

## Reporting and Self-Assessment Template

The following table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. Signatory banks need to report on their implementation of the Principles the first time within latest 18 months after signing and annually thereafter (in line with their annual reporting cycle).

### How to use this template?

This template does NOT require your bank to produce an additional report. Rather, this template is designed for your bank to provide references/links to where in your existing reporting/public domains the required information can be found. The aim is to keep additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6.

Within this reporting template, there are six areas for self-assessment that are key to showing that your bank is fulfilling its commitments as a signatory of the Principles for Responsible Banking. They are highlighted.

1. Impact Analysis
2. Target Setting
3. Plans for Target Implementation and Monitoring
4. Progress on Implementing Targets
5. Governance Structure for Implementation of the Principles
6. Progress on Implementing the Principles for Responsible Banking

Only for these six highlighted items, it is required that:

- a) An assurer provides limited assurance of your self-assessment. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted.
- b) You provide your bank's conclusion/statement if it has fulfilled the respective requirements.

### Accommodating different starting points:

Banks have different starting points and operate in different contexts. Your bank may not be able to provide all information required in this template the first time you report. That is fine. Your bank has up to four years from signing to bring its reporting fully in line with the requirements. Feedback, support and peer learning are available to all signatory banks to help them progress with both implementation and reporting.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
<b>Principle 1: Alignment</b> <b>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</b>		
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Banco Solidario was founded with the mission of including large segments of the population to the formal financial sector.</p> <p>We focus on providing financial solutions and accompanying microentrepreneurs and salaried workers in their growth through loans (MicroCrédito, UniCrédito, Olla de Oro), credit cards (Alia), accounts (Ahorros Solidaria, Renta Ahorro, Futuro Seguro, Corriente) and investments.</p> <p>Our service network includes 53 agencies, 51 ATM machines, 3,655 Pago Ágil points, 51 Servipagos points, 1,932 Facilito points and digital channels (internet banking, mobile app, chatbot and virtual agency).</p> <p>The Bank operates in 14 provinces in Costa and Sierra regions of Ecuador.</p>	<p>Sustainability Report chapters:</p> <p><a href="#">Acerca del Solidario</a></p> <p><a href="#">Finanzas Sostenibles</a></p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>The Bank voluntarily participates in initiatives that allow it to align its business strategy with the interests of its stakeholders: Financial Alliance for Women, Women</p>	<p>Sustainability Report chapters:</p> <p><a href="#">Acerca del Solidario</a></p>

	<p>Empowerment Principles UN, Global Alliance for Banking on Values GABV, Red Acción, United Nations Environment Program Finance Initiative UN, Network of Financial Institutions for Development RFD and Association of Microfinance Institutions ASOMIF.</p> <p>In 2021, the Bank evaluated and prioritized the SDGs to which it contributes. The SDG Compass tool (Guide for business action on the SDGs) was used to determine the main impacted SDGs (1, 8 and 10) and prioritized SDGs (4, 5 and 13).</p> <p>It is also certified by The Smart Campaign client protection initiative (mid-term audit approved in 2021) and has a social rating by MicroFinanza Rating (which increased from A in 2019 to A+ in 2021).</p>	<a href="#">Finanzas Sostenibles</a>
<p><b>Principle 2: Impact and Target Setting</b> We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>		
<p><b>2.1 Impact Analysis:</b> Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <ul style="list-style-type: none"> <li>a) <u>Scope</u>: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</li> <li>b) <u>Scale of Exposure</u>: In identifying its areas of most significant impact the bank has considered where its core business/its</li> </ul>	<p>In 2020, Solidario carried out a dialogue exercise with its key stakeholders and a materiality matrix to identify the most important issues for the groups and the Bank. This input was key to identify risks and opportunities to update the sustainability strategy in 2021. It was also supported by the UNEPFI Impact Tool to map the impact areas.</p> <p>Our main business area is Consumer Banking, divided into</p>	<p>Sustainability Report chapters:</p> <p><a href="#">Acerca del Solidario</a></p> <p><a href="#">Finanzas Sostenibles</a></p> <p><a href="#">Cómo se elaboró esta memoria</a></p> <p><a href="#">Nuestra gente</a></p>

<p>major activities lie in terms of industries, technologies and geographies.</p> <p>c) <u>Context &amp; Relevance:</u> Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) <u>Scale and intensity/salience of impact:</u> In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts</li> </ul>	<p>the following products: Credit: MicroCrédito 56%, UniCrédito 7%, Olla de Oro 12%, Alia credit card 24% and other credit products 1%. Savings: savings accounts 12%, time deposits 51% and others 37%.</p> <p>Through the UNEPFI Impact Tool, the main areas of impact identified are economic convergence and inclusive economy. These address the country's priorities and challenges such as: high rates of unemployment and underemployment, poverty, pre- and post-pandemic economic crisis, inequality, lack of access to financial products, unstable political scenario, corruption, insecurity, and crime.</p> <p>Solidario's offer focuses on accessible products and services designed according to the needs of our client segment. Our clients are at the base of the socioeconomic pyramid, most of them are affected by those problems, thus providing development opportunities for them, their families, and businesses.</p>	
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.		
We will continue to update our materiality analysis on a regular basis, as well as building and monitoring sustainability indicators that reflect our impact. This includes the evaluation and monitoring of our contribution to the prioritized SDGs.		
<p><b>2.2 Target Setting</b></p> <p>Show that the bank has set and published a minimum of two <b>Specific, Measurable</b> (can be qualitative or quantitative), <b>Achievable, Relevant</b> and <b>Time-bound (SMART)</b> targets, which address</p>	<p>Based on the results achieved in 2021, we have adjusted and updated the objectives for 2022:</p>	

<p>at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p><i>Show</i> that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p><i>Show</i> that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p><b>1. Strengthen the Bank’s Diversity, Inclusion and Gender Equity strategy through:</b></p> <p>Internal front:</p> <ul style="list-style-type: none"> <li>- Continue training 100% of employees on related issues and commercial staff in the "Guide for relationships with women".</li> <li>- Carry out an independent diagnosis of the gender approach in the Bank to identify gaps and improvement areas.</li> </ul> <p>External level:</p> <ul style="list-style-type: none"> <li>- Obtain international funding for women microentrepreneurs, of which \$30 million will correspond to the issuance of the IDB Gender and Inclusion Bonus (with technical assistance).</li> <li>- Make “Yo Mejoro mi Negocio” training program available to 5,000 female clients (business improvement).</li> <li>- Strengthen communication and relationships focused on female clients: maintain 77% of ISC and 58% of NPS achieved in 2021 among female clients.</li> </ul> <p><b>2. Promote financial inclusion with products designed according to the needs of the segments served:</b></p> <ul style="list-style-type: none"> <li>- At least 40% of unbanked clients make up the MicroEmprende credit portfolio.</li> <li>- Launch new financial inclusion products, the results of which will be reported in a timely manner.</li> </ul>	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

Solidario has defined two objectives aligned with the Bank's sustainability strategy, the SDGs and the PRBs.

### 2.3 Plans for Target Implementation and Monitoring

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

Objective 1: See point 2.2.

Objective 2: To promote financial inclusion through the MicroEmprende product, we plan to work on:

- Voluntary insurance offer
- Visualization of georeferenced information and digital documents
- Automatic calculation of financial indicators for credit advisor analysis
- Application form improvements (user experience)

Sustainability Report chapters:

[Nuestra gente](#)

[Finanzas Sostenibles](#)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

Achievable plans and actions have been defined within each objective. In 2022 we will develop specific actions and measure progress.

### 2.4 Progress on Implementing Targets

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

**Or explain** why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

Objective 1: Strengthen communication and engagement focused on female clients: increase 5% ISC and NPS among female clients.

Progress 2021: increase of 5.45% in the NPS and 4.05% in the ISC.

Additionally, Solidario achieved the following results related to this impact theme:

- Disbursement of 100% of FMO funding (\$25 million) in microcredit for women.
- Recognition by Great Place to Work as the Fifth Best Place to Work for Women in Ecuador.
- Survey and monitoring of gender indicators on employees and clients. For example, in

Sustainability Report chapter:

-Sustainable Finances



	<p>MicroCrédito 56.5% of clients are women and in Olla de Oro 71.4%.</p> <ul style="list-style-type: none"> <li>- Development of “Women Leader Academy” program to strengthen the leadership skills of 20 female employees.</li> <li>- Training for all Bank staff on unconscious bias.</li> <li>- Strengthening of gender focused commercial communication.</li> <li>- 56% of those trained in financial education are women.</li> <li>- 887 clients accessed free modules on proper business management on the Ovante (Acción) platform that Solidario made available to them.</li> </ul> <p>Objective 2: Promote financial inclusion through products designed according to the needs of the segments served: at least 50% of unbanked customers make up the MicroEmprende credit portfolio.</p> <p>Progress 2021: From the launch of MicroEmprende in 2020 to December 2021: \$40 million is placed among 25,003 clients, with an average credit of \$1,600. 51% are people previously excluded from the financial system, 52% are under 35 years of age and 58% of clients are women.</p>	
Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets		
In 2021 the Bank met its objectives and in 2022 the progress of the proposed objectives will continue to be strengthened.		
<p><b>Principle 3: Clients and Customers</b></p> <p><b>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</b></p>		

<p>3.1 <i>Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</i></p>	<p>In 2021, Solidario:</p> <ul style="list-style-type: none"> <li>- Updated its sustainability model and strategy.</li> <li>- Passed the mid-term audit of The Smart Campaign client protection certification.</li> <li>- Improved its social performance rating from A to A+ (MicroFinanza Rating).</li> <li>- Maintained the adhesions indicated in point 1.2.</li> <li>- Applied the Social and Environmental Risk Management System SARAS. See point 3.2.</li> <li>- Updated its Sustainability and Environmental Management policies, as well as the Waste Management Manual. It also has an IFC-based exclusion list of businesses that are not financed.</li> <li>- Updated the Code of Ethical Conduct for all employees.</li> </ul>	<p>Sustainability Report Chapters:</p> <p><a href="#">Acerca del Solidario</a></p> <p><a href="#">Finanzas Sostenibles</a></p> <p><a href="#">Nuestro Planeta</a></p>
<p>3.2 <i>Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</i></p>	<p>In 2021, the Social and Environmental Risk Management System SARAS was implemented through the SoliAmbiental app that categorizes the impact of micro-entrepreneur clients' activities. 97% of the businesses evaluated had a medium and low level of social and environmental impact. As a result of the evaluation, recommendations are given to clients to manage and mitigate their risk.</p> <p>Through the Yapu Solutions – EcoMicro platform, new and renewed agricultural disbursements were evaluated and categorized. As of December 2021, 10% of the agricultural portfolio is green.</p>	<p>Sustainability Report chapters:</p> <p><a href="#">Finanzas Sostenibles</a></p> <p><a href="#">Nuestro Planeta</a></p>



	<p>The objective is to reach 20% in 2022. The main use of these credits is organic fertilizer, improved grass, and organic agriculture.</p> <p>The “Zero Impact” campaign was also developed to raise awareness about the importance of saving electricity, water, paper and the correct management of residues and waste. 32,695 people were reached through publications on the Bank's social media and 100% of employees.</p> <p>A guide on good environmental practices was incorporated in the educational program for microentrepreneurs “Yo Mejoro mi Negocio”. The program is developed in partnership with Mentor Foundation and the United Nations Development Program UNDP, to support and strengthen micro-entrepreneur clients.</p>	
<b>Principle 4: Stakeholders</b> <b>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.</b>		
<p>4.1 <i>Describe</i> which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Solidario evaluates its engagement with each group based on the level of influence and mutual dependence, prioritizing those that are key to fulfilling the Bank's mission. In 2020, the prioritized groups were consulted by a third party on economic, social, and environmental issues. The groups are shareholders, investors, employees, clients, Board of Directors, opinion leaders, suppliers, business partners, authorities, financial sector, media, and community.</p>	<p>Sustainability Report chapter:</p> <p>How this Report was done</p>

	<p>The process was developed in three phases: impact analysis and evaluation, dialogue with interest groups and evaluation of relevant issues. As a result, the following key issues were identified: financial inclusion, economic performance, ethics, occupational safety, sustainable finance, human talent management and customer experience.</p> <p>In 2021, actions aligned with stakeholders and relevant issues were carried out and will continue in 2022.</p> <p>This exercise will be repeated in the future.</p>	
<b>Principle 5: Governance &amp; Culture</b> <b>We will implement our commitment to these Principles through effective governance and a culture of responsible banking</b>		
<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Ethics and values are at the heart of Solidario. Their strict observance is essential to fulfilling the social mission of the business.</p> <p>The Code of Ethical Conduct (updated in 2021) guides the actions of employees, and the Ethics Committee is responsible for ensuring compliance. In addition, it has a Corporate Governance Code.</p> <p>On the other hand, the Sustainability Committee is made up of the leaders of the main Divisions, chaired by the General Manager and includes the participation of at least one member of the Board of Directors. It meets at least twice a year.</p>	<p>Sustainability Report chapters:</p> <p>- About Solidario</p>

	<p>The Corporate Affairs Division leads the sustainability strategy across the board and reports directly to the Board of Directors monthly.</p> <p>In addition, in 2021 the Bank updated its sustainability model and strategy, reformulated the Sustainability Policy, updated the Environmental Management Policy and the Environmental Management System (EMS) and Waste Management manuals.</p> <p>It also has a Social and Environmental Risk Management System SARAS and implemented the Yapu Solutions – EcoMicro platform to evaluate the green portfolio of agricultural loans.</p>	
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Solidario is the first bank in Ecuador to be part of the Global Alliance for Banking with Values GABV, an international network of financial institutions committed to using finance to promote sustainable economic, social and environmental development. Solidario adheres to the GABV campaigns to inform the internal and external public.</p> <p>The Smart Campaign client protection certification and the social rating by MicroFinanza Rating demonstrate the Bank's responsible culture model.</p> <p>Finally, Solidario has a prevention model to manage the risk of money laundering and crime financing.</p>	<p>Sustainability Report chapters:</p> <ul style="list-style-type: none"> <li>- About Solidario</li> <li>- Sustainable Finances</li> <li>- Our People</li> </ul>

	Periodically, Bank staff are trained on this subject.	
<p><b>5.3 Governance Structure for Implementation of the Principles</b></p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>Solidario has a sustainability strategy that seeks to ensure the growth and profitability of the business through a management model that generates inclusion, well-being, and progress for its stakeholders, also seeking to mitigate the environmental impact where it is present.</p> <p>This strategy was included in the Bank's strategic planning and approved by Management Committee, Board of Directors, and General Shareholders Meeting.</p> <p>In 2022, follow-up and monitoring of sustainability indicators will be carried out.</p>	<p>Sustainability Report chapters:</p> <p>- About Solidario</p>
Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.		
Corporate Affairs Division oversees designing, executing and monitoring compliance with the sustainability strategy across the Bank. The General Management participates and approves the strategy and transmits it to the Board of Directors.		
<p><b>Principle 6: Transparency &amp; Accountability</b></p> <p><b>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</b></p>		
<p><b>6.1 Progress on Implementing the Principles for Responsible Banking</b></p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this,</p>	<p>See points 1.2 and 2.4</p> <p>Additionally, the Bank is applying the recommendations of the technical advice provided by FMO on gender issues.</p>	

<p>it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		
<p>The process is under development and will advance throughout 2022.</p>		

#### Annex: Definitions

- a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of "materiality".