



PRINCIPLES FOR  
RESPONSIBLE  
BANKING

**First Reporting and Self-Assessment  
Principles of Responsible Banking  
UNEP FI**

**Banco General Rumiñahui S.A.  
Ecuador**



**May, 2021**



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><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>BGR has 3 principal aspects on his business model:</p> <ol style="list-style-type: none"> <li>1. <u>Digital Banking</u>: new digital services that have a greater reach to clients throughout the country, that provide easy-to-use services and that allow them to access all services without having to visit an agency. These achieving the highest levels of financial inclusion.</li> <li>2. <u>Sustainable operation</u>: BGR is very committed to the environment, and throughout its supply chain it considers the highest standards of quality and care towards society and the environment. We will obtain a certification that raises the standards of a clean and environmentally friendly operation.</li> <li>3. <u>Products and clients aligned with the ODS</u>: BGR will have new and innovative products that lead customers to get closer to sustainable finance, promoting so that their activities and businesses are responsible for society and the environment. In addition, the Bank will continue to promote digital products and services that are available to</li> </ol>	<p>See our business strategy, on p. 94 of our 2020 Sustainability Report.            Link: <a href="https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion">https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion</a></p>

	<p>all customers and that allow them to access them from anywhere they are.</p> <p><u>Main sectors and products:</u> BGR will focus mainly on the productive sector, supporting all medium and small enterprises that had financial problems during the global pandemic. At this moment, our main products are: microcredit for military sector and exclusive credit cards for women, we are working in more sustainable financial products for the next year.</p>	
<p>1.2 Describe 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>BGR is working on 3 ODS and they are:</p> <ol style="list-style-type: none"> <li>1. <u>Good wealth and well-being:</u> Focused on the Bank's clients and employees, strategies will be implemented to monitor their health and well-being in all areas: labour, personal and professional, and the Bank will promote the same practices to their institutional clients and suppliers.</li> <li>2. <u>Gender Equality:</u> BGR will constantly work to obtain products and services that have additional benefits for women, with differentiators that promote their undertakings and professional goals. The Bank will promote and recognized their women employees, helping to their professional growth and supporting their ideas for the institution.</li> <li>3. <u>Decent work and economic growth:</u> BGR will support the economic reactivation of the country, promoting financial products and services that</li> </ol>	<p>See our ODS to work on, on p. 99 of our 2020 Sustainability Report. Link: <a href="https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion">https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion</a></p>

	<p>benefit the productive sector and allow them to reactivate, in a sustained way, so that they support the economic growth of Ecuador and can continue to provide employment.</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>2.1 Impact Analysis: <i>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:</i></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 major activities lie in terms of industries, technologies and geographies.</li> <li>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.</li> <li>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</li> </ul>	<p>BGR has finished the official paperwork for the Environmental and Social Management System, and will begin to implement it in June 2021.</p> <p>This Environmental and Social Management System considers the main areas of corporate and business banking clients for economic reactivation credits in the most important cities in Ecuador, where our institution has his core business and helps us to identify that the new credits to be granted from July 2021 contemplate environmental and social management standards.</p> <p>We identify two important areas that will have a quickly and positive impact in the Bank, those are: digital banking and products with specific benefits for women. We currently have digital banking implemented and it is giving more access to our clients to all banking services without coming to an agency, and give more financial inclusion for other clients that not have access to a Bank.</p> <p>We have identified in our roadmap the implementation of specific products for women, however, they are not offering to customers yet, so they cannot be measured.</p>	<p>See our roadmap, on p. 95 of our 2020 Sustainability Report. Link: <a href="https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion">https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion</a></p>

<p>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>We just finished the work paper for the Environmental and Social Management System, and will start to implement it from July 2021, so we don't have an exactly measure of positive and negative impacts already.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p style="background-color: #cccccc; height: 30px;"></p>		

<p>2.2 Target Setting</p> <p><i>Show that the bank has set and published a minimum of two <b>Specific, Measurable</b> (can be qualitative or quantitative), <b>Achievable, Relevant and 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.</i></p> <p><i>Show 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.</i></p> <p><i>Show 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.</i></p>	<p>BGR established 3 important targets, and they are:</p> <ol style="list-style-type: none"> <li>1. <u>Digital Banking</u>: we increase the number of services that our clients can access through online banking. Our clients can access for digital credits and investments, and different transactions for payments and automatically transfers.</li> <li>2. <u>Credit for medium and small enterprises</u>: we focus our strategy with the Environmental and Social Management System for give financial solutions for these enterprises that had problems during the 2020 with the global pandemic.</li> <li>3. <u>Zero Carbon Certification</u>: we are consulting with a prestigious firm to be able to obtain the carbon neutral certification for the Bank in this 2021. We will measure the emissions of the institution and will see the best way to compensate and reduce it.</li> </ol>	<p>See our achieved goals p. 96 of our 2020 Sustainability Report. Link: <a href="https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion">https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion</a></p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p> </p>		

<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>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.</i></p>	<p>BGR implemented a social responsibility committee, which will evaluate the evolution of the strategies adopted in the roadmap on a monthly basis and will make decisions to continue advancing.</p> <p>In addition, we have a specialized group of people who are in charge of carrying out all the tasks of the roadmap on the specified dates and giving reports on them. This group have the support of the Bank's board of directors and senior management.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>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.</i></p> <p><i>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)</i></p>	<p>Progress on Implementing Targets:</p> <ol style="list-style-type: none"> <li><u>Digital Banking:</u> We already have digital banking in place with more than 100 active financial services for our clients.</li> <li><u>Credit for medium and small enterprises:</u> We have already approved the environmental management system for future credits from medium and small companies and it will begin to be implemented from July 2021. It consists of adding a systematic risk analysis management environmental and social to our decision-making process credit.</li> <li><u>Zero Carbon Certification:</u> We have ready a schedule for training, measurement and control of the Bank's carbon emission. Certification is scheduled for December 2021.</li> </ol>	<p>See our achieved goals p. 96 of our 2020 Sustainability Report. Link: <a href="https://www.bgr.com.ec/informacion-on-corporativa?t=transparencia-de-informacion">https://www.bgr.com.ec/informacion-on-corporativa?t=transparencia-de-informacion</a></p>



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

**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>3.1 <i>Provide an overview</i> 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>We are executing the code of ethics for suppliers and have supply processes that guarantee the principles of transparency and equity in the acquisition of goods and services.</p> <p>Manage the supply chain strategically under principles of equity in the acquisition of goods and services with an emphasis on caring for the environment.</p>	<p>See our policies for contracting services p. 97 of our 2020 Sustainability Report. Link: <a href="https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion">https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion</a></p>
<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>We will be strengthening Business and Digital Channels.</p> <p>We will be strengthening financial education programs and the impact on the sustainability of the operation and the environment for our clients and employees.</p> <p>We are working with the Association of Banks of Ecuador, for have guidelines to identify our sustainable portfolio, in this way, we can work in strategies in specific sectors. These guidelines have the approved of specialized environment institutions.</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</p>	<p>BGR is part of the Ecuadorian Sustainable Finance Committee, where we can share and know the best practices for sustainable finance and how to apply them in all Bank products. This Committee is part of the Association of Banks of Ecuador.</p>	<p>See our roadmap, on p. 95 of our 2020 Sustainability Report. Link: <a href="https://www.bgr.com.ec">https://www.bgr.com.ec</a></p>

<p>how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Work in association with other Banks to increase physical coverage through their service channels.</p>	<p><a href="https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion">com.ec/informacion-corporativa?t=transparencia-de-informacion</a></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>We are developing environmental policies that are in accordance with the Bank's objectives and local regulations. We have implemented an internal committee for social and environmental responsibility. We created a specialized work group to be in charge of monitoring the implementation of the responsible banking strategy.</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>BGR is implementing in their employees a culture of sustainable development that encourages the improvement of the environment and the economic and social development of our clients in our business decisions. We are planning training for all employees in 2021, focus in specialized topic for the business areas and other topics for administrative areas. We will carry out campaigns that strengthen sustainable finances in the institution</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"> <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</li> </ul>	<p>BGR made a roadmap, with all the objectives and strategies outlined for each principle of responsible banking, where it has established implementation dates and responsible parties. There are quarterly follow-up dates, and if they are not met, the social responsibility committee takes immediate action.</p>	<p>See our roadmap, on p. 95 of our 2020 Sustainability Report. Link: <a href="https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion">https://www.bgr.com.ec/informacion-corporativa?t=transparencia-de-informacion</a></p>

<p>unexpected negative impacts being detected.</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><b>Principle 6: Transparency &amp; Accountability</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.</p>		
<p>6.1 Progress on Implementing the Principles for Responsible Banking</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>In April 2021, BGR published its first sustainability report, where is the progress that the Bank has had during its first year, the strategies to implement for each principle of responsible banking, and which are based on its customers, suppliers and stakeholders.</p> <p>We are implementing the best international practices to be able to measure and implement the strategies of our products towards responsible banking, among these are the implementation of a measurement tool such as SARAS.</p> <p>In addition, we are obtaining the zero carbon certification for the Bank with an expert institution.</p>	

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".