

Principles for Responsible Banking

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<div data-bbox="96 349 208 445" data-label="Image"> </div> <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 Describe (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>BFA is a development bank that provides integral and sustainable financial solutions, with an emphasis on the rural sector, contributing to business growth, financial inclusion and food sovereignty; Both the private and the public sector have participation in the bank's management. BFA offers credit and deposit products and complementary financial services in 4 main lines of business: Agriculture, Microenterprise, SME and Personal.</p> <p>At the end of 2021, the composition of the portfolio was 50.9% Agriculture, 14.8% Microenterprise, 13.3% SME's and 20.9% Personal.</p> <p>Currently, the Bank operates in El Salvador 14 departments with 29 service centers, 9 cajas exprés and 6 cajas rurales, Also has two service kiosks in the US where information is provided on the products and services offered by the Bank.</p>	<p>P.10, 11, 13, 22 of our 2021 Annual Report https://www.bfa.gob.sv/memoria-de-labores/</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>The Bank has considered sustainability in the institutional strategy as a transversal approach, with a mission statement, vision statement, values and strategic objectives that explicitly express the commitment to sustainability, which is materialized through annual operational plans.</p> <p>Responding to our strategic plan 2020 – 2024, we are implementing a transversal approach to sustainability, both inside and outside the institution, in order to raise awareness and commit employees to the Sustainable Development Goals (SDGs) and the Principles of Responsible Banking. The above, based on our Sustainability Policy, approved in December 2021 and which in turn aims to define the guidelines that will govern the institution, in its search to contribute to the construction of a Banking based on responsible principles for society and the environment.</p>	<p>Strategic plan 2020 -2024 https://intranet.bfa.gob.sv/INTRA/wp-content/uploads/2022/01/Plan-Estrat%C3%A9gico-01.pdf</p> <p>P.13 of our 2021 Annual Report https://www.bfa.gob.sv/memoria-de-labores/</p> <p>Sustainability Policy POL-DRS-043 Ver. 1.0 POLITICA DE SOSTENIBILIDAD</p>

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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 based on this analysis, the bank has

- 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.

BFA has an internal methodology for impact management, which was approved in December 2021, through which the bank will be able to take actions regarding the impacts generated as a result of its operations in front of its stakeholders and the environment, also identify opportunities to contribute to the 2030 Agenda, the Paris Climate Agreement and any other national commitment in environmental and / or social matters in order to create shared value.

In the second quarter of 2022, BFA will begin with the identification and analysis of the positive and/or negative impacts of its processes, products, channels, services and its portfolio of credit investment.

Methodology for impact management:

[MAN-DRS-032 Ver. 1.0 MANUAL METODOLOGICO DE GESTION DE IMPACTOS](#)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis for principles implementation.

The Bank, committed to impact analysis, has designed a methodology that will allow it to manage its impacts in order to mitigate negative impacts and/or enhance their positive impacts.

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<div data-bbox="104 386 219 482" data-label="Image"> </div> <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.</p>		
<p>2.2 Target Setting: Show 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>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.</p> <p>Show that the bank has analyzed 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>During 2022, once the impact identification and analysis is carried out, the objectives will be established as appropriate. It should be noted that the objectives will be aligned with the commitments and needs determined by the country.</p>	<p>-</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>We are working on the identification and analysis of impacts, with the objectives of establishing ambitious goals that contribute to Sustainable Development.</p>		

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 <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.</p>		
<p>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.</p>	<p>During 2022, once target setting, BFA will monitor management and indicators.</p>	<p>-</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring</p>		
<p>We are working on the identification and analysis of impacts, with the objectives of establishing ambitious goals that contribute to Sustainable Development.</p>		
<p>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)</p>	<p>During 2022, once target setting, BFA will monitor management and indicators.</p>	<p>-</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>We are working on the identification and analysis of impacts, with the objectives of establishing ambitious goals that contribute to Sustainable Development.</p>		

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<div data-bbox="104 382 231 486" data-label="Image"> </div> <p data-bbox="249 391 721 422">Principle 3: Clients and Customers</p> <p data-bbox="249 425 2448 486">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>		
<p data-bbox="96 522 766 782">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 data-bbox="800 522 2051 622">During 2021, in order to ensure our internal and external customers attraction, loyalty and satisfaction, BFA created the Customer Experience Unit, also establishing a Customer Experience Management Policy.</p> <p data-bbox="800 648 1781 679">BFA also has strategic alliances for the benefit of our clients, among these are:</p> <ul data-bbox="800 705 2051 991" style="list-style-type: none"> •UN Women: Achieve sustainable practices in the Bank and promote gender equality through programs focused on women entrepreneurs in the rural sector. •MAG Costa Rica: Promote the dignity of rural families of small and medium-sized producers in rural areas, promoting the development of technical and business management skills in production systems and in agricultural organizations. •Agrarian Bank: Acquire knowledge on good practices and development of the rural sector through cooperation and experiences exchange. <p data-bbox="800 1016 2051 1079">Likewise, BFA is part of the National Council for Inclusion and Financial Education (CNIEF), which is an inter-institutional body that aims to promote inclusion and financial education in El Salvador.</p>	<p data-bbox="2086 522 2435 651">P.19 of our 2021 Annual Report https://www.bfa.gob.sv/memoria-de-labores/</p> <p data-bbox="2086 688 2435 851">Consejo Nacional de Inclusión y Educación Financiera (CNIEF) https://inclusionfinanciera.gob.sv/cnief/#objetivo</p>
<p data-bbox="96 1110 766 1368">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 data-bbox="800 1110 2051 1310">BFA has at its disposal the lines of agricultural credit, microcredit, SME credit, personal credit and sustainable credits which include green credit (energy efficiency and renewable energy), credits to sustainable production systems (organic agriculture, agro ecology, permaculture, agroforestry and other forms of production with sustainable practices and technologies), revolving credit to community savings groups, Credit to micro-enterprises and entrepreneurs of “Ciudad Mujer”, Credit to micro entrepreneurs.</p>	<p data-bbox="2086 1110 2435 1239">P. 11 of our 2021 Annual Report https://www.bfa.gob.sv/memoria-de-labores/</p>

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	<p>Also, in deposit products there are inclusion accounts highlighting child savings account "Fomentito", savings account "Grows with us" and savings account "Mi cuenta simple".</p> <p>Currently BFA is opening new channels for the attention of the rural sector, during 2021, 4 Cajas Rurales were inaugurated – Jiquilisco, Santiago de María, Anamoros and Candelaria de La Frontera, allowing our customers to carry out transactions such as loan payments, collectors, opening of savings accounts or remittance collections</p>	<p>Credit Policy P 76 - 79 http://srvintranet/iso9001_2015/dmdocuments/POL-ODC-018%20Ver.%2012.0%20POLITICA%20DE%20CREDI</p>
 <p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>		
<p>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.</p>	<p>Since December 2021, BFA has a Sustainability Policy aligned with the Bank's strategy and action against stakeholders, which establishes that in order to have a close dialogue, the Bank will maintain at the disposal of its stakeholder's channels of communication, participation and dialogue that favor two-way and continuous communication. Likewise, BFA has a Reputational Risk Policy where the interested parties are already identified, in the same way, internally the expectations have been defined but it is in the process of verification.</p>	<p>Sustainability Policy POL-DRS-043 Ver. 1.0 POLITICA DE SOSTENIBILIDAD</p> <p>Reputational Risk Policy POL-GRC-016 Ver. 3.0 POLITICA DE GESTION DE RIESGO REPUTACIONAL</p>

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 <p>Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>		
<p>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.</p>	<p>BFA has key documents to support the implementation of the Principles of Responsible Banking, starting with its Strategic Plan 2020 – 2024 where sustainability has been considered as a transversal approach; followed by its annual operational plans embodied in that strategic plan; It also has the Sustainability Policy that defines the guidelines that govern the BFA in the search to contribute to the construction of a Banking based on principles responsible for society and the environment. Similarly, BFA identified the need to adopt a methodology for impact management, through which it can take actions regarding the impacts generated as a result of its operations in front of its stakeholders and the environment, which is represented by the Methodological Manual of Impact Management. Also, BFA established Sustainable Rural Development Management procedures that define the activities for the identification and analysis of impacts, management of actions, communication and reporting focused on the promotion of actions that contribute to sustainable development, within the spheres of influence of the Institution. Finally, BFA designed a sustainability communication program that allows the strategy to be operationalized, through three pillars: raising awareness, sensitizing, training.</p>	<p>Strategic plan 2020 -2024 https://intranet.bfa.gob.sv/INTRA/wp-content/uploads/2022/01/Plan-Estrat%C3%A9gico-01.pdf</p> <p>Sustainability Policy POL-DRS-043 Ver. 1.0 POLITICA DE SOSTENIBILIDAD</p> <p>Methodology for impact management: MAN-DRS-032 Ver. 1.0 MANUAL METODOLOGICO DE GESTION DE IMPACTOS</p> <p>Sustainable Rural Development Management Procedures PRO-DRS-033 Ver. 1.0 PROCEDIMIENTOS DE LA GESTION DE DESARROLLO SUSTENTABLE</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>A campaign commemorating the 2nd anniversary of the Principles for Responsible Banking in conjunction with UNEP FI took place in September 2021, aimed at the institution's employees and the BFA social media community in general.</p> <p>A sustainability communication program has been designed, which allows operationalizing the strategy, through three pillars: awareness, sensitization and training. This pillars aim to ensure a transversal approach for sustainability in the Institution and our stakeholders.</p>	<p>Campaign 2nd anniversary of the Principles for Responsible Banking https://www.unepfi.org/banking/bankingprinciples/prb-2-year/</p>

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<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>The governance structure for the implementation of the principles involves at the highest level the Board of Directors, the Corporate Governance Committee, which is a committee where members of the Board of Directors and executive staff of the Bank participate, part of its functions is to supervise sustainability management and review progress in the implementation of the Principles of Responsible Banking; the Senior Administration composed of the Presidency and the General Management, are responsible for ensuring that Senior Management implements the principles and the Strategy and Sustainability Management, is responsible for accompanying and advising the different dependencies in the implementation of the principles of Responsible Banking</p>	<p>P.58 of our 2021 Annual Report https://www.bfa.gob.sv/memoria-de-labores/</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>Since its incorporation into the Principles of Responsible Banking, BFA has been committed to complying with the principles, where the Strategy and Sustainability Management coordinates the implementation of sustainability in a transversal manner.</p>		

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 <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.</p>

<p>6.1 Progress on Implementing the Principles</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, 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>Principle 1: BFA's strategic thinking is already aligned with sustainability.</p> <p>Principle 2: There is an internal methodology for impact management and in the second quarter of 2022, it will begin with the identification and analysis of the positive and/or negative impacts of the processes, products, channels, services and its portfolio of services. credit investments.</p> <p>Principle 3: BFA created the Customer Experience Unit in order to ensure the satisfaction, loyalty and attraction of both internal and external customers. Likewise, we are working with different strategic alliances, agreements, memberships and affiliations, in order to generate greater value for our clients.</p> <p>Principle 4: There is a Reputational Risk Policy where the interested parties are already identified and a Sustainability Policy that establishes that channels of communication, participation and dialogue that favor two-way and continuous communication will be made available to its stakeholders. .</p> <p>Principle 5: There is a defined structure for the implementation of the principles that involves the Board of Directors (BD), Corporate Governance, Senior Management, Strategy and Sustainability Management.</p> <p>Principle 6: We report the Bank's management annually through our work report, likewise we make quarterly reports regarding the management of Responsible Banking Principles.</p>	<p>2021 Annual Report https://www.bfa.gob.sv/memoria-de-labores/</p>
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

In these months BFA continues to work on the identification of impact and their management, in order to recognize opportunities to contribute to the Sustainable Development Goals, the Paris Climate Agreement and any other national commitment in environmental and/or social matters. in order to create value for our stakeholders