiative (GRI) Metrics Index

TOPIC	METRIC	CODE	RESPONSE
GRI 2: General Disclosures 2021	Organizational details	2-1	Refer to page 5 of this report.
	Entities included in the organization's sustainability reporting	2-2	Refer to page 5 of this report.
	Reporting period, frequency and contact point	2-3	Reporting frequency is annually, and aligns to the corporation's financial reporting period. Contact point: investor-relations@bppr.com
	Restatements of information	2-4	There are no changes or restatements compared to the 2021 Sustainability Report.
	External assurance	2-5	We did not seek external assurance for the contents of this report.
GRI 3: Material Topics 2021	Process to determine material topics	3-1	Material topics were identified based on engagement through internal stakeholder interviews and subject matter experts within the corporation, and external research which included trends, ESG raters and industry best practice.
	List of material topics	3-2	Refer to page 6 of this report.
	Management of material topics	3-3	Management of material topics is included in the relevant topic standards below.
Procurement Practices	Management approach	GRI 3-3	Refer to page 39 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: 74% United States: 25%
	Organization's geographical definition of 'local'	GRI 204-1b	Locally Based Business definition: In Popular we define locally based business as suppliers that operate or have locations in our main operational regions: Puerto Rico, Virgin Islands and the United States, specifically in New York, New Jersey, Florida, and Minnesota. These suppliers operate in a reasonable proximity and are within the same country or/and territory. Our locally based suppliers may include multinational suppliers that have local operations and a workforce impacting our economy.
	The definition used for 'significant locations of operation'	GRI 204-1c	Significant Operation Locations definition: We are considering Puerto Rico, Virgin Islands, New York, New Jersey, Miami and Minnesota as significant operational locations based on the business activities we perform, their impact and the supplier spend associated with such activities. Popular has an information technology development hub in Chicago, but for this purpose and due to the size and nature of their activities, we are not categorizing it as significant operational hub.

TOPIC	METRIC	CODE	RESPONSE
Energy	Management approach	GRI 3-3	Refer to our Sustainable Operations section on page 8 of this report.
Employment	Management approach	GRI 3-3	Refer to the Our People section beginning on page 27 of this report.
	Total number and rate of employee turnover during the reporting period by age group, gender and region	GRI 401-1b	<p>Annualized turnover rate: 10.8%</p> <p>Annualized turnover rate by Region: PR: 10.2% US: 15.2% VI: 22.8% LATAM: 6.1%</p> <p>Turnover by Gender: Female: 10.4% Male: 11.6%</p> <p>Turnover by Age Group: Younger than 25: 30.2% 25-34: 17.4% 35-44: 7.5% 45-54: 5.3% 55-64: 7.3% 65 or older: 19.2%</p>
	Total number of employees that were entitled to parental leave, by gender	GRI 401-3a	Male: 3,115 employees Female: 5,830 employees
	Total number of employees that took parental leave, by gender	GRI 401-3b	Male: 64 employees Female: 163 employees
	Total number of employees who returned to work in the reporting period after parental leave ended, by gender	GRI 401-3c	Male: 64 employees Female: 156 employees
	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: 63 employees Female: 146 employees
Return to work and retention rates of employees that took parental leave, by gender	GRI 401-3d	Male: Return to Work: 100% Retention Rate: 98% Female: Return to Work: 96% Retention Rate: 94%	

TOPIC	METRIC	CODE	RESPONSE
Training and Education	Management Approach	GRI 3-3	Refer to our Investing in Talent Development section on page 31 of this report.
	Average hours of training undertaken by employees, by gender and by employee category	GRI 404-1a	Female: 18.6 hours Male: 18.5 hours Strategy Leadership: 10.9 Leaders: 15.4 Individual Contributor: 18 Sales and Service: 20.1
	Type and scope of programs implemented and assistance provided to upgrade employee skills	GRI 404-2a	Refer to our Skills for the Future section on page 32 of this report.
	Percentage of total employees by gender and employee category who received a regular performance and career development review	GRI 404-3a	Overall: 98.36% By Gender: F: 98.46% M: 98.17% By Employee Category (Job Group): Management: 99.5% Individual Contributor: 98.7% Sales and Service: 97.59%
Diversity and Equal Opportunity	Management approach	GRI 3-3	Refer to our Diversity, Equity and Inclusion section on page 28 of this report.
	Percentage of individuals within the organization's governance bodies by gender	GRI 405-1a-i	Women: 30% Men: 70%
	Percentage of employees per employee category by gender and age group	GRI 405-1b	Overall: Female: 65% Male: 35% Workforce Breakdown by Age Group Younger than 25 4% 25-34 29% 35-44 28% 45-54 23% 55-64 14% 65 or older 2%
Supplier Social Assessment	Management approach	GRI 3-3	Refer to page 40 of this report.

TOPIC	METRIC	CODE	RESPONSE
Marketing and Labeling	Management approach	GRI 3-3	Refer to page 38 of this report.
Customer Privacy	Management approach	GRI 3-3	Refer to page 47 of this report.



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