

## 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
<p><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>		
<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 S.A. was founded with the mission of including large segments of the population to the formal financial sector. We focus on providing financial solutions and accompanying microentrepreneurs and salaried workers through credit, savings accounts, investments and credit cards. Our service network includes agencies, ATM machines, Pago Ágil payment points, Servipagos &amp; Facilito, and digital channels. Solidario operates in the Coast and the Highlands of Ecuador.</p>	<p>Sustainability Report chapters:  - About Solidario  -Our People  -Sustainable Finances</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 is part of a number of voluntary initiatives that help it align its strategy with stakeholders interests and the SDGs. Among them: Financial Alliance for Women, WEPs, Global Alliance for Banking on Values GABV, Acción, United Nations Environment Programme Finance Initiative UNEP FI.   It is also certified by the Smart Campaign Client Protection initiative and has a Social Rating.</p>	<p>Sustainability Report chapters:  - About Solidario  -Sustainable Finances</p>
<p><b>Principle 2: Impact and Target Setting</b>  <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.</b></p>		

<p><b>2.1 Impact Analysis:</b></p> <p>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> <ol style="list-style-type: none"> <li><b>Scope:</b> 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>Scale of Exposure:</b> In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</li> <li><b>Context &amp; Relevance:</b> Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</li> <li><b>Scale and intensity/salience of impact:</b> 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))</li> </ol> <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>During 2020 Solidario established dialogues with its main stakeholders and developed a materiality map to identify the most relevant issues for each stakeholder and the Bank. This input will help identify risks and opportunities to strengthen its sustainability strategy.</p> <p>Additionally, Solidario used the UNEP FI Impact Tool to map impact areas.</p>	<p>Sustainability Report chapter:  How this Report was done</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>We will continue to update our materiality analysis periodically, as well as construct and monitor the indicators that reflect our impacts.</p>		

<p><b>2.2 Target Setting</b></p> <p><i>Show</i> 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</b> (SMART) targets, which address 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>We defined two objectives as part of the impacts: economic convergence and inclusive economy.</p> <ol style="list-style-type: none"> <li>1. Strengthen communication and engagement with women clients: increase 5% client satisfaction index and net promoter score among female clients.</li> <li>2. Promote financial inclusion through products designed according to the needs of the population served. MicroEmprende unbanked clients must represent at least 50% of the product’s clients.</li> </ol> <p>The objectives set respond to our social mission and the needs found among the stakeholders. Achieving these objectives contemplate action plans analyzed to have positive impacts. However, during 2021 we will analyze whether or not they have negative impacts.</p>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>Solidario has defined two objectives aligned with the Bank’s sustainability strategy, the SDGs and the PRBs.</p>		
<p><b>2.3 Plans for Target Implementation and Monitoring</b></p> <p><i>Show</i> that your bank has defined actions and milestones to meet the set targets.</p> <p><i>Show</i> 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.</p>	<p>Target 1: - Obtain USD 10 million for women microcredit clients. - Financial Alliance for Women membership and UN WEPs signatory. - Client Satisfaction Index and Net Promoter Score measurements during second semester disaggregated by gender.</p> <p>Target 2: - MicroEmprende credit product and pilot.</p>	<p>Sustainability Report chapter:  -Sustainable Finances</p>

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

In 2020 Solidario met some important milestones in both objectives, although the health crisis did not allow the measurement of ISC and NPS in the case of gender. In 2021 we will strengthen the specific actions and the measurement of the goals in the two areas.

#### 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)*

**Target 1:**  
- 100% of FMO funding disbursed through microcredits to women clients.  
-FMO and Value for Women technical assistance to strengthen gender focus.  
- Solidario accepted as a member in Financial Alliance for Women and adhered to WEPs.  
- Client Satisfaction Index (ISC) and Net Promoter Score measurements during second semester by gender: ISC 74%, NPS 55% female clients (baseline).

**Target 2:**  
- MicroEmprende nationwide launch. USD 6.7 million among 5,700 clients; average credit USD 1,250. 50% previously excluded from the financial system (baseline).

Sustainability Report chapter:  
  
-Sustainable Finances

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

In 2021 we will strengthen the progress of the proposed objectives.

#### Principle 3: Clients and Customers

**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.**

3.1 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.

Solidario has:  
- The Smart Campaign Client Protection Certification.  
-Social Rating and memberships detailed in 1.2.  
- Social and Environmental Risk Management System in process, Environmental Policy and Exclusion List in place.  
-Code of Conduct.

Sustainability Report Chapters:  
  
- About Solidario  
  
-Sustainable Finances

<p>3.2 <i>Describe</i> 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.</p>	<p>In 2020 we worked on the Social and Environmental Risk Management System that is in its final implementation phase. This system identifies social and environmental impacts of clients businesses during the process of credit evaluation. In 2021 we will have initial impact data.</p>	<p>Sustainability Report Chapter:  Sustainable Finances</p>
<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>		
<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 the relationship with each group based on the level of influence and mutual dependence, prioritizing those groups that are key to fulfilling the mission and objectives of the organization. The prioritized groups were consulted by a third party on economic, social and environmental issues. The list of groups and material topics can be found in detail in the Sustainability Report.</p>	<p>Sustainability Report chapter:  How this Report was done</p>
<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>		
<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>The Bank has an Ethics Committee that ensures compliance with the Ethical Conduct Code and a culture based on values. On the other hand, the Sustainability Committee is made up of the leaders of the main divisions and chaired by the general management. It meets at least twice a year. The Communication &amp; Corporate Affairs area leads the sustainability strategy across the board and reports directly to the general management. In addition, the Bank has a Social Performance</p>	<p>Sustainability Report chapters:  - About Solidario</p>

	<p>Management Policy, an Environmental Policy and a SARAS (social and environmental risk management system).</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>The Code of Conduct guides the actions of the employees and the Ethics Committee is in charge of ensuring compliance. Solidario is the first bank in the country to be part of the Global Alliance for Banking on Values (GABV), an international network of financial institutions committed to using finance to promote sustainable economic, social and environmental development. The Smart Campaign client protection certification and the Social Performance Rating are strongholds of the responsible culture model for Solidario employees.</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>
<p>5.3 <b>Governance Structure for Implementation of the Principles</b></p> <p><i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>See 5.1</p> <p>In addition, at least one member of the bank's Board of Directors participates in the Sustainability Committee. The Board has 9 men and one woman, serving a two-year period. They have a background in Administration, Economics, Finance and Law. Two members belong to the shareholder's interest group. One member is president, four are main members and five are alternates. In 2020, no training was provided to the members of the Board on sustainability issues due to the pandemic. The Board and senior management participate in defining the Bank's philosophy,</p>	<p>Sustainability Report chapters:</p> <ul style="list-style-type: none"> <li>- About Solidario</li> </ul>

	<p>objectives, strategies and policies. There is no relationship between remuneration policies and the objectives of the Board and senior management on sustainability issues.</p>	
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>Corporate Affairs is in charge of 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.</p>		
<p><b>Principle 6: Transparency &amp; Accountability</b> <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><i>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).</i></p> <p><i>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, it has defined priorities and ambitions to align with good practice.</i></p> <p><i>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.</i></p>	<p>See principle 2. The Bank is developing the recommendations on the basis of the technical assistance provided by FMO on gender issues. The process is under construction and will advance throughout 2021.</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 construction and will advance throughout 2021.</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”.