

VISION Banco

Second Reporting on the Principles for Responsible Banking (PRB)

VISION Banco **30** Años

Principles for Responsible Banking

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>Principle 1: Alignment 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.</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>In 2021, in a framework of a new business model, our commercial strategy was strengthened, to promote an agile culture that provides specific channels, tailored to find global financial solutions. We have tailor-made banks: Premium, Personal, MS&MEs, and Retail. Each one of them was designed considering the customers' profile, activities, lifestyle, preferred communication channels and financial needs, who obtain preferential products and services' offers that provide comprehensive solutions for all areas of action.</p>	<p>See Sustainability Report 2021.</p> <p>P. 41. Commercial Strategy, Banking</p> <p>P. 157, 159 Sector and bank lending portfolio</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>Our strategy was aligned to the Sustainable Development Goals (SDGs) by identifying opportunities for contribution from our corporate management.</p> <p>From the analysis of our strategic objectives, we have identified the economic, social and environmental aspects, which could influence our capacity positively or negatively, putting our vision and strategy into practice.</p> <p>The method for integrating the sustainability principles to our management was to implement policies and processes which are transversal to all areas of the business and impact the way we relate to all our stakeholders.</p>	<p>See Sustainability Report 2021.</p> <p>P. 10 SDGs links to strategic objectives and material issues.</p> <p>P. 29 Sustainability Vision.</p> <p>P. 31 Commitment to the SDGs.</p>



Principle 2: Impact and Target Setting

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.

2.1 Impact Analysis:

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:

- a) Scope: 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.
- b) Scale of Exposure: 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.
- c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) Scale and intensity/salience of impact: 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))

Show that building on this analysis, the bank has

In order to determine the material aspects, we surveyed our stakeholders about their expectations, which we analyzed in a sustainability context, considering the economic, social and environmental impacts, as well as the business objectives.

We consulted with stakeholders of priority through tools such as surveys and focus groups, aimed at understanding their expectations regarding the bank's communication and sustainability management.

We then prioritized the collected issues, in accordance to maturity criteria in the domestic and business context, i.e., if there are related laws, standards, social relevance, good practices, among others.

These expectations have been analyzed together with the organization's strategy, to then prioritize issues, in order to identify the most significant aspects, which are then included in the report in accordance to the criteria of influence, legitimacy and urgency.

See **Sustainability Report 2021**.

P. 9
Table identifying the issues defined as material, in accordance to how big their impact on the business is and the importance of their relevance to our stakeholders.

P. 10
Cross-cutting sustainability, linking among material issues, SDGs, Strategic Objectives and impacted groups.

<ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 		
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

<p>2.2 Target Setting</p> <p><i>Show</i> that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (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>Environmental Management Our commitment to the environment and the fight against climate change is reflected in different action lines. We analyze the social and environmental risks in our financing operations, measure our environmental footprint, use our resources efficiently, compensate our impacts and promote good practices. We have an Environmental Policy, an Environmental Management Plan (Annual) and a budget allocated for this purpose.</p> <p>Relationship with the Community With our vision to contribute to sustainable development, we carry forward social investments in support of achievements to challenges we face as a society. Therefore, we focus our management plans to achieve a better impact and efficiency towards the benefit of our community through the following social management pillars: Poverty mitigation, Education and Financial Education, Entrepreneurship, inclusion of people with disabilities, Environment.</p> <p>Good practices with clients Same as 3.2</p> <p>Relationship with collaborators Our culture, based on values and transcendent purposes, drives us to produce a positive and inclusive work experience and to be part of building a better future for all.</p>	<p>See Sustainability Report 2021</p> <p>P. 126 to 146 <i>Environmental Chapter</i> Environmental Policy, Environmental Management Plan, Efficient Resource Management, Appropriate Waste Management, Carbon Footprint Measurement, Environmental Investment.</p> <p>P. 112 to 125 <i>Community Chapter.</i></p> <p>P. 56 to 63 <i>Customer Chapter</i> Product Responsibility and Quality of Service</p>
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	<p>We are committed to encourage our staff's integral development and to promote excellence in our leaders and collaborators' performance. In this way, we contribute to our business strategy's successful execution and ensure the best service experience for our customers.</p> <p>Financial Results We offer financial information required by the regulatory entity; as well as complementary information which reflects how we generate economic value to our different stakeholders.</p>	<p>P. 87 to 111 <i>Customers Chapter</i></p> <p>P. 147 to 168 <i>Finance Chapter</i></p>
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>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.</p>	<p>The milestones and the triple results line are presented at the beginning of each chapter of the 2021 Sustainability Report.</p> <p>A summary of the main achievements may be found on page 14.</p> <p>This Bank uses the Global Reporting Initiative's (GRI) framework for impact and assessment methodology. After receiving training on the UNEP-FI Impact Measurement Tool, the next step will be the methodology implementation. Based on this, then set and implement targets in a minimum of two areas.</p>	<p>P. 14 <i>Profile Chapter</i> The bank in numbers.</p>
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>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.</p> <p>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)</p>	<p>Same as 2.2</p>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<div style="display: flex; align-items: center;">  <p>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.</p> </div>		
<p>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.</p>	<p>Our clients are the center of our administration and their satisfaction is key to establishing and maintaining long-term business relationships. We work to satisfy their needs, providing them with products and services that helps them reach a better future, through a broad portfolio of financial solutions. In 2021, we strengthened our digital presence by offering our customers comprehensive, 100% digital, self-managed solutions through our Digital Vision platform, which allowed them not only to access to the bank's offerings without time and space limitations, but also to promote their economic development. Our numerous digital solutions has helped us be accessible despite our</p>	<p>P. 39 to 69 <i>Customer Chapter</i></p>

	<p>physical constraints. We added value through our alternative channels' offer that include the extensive network of non-bank correspondents, tausers, ATMs and Smart Cash equipment, cash depositories with immediate accreditation.</p> <p>We consolidated our commercial strategy with the objective of providing a value proposition adapted to specific needs.</p> <p>And within our responsibility for products and services' framework, we took care of our customers' potential impacts through an integral strategy that allowed us to honor their trust.</p>	
<p>3.2 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.</p>	<p>We are a ground-breaking bank in promotion of financial inclusion in the country, as we provide access to financial services and help customers understand that the proper use of such services is essential for us to build a better and more inclusive society.</p> <p>Through our Financial Education Program, we promote access to banking services, financial health and responsible management of the financial products and services we offer, through access to information on their proper use.</p> <p>We provide a Comprehensive Customer Protection Program, which includes an exclusive area devoted to the Financial Customer Defense, as well as the implementation of quality practices in customer service.</p> <p>Sustainable Finance Through the Environmental and Social Risk Analysis System (SARAS <i>by its initials in Spanish</i>) we are able to efficiently determine, assess and manage potential risks in the activities and projects we support financially.</p> <p>Thus, we achieve a better understanding of the client's activity, a better overview and knowledge of their environmental practices and regulations' compliance.</p> <p>Environmental and Social Risk Our model for risk management and control is one of the main pillars of our contribution to sustainable economic growth. This is achieved by fostering the protection and conservation of the</p>	<p>P. 56 to 62 <i>Customers Chapter</i></p> <p>Product Responsibility. Financial Education Program and Customer Protection Program.</p> <p>P. 185 <i>Risks Chapter</i> Environmental and Social Risk</p>

	<p>environment and the defense of human rights.</p> <p>This principle of responsibility includes considering environmental and social risks in credit risk analysis.</p> <p>The Environmental and Social Risk Analysis System (SARAS), which is current use by us, allows us to adequately identify, assess and manage these types of risks, potentially generated by the activities and projects we finance.</p> <p>By using SARAS, we classify our portfolio according to the level of socio-environmental risk that the application represents, both in new loans and in renewals or line increases, provided the client's profile is within the established parameter.</p> <p>This system allows us to promote better productive practices in companies and identify financing opportunities and new businesses with characteristics focused on solving environmental and social problems.</p>	
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Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 *Describe* 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.

A dialogue with the bank's different stakeholders is periodically conducted, which, together with the sustainability context analysis and the identification of our operations' main impacts, results in material issues.

P. 8 and 9
Profile Chapter
Stakeholder engagement, as well as the identification of primary and secondary stakeholders.



Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 *Describe* 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.

Our ongoing commitment to the incorporation of high standards of Corporate Governance corresponds to the objective for insurance and support of our institutional soundness, which provides reliability in our management to all our stakeholders. To this end, we continuously implement actions to promote transparency, ethical behavior, internal control and risk management throughout our operations.

We have an Annual Corporate Governance Plan which provides a guide for local requirements' compliance and best practices incorporation in this area, as this is proposed by the Corporate Governance Committee and approved by the Board of Directors.

Year after year, we improve our corporate governance management by following the recommendations provided by the Development Bank of Latin America (CAF *by its initials in Spanish*), through a voluntary assessment which we have requested.

In 2021, we made progress in strengthening the role of the Board's Secretariat, which contributes to organize the information's content and processing time, to then reach the Board of Directors; to ensure the tracing of its annual agenda; to monitor the execution of the annual plan and

P. 15 to 22
Profile Chapter
Corporate governance, summary of best practices, structure, governing and administrative bodies, among others.

	<p>the Corporate Governance decisions, taken at each Board meeting.</p> <p>In terms of transparency, we further improved our communication with shareholders through a new website and by generating a new digital and audiovisual report to inform them about the bank's relevant information.</p> <p>One more advance in this period was reviewing the Corporate Bylaws', from which we introduced the dematerialized shares, in order to foster transaction operations through the "Bolsa de Valores y Productos de Asunción S.A." (Asunción Stock Exchange).</p> <p>Our first issuing of Preferred class shares was carried out in the form of book-entry shares.</p>	
<p>5.2 Describe 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>Promotion of Banking with Values in the financial sector: Global Alliance for Banking with Values, Members of UNEP-FI, Board of Sustainable Finances (MFS by its initials in Spanish).</p> <p>Internal and external communication campaigns have been conducted to promote Responsible Banking.</p> <p>Bank collaborators were trained in 2021, on topics pertaining the Impact Measurement Tool, Implementation of the PRB Principles and Environmental and Social Risks by UNEP-FI.</p> <p>Compensation Policy for the Board of Directors, Executive Officers and Collaborators.</p>	<p>P. 33 and 34 <i>Profile Chapter</i> Promoting banking with values</p> <p>P. 23</p>
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>We have a specialized team that makes up the Sustainable Development area, dependant to the General Management.</p> <p>The definition of objectives and actions specific to the RBBs within the integral matrix of the Sustainability Strategy remains pending.</p>	<p>P. 29 - 34 <i>Profile Chapter</i> Sustainability vision</p>
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		



Principle 6: Transparency & Accountability

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.

6.1 Progress on Implementing the Principles

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).

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.

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.

Adherence to global sustainability initiatives:

- *Global Pact and commitment to the SDGs.
- *Global Alliance for Banking on Values (GABV).
- *Members of UNEP - FI.

Local:

- *Sustainable Finance Board.
- *Ethical Pact and Compliance.
- *Association of Christian Entrepreneurs.

Alliances with local civil society organizations to contribute to social development and environmental preservation.

Transparency and accountability

Progress in the implementation of the principles -Same as 2.3

See p. 31 to 36
Profile Chapter

P. 24 to 29

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

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”.