



2023

Principles for Responsible Banking (PRB)





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.

Business model

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 across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Areti Bank operates with a diversified business model designed to serve a wide range of customer segments across various geographical regions. Areti, is a digital bank and provides a comprehensive suite of financial products and services tailored to meet the needs of both individual and corporate clients. With a strong emphasis on sustainable banking, Our mission is to generate positive impacts on both people and the environment. The bank's efforts align with the United Nations' Sustainable Development Goals (SDGs) and the Paris Agreement, aiming to transform capital inputs into environmental and community benefits.

Areti Bank's primary areas of activity, or business pillars, focus on four key sectors. The first is Sustainable Energy, which involves promoting investments in renewable energy sources. The second pillar, Cleaner Production, supports businesses involved in environmental technology and sustainable production methods. The third pillar, Green Consumerism, encourages responsible consumption patterns among consumers and finally, the

Links and references

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Wellbeing pillar addresses social and economic disparities to improve the quality of life equitably.

The bank caters to multiple customer segments. For individual customers, Areti Bank offers a range of retail banking products, including savings accounts, checking accounts, fixed deposits, personal loans, and home loans. The bank's digital platforms facilitate convenient account management and financial transactions. For business clients, Areti Bank provides tailored financial solutions for small, medium, and large enterprises. These services include business loans, commercial banking, treasury management, and trade finance, all designed to support business growth and operational needs.

Areti Bank has a global operational footprint, functioning as an international and digital bank. This enables the promotion of sustainable practices across various regions, with a primary focus on Latin America and the United States. The geographical distribution of the bank's portfolio includes a significant domestic market presence and strategic international operations. In terms of portfolio distribution, approximately 29% of customers are in the US, 14% in Colombia, another 14% in Venezuela, 13% in Argentina, 4% in Uruguay, 3% in Panama, and the remaining customers spread across other Latin American countries, Europe, and Asia.

The customer base of Areti Bank is divided into 42% individual customers and 58% business clients, indicating a balanced approach to customer segmentation. The bank is involved in various sectors, including consumer finance, corporate banking, and investment banking. Specialized services cater to niche sectors such as real estate and technology.

Strategically, Areti Bank prioritizes customer centricity by enhancing the customer experience through personalized services and digital banking solutions. The bank invests in innovation and technology to improve operational efficiency and service delivery, while maintaining robust



risk management frameworks to safeguard assets and ensure regulatory compliance.

In conclusion, Areti Bank's business model showcases a balanced portfolio mix across customer segments and geographies. Supported by a diverse range of products and services, the bank aims to sustain growth and strengthen its impact on the environment and society through a focus on customer needs, technological innovation, and prudent risk management.

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----

Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----

None of the above

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Areti Bank places a strong emphasis on sustainability, integrating various initiatives to align with the Sustainable Development Goals (SDGs) and the Paris Climate



Agreement. These efforts are woven into the bank's operational framework, promoting financial inclusion (SDG 1 and 8) through accessible banking services and fostering sustainable economic growth (SDG 8) via responsible lending practices. As signatories of the Financial Health and Inclusion Commitment for UNEP FI and the Principles for Responsible Banking, we are committed to advancing these principles.

In line with SDG 7, 11, 13, and 15, Areti Bank introduces green financing options aimed at supporting renewable energy projects, sustainable infrastructure development, and biodiversity conservation. These initiatives not only mitigate climate change impacts but also contribute to environmental sustainability.

Corporate Social Responsibility (CSR) is another cornerstone of our commitment, focusing on community development and education (SDG 4) among other goals. Internally, the bank implements sustainability practices such as energy efficiency measures, waste reduction programs, and fostering a sustainable workplace culture (SDG 12).

In our alignment with the Paris Climate Agreement, Areti Bank undertakes comprehensive climate risk assessments to manage and mitigate risks associated with climate change impacts. As much as possible, we prioritize investments in low-carbon and climate-resilient projects, including renewable energy and energy-efficient buildings, aligning with the Agreement's goals on mitigation and adaptation. Initiatives to reduce our carbon footprint, through sustainable operational practices and the promotion of green technologies, further underscore our commitment.

Aligned with national and regional frameworks, Areti Bank ensures regulatory compliance concerning environmental sustainability, banking standards, and consumer protection. We foster partnerships with governmental agencies, NGOs, and industry stakeholders to support national and regional sustainability agendas and



contribute actively to policy discussions on sustainable finance. Stakeholder engagement remains pivotal, involving clients, employees, and communities in dialogues and initiatives related to sustainable development and climate action.

Looking ahead, Areti Bank plans to bolster its sustainability commitment through expanded green financing options in response to growing market demand and regulatory incentives. We aim to enhance transparency and reporting by improving disclosure of environmental, social, and governance (ESG) metrics through annual sustainability reports and impact assessments. Exploring innovative financial products and services such as green bonds, sustainable investment funds, and impact investing opportunities will drive further progress in sustainable finance. Capacity building and awareness initiatives, including an initiative that started in 2023, the Areti Academy program, providing sustainability content for customers and staff, will be expanded to deepen understanding and accelerate our sustainability efforts in the coming years.



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 (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

To define the extent of our impact assessment, we have taken into account both our retail and corporate clients within our portfolio, focusing particularly on our two primary markets: the United States and Colombia. The selection of these countries stems from their significance in terms of client volume, reflecting our strategic priorities.

It is crucial to note that Areti Bank operates as a digital and international institution catering to a global clientele, with a current emphasis on the Latin American market. Within this region, we have identified a substantial segment of the population lacking access to banking services, particularly among retail and corporate clients seeking USD-denominated accounts.

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).



In determining our assessment scope, we utilized the most recent iteration of the UNEP FI Impact Analysis tool, Version 3, enabling us to accurately gauge our impact. This tool facilitated the identification and measurement of our influence within the chosen markets and client segments. By leveraging this tool, we were able to comprehensively analyze the socio-economic dynamics affecting banking accessibility in Latin America, where there is a notable demand for financial inclusion among diverse demographic groups.

Our strategic focus on enhancing access to USD accounts underscores our commitment to serving the needs of both retail and corporate clients in these growth markets, aligning with our broader mission to foster economic empowerment through innovative banking solutions.

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope
i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

In analyzing our portfolio composition, we have opted to conduct a detailed examination based on the types of products and services offered, as well as categorizing customers by their nature (retail versus corporate). Below is a breakdown of our portfolio composition. It is essential to emphasize that our focus is centered on our two primary jurisdictions for the Impact Analysis, with a specific emphasis on Financial Health and Inclusion, and potentially Climate Mitigation and/or Adaptation targets.

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.



The categorization by product and service types allows us to discern the specific impacts and contributions of each offering to our overall goals of sustainability and inclusive growth. By segmenting our customer base into retail and corporate clients, we aim to understand the distinct needs and behaviours within these groups, thereby tailoring our strategies to enhance financial accessibility and resilience across different demographics.

This approach not only facilitates a comprehensive assessment of our operational footprint but also underscores our commitment to aligning with global sustainability frameworks and initiatives. As we delve deeper into these analyses, we are keenly focused on identifying opportunities to promote economic empowerment, strengthen climate resilience, and foster sustainable development within the communities we serve.

| COUNTRY | NUMBER OF CUSTOMERS | PERCENTAGE |
|------------------------------|----------------------------|-------------------|
| USA | 158 | 28,73% |
| Colombia | 77 | 14,00% |
| Venezuela | 77 | 14,00% |
| Argentina | 71 | 12,91% |
| Uruguay | 19 | 3,45% |
| Panama | 18 | 3,27% |
| BVI | 18 | 3,27% |
| Peru | 13 | 2,36% |
| Chile | 11 | 2,00% |
| United Arab Emirates | 10 | 1,82% |
| Ecuador | 9 | 1,64% |
| United Kingdom | 9 | 1,64% |
| St. Kitts & Nevis | 9 | 1,64% |



| | | | | |
|---------------------------|---|-------|--|--|
| Italy | 5 | 0,91% | | |
| Hong Kong | 4 | 0,73% | | |
| Spain | 4 | 0,73% | | |
| Bolivia | 4 | 0,73% | | |
| Mexico | 3 | 0,55% | | |
| Barbados | 3 | 0,55% | | |
| Brazil | 2 | 0,36% | | |
| Germany | 2 | 0,36% | | |
| Belize | 2 | 0,36% | | |
| England | 2 | 0,36% | | |
| Costa Rica | 2 | 0,36% | | |
| Portugal | 2 | 0,36% | | |
| New Zealand | 2 | 0,36% | | |
| Singapore | 2 | 0,36% | | |
| Dominican Republic | 1 | 0,18% | | |
| Aruba | 1 | 0,18% | | |
| Curacao | 1 | 0,18% | | |
| Canada | 1 | 0,18% | | |
| Liechtenstein | 1 | 0,18% | | |
| Seychelles | 1 | 0,18% | | |
| Israel | 1 | 0,18% | | |
| Paraguay | 1 | 0,18% | | |
| Switzerland | 1 | 0,18% | | |

| COUNTRY | NUMER OF CUSTOMERS | PERCENTAGE | RETAIL | BUSINESS | CHECKING ACCOUNT | SAVINGS ACCOUNT |
|----------------|---------------------------|-------------------|---------------|-----------------|-------------------------|------------------------|
| USA | 158 | 28,73% | 5 | 153 | 158 | 0 |
| Colombia | 77 | 14,00% | 60 | 17 | 77 | 0 |
| Venezuela | 77 | 14,00% | 44 | 33 | 77 | 0 |
| Argentina | 71 | 12,91% | 60 | 11 | 70 | 1 |
| Uruguay | 19 | 3,45% | 5 | 14 | 18 | 1 |



c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Areti Bank is a global digital financial institution with the unique privilege of operating across multiple jurisdictions, offering us the unparalleled opportunity to bring banking services to individuals and communities anywhere in the world.

Our mission is to bridge the financial inclusion gap that persists globally, particularly in the Global South, where millions remain unbanked. We are acutely aware of the challenges that certain regions face in integrating their populations into the financial system. These challenges often stem from a variety of factors, including geographical isolation, cultural and educational barriers, and even political constraints, which collectively hinder the ability of communities to access banking services, thereby limiting their economic growth and overall development.

In our impact analysis, we have concentrated on our two largest markets in terms of client volume, but our approach goes beyond mere numbers. We strive to understand the complex contexts in which we operate, conducting in-depth studies to identify the unique obstacles faced by each jurisdiction.

The countries where we are active vary significantly in their economic landscapes, from the emerging markets of Latin America to the established financial hubs of Europe. For example, the economic conditions in Panama are vastly different from those in Switzerland,

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.



yet we recognize the importance of addressing the specific needs of each region.

Our focus remains on our primary jurisdictions, where we have a significant client base, but our commitment to financial inclusion extends globally. We aim to tailor our banking solutions to meet the distinct challenges of each country, ensuring that our efforts contribute to closing the financial inclusion gap and fostering sustainable economic development across diverse regions.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

Financial Health and Inclusion and Climate Mitigation and/or Adaptation

d) For these (min. two prioritized impact areas): **Performance measurement:** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.



activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Regarding performance measurement, our bank is still in the process of thoroughly analyzing the positive and negative impacts of the various sectors and industries identified as having the most significant influence in the jurisdictions chosen on the impact analysis. This analysis also extends to understanding the types of customers who finance or invest in these specific sectors.

It is important to highlight that our lending program is still in the development stage. As a newly established bank, we prioritized the growth of our investment portfolio, as well as the enhancement of our operations, customer experience and digital onboarding, before fully determining and launching our lending portfolio. Consequently, we have chosen to take additional time to conduct a more detailed review, ensuring that we provide specific information by sector and category. This will serve as the foundation for setting our baseline targets in at least two critical areas or targets.

Furthermore, it is essential to note that, as a digital and internationally licensed bank, we established from the outset a clear objective: to prioritize Financial Health and Inclusion as a key target for our impact and implementation efforts.

In alignment with this goal, we made the strategic decision to become signatories of the *UNEP FI Financial Health and Inclusion Commitment* from the very



beginning of our operations. This commitment reflects our dedication to fostering financial well-being and accessibility for all, which we intend to weave into the core of our lending strategies as they develop. By taking a deliberate and measured approach, we aim to ensure that our financial products and services contribute meaningfully to the economic empowerment and sustainable development of the communities we serve.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

- | | | | |
|--------------------------|---|---|-----------------------------|
| Scope: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Portfolio composition: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Context: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Performance measurement: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.



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 Client engagement

Does your bank have a policy or engagement process with clients and customers⁷ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

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 activities⁸). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Client Engagement for Sustainable Practices:

Areti Bank is dedicated to fostering sustainable practices among its clients by integrating environmental, social, and governance (ESG) considerations into its core banking activities. The bank collaborates extensively with stakeholders to promote sustainability in various ways.

Firstly, Areti Bank has established robust policies that guide its sustainable banking approach. These policies emphasize the integration of sustainability criteria into

[Suppliers Code of Conduct](#)

[Areti Bank Investment Policy](#)



lending decisions, investment strategies, and client engagement processes. By embedding these criteria into the core of its operations, the bank ensures that most of its financial activities contribute to a more sustainable future.

To support clients in transitioning towards more sustainable economic activities, Areti Bank plans to offer a diverse range of sustainable finance products. These include green loans and investments, which will provide favorable financing terms for renewable energy projects, clean technology initiatives, and sustainable production practices. Additionally, the bank will offer ESG-linked products where financial terms and conditions are tied to environmental and social performance metrics, encouraging clients to improve their sustainability practices.

Areti Bank is also designing a strategic plan to offer advisory services called Areti Advisers, that will assist clients in understanding and implementing sustainable investments practices. This includes advising businesses on adopting cleaner production technologies and practices to minimize environmental impact. Furthermore, the bank will provide strategic guidance to help clients develop sustainability strategies aligned with international frameworks such as the SDGs and the Paris Agreement.

To measure the effectiveness of its sustainable banking initiatives, Areti Bank will track various indicators. These metrics include quantifying the number and value of loans granted to sustainable energy projects, environmental technology ventures, and other green initiatives. Additionally, the bank will assess the extent to which ESG criteria is integrated into client relationships and investment decisions, and will report on the environmental and social impacts achieved through client projects supported by the bank's financing and advisory services.

⁷ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

⁸ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.



Areti Bank strives to generate positive impacts on society and the environment through its client engagements. Environmentally, the bank plans to contribute to greenhouse gas emissions reduction through financing renewable energy projects and promoting resource-efficient practices. Socially, the bank will address inequalities by supporting initiatives that improve access to clean energy, enhance employment opportunities in green sectors, and foster inclusive economic growth.

Looking ahead, Areti Bank plans to enhance its efforts in promoting sustainable practices among clients. This includes expanding the availability and diversity of green financial products to cater to evolving market demands and regulatory frameworks. The bank also aims to launch educational programs and workshops to raise awareness among clients about the benefits of sustainable finance and best practices. These educational initiatives will be incorporated into the Areti Academy program, providing comprehensive resources for clients and staff. Finally, Areti Bank plans to strengthen partnerships with government agencies, NGOs, and industry associations to collectively advance sustainable development goals.

Through these comprehensive efforts, Areti Bank demonstrates a strong commitment to sustainability, fostering positive environmental and social impacts while supporting clients in their journey towards more sustainable business practices.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).



Areti Bank has identified several strategic business opportunities to enhance its positive impacts and mitigate any negative effects through its operations and offerings.

One key area of focus is the development of sustainable finance products that promote both environmental and social benefits. The bank is committed to offering green loans and investments that finance renewable energy projects, energy-efficient buildings, and sustainable infrastructure developments. These initiatives aim to contribute to the United Nations Sustainable Development Goals (SDGs) such as Affordable and Clean Energy (SDG 7) and Sustainable Cities and Communities (SDG 11).

Additionally, Areti Bank plans to support social impact financing initiatives that address various social challenges. This includes financing for affordable housing projects, education loans, and healthcare facilities, aligning with SDGs such as Quality Education (SDG 4), Decent Work and Economic Growth (SDG 8), and Good Health and Well-being (SDG 3).

Areti Bank is also dedicated to promoting financial inclusion, being a signatory of the UNEP FI Financial Health and Inclusion Commitment. As a digital bank, it aims to reach underserved communities and individuals by creating products and services designed specifically for these segments. This includes investing in community development funds, which support projects and social enterprises that foster economic empowerment and local development. Such initiatives are aligned with SDGs related to Reduced Inequalities (SDG 10) and Sustainable Cities and Communities (SDG 11).

[Personal Banking](#)

[Business Banking](#)

[Investment Banking](#)

[Certificate of Deposit](#)



To ensure transparency and accountability, Areti Bank measures the impact of its sustainable finance initiatives using quantitative indicators. This involves reporting on the percentage of the portfolio dedicated to sustainable finance products and their contribution to the bank's overall business activities. For example, during the year 2023, Areti Bank invested 26% of its investment portfolio in ESG-ranked investments, with allocations including 16% in Green Bonds, 9% in Sustainability Linked Bonds, and 1% in Sustainability Bonds. The bank also tracks environmental and social metrics, such as energy savings, greenhouse gas emissions reductions, job creation, and improvements in social welfare resulting from financed projects.

Areti Bank focuses on making positive impacts aligned with various SDGs. For instance, in the area of Climate Action (SDG 13), the bank is developing a lending program focused on investments in renewable energy and energy efficiency projects, aiming to mitigate climate change impacts and promote sustainable development. In terms of Social Inclusion (SDGs 1, 5, and 10), the bank supports financial inclusion initiatives and social impact investments that reduce inequalities and empower marginalized communities.

In addition to promoting positive impacts, Areti Bank is committed to minimizing negative environmental and social effects through stringent environmental and social risk management frameworks. This ensures that sustainable practices are followed across all financing activities. The bank also adheres to ethical banking practices, ensuring compliance with regulatory requirements and industry best practices.

Looking to the future, Areti Bank plans to expand its sustainable finance offerings further, strengthen its impact measurement methodologies, and deepen partnerships with various stakeholders. This will accelerate progress towards achieving its sustainability goals. The bank remains committed to integrating sustainability into



its core business strategy, aiming to contribute positively to society and the environment while managing risks and creating long-term value for its stakeholders.

Principle 4: Stakeholders



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

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups⁹) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Areti Bank understands the critical importance of engaging with a diverse array of stakeholders to bolster its sustainability efforts and align with global initiatives. This comprehensive engagement involves collaborations with several key organizations and partnerships that guide and enhance the bank's sustainability practices.

[Partnerships](#)

⁹ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations



One of the primary partnerships is with the United Nations Environment Programme Finance Initiative (UNEP FI). Areti Bank actively collaborates with UNEP FI to integrate environmental considerations into its business operations, benefiting from their expertise and frameworks.

This partnership allows the bank to adopt best practices in sustainable finance and align with global environmental goals. Throughout 2023, Areti Bank has closely worked with UNEP FI across various initiatives, especially in three focused working groups: Nature, Just Transition, and Adaptation. These groups aim to create guidelines for setting targets that banks can adopt to mitigate environmental and social risks while promoting sustainable practices. Through this collaboration, Areti Bank contributes to the development of industry standards and best practices that align with global environmental goals.

Additionally, as a signatory to the UN Global Compact, Areti Bank is committed to upholding principles related to human rights, labor, environment, and anti-corruption. The bank engages with the Global Compact network to exchange knowledge, share experiences, and participate in initiatives such as accelerators and webinars that promote responsible business practices. This engagement enhances the bank's ability to integrate these principles into its operations and foster a culture of responsible business.

Areti Bank also participates in the Partnership for Carbon Accounting Financials (PCAF). This collaboration enables the bank to measure and disclose the carbon footprint of its financial portfolios. By assessing climate-related risks and opportunities, Areti Bank integrates carbon accounting into its risk management frameworks and sets targets for carbon reduction aligned with global climate goals.



Furthermore, the bank collaborates with the Partnership for Biodiversity Accounting Financials (PBAF), a partnership dedicated to integrating biodiversity considerations into financial decision-making. Through this collaboration, Areti Bank develops methodologies and standards to assess biodiversity impacts associated with its operations and financed activities. By adopting biodiversity accounting practices promoted by PBAF, the bank enhances its ability to manage environmental risks and supports sustainable development goals related to biodiversity conservation.

Areti Bank is also a participant in the Net Zero Banking Alliance, committing to align its lending and investment portfolios with net-zero emissions targets by 2050. By working with alliance members, the bank develops strategies, sets interim targets, and implements measures that contribute to global efforts to mitigate climate change.

Additionally, Areti Bank has made a Fossil Free Commitment, pledging not to lend or invest in fossil fuels or fossil fuel-related assets, and instead, transitioning towards financing renewable energy projects. This commitment aligns with international efforts to limit global warming and promotes sustainable energy solutions.

The stakeholder engagement process at Areti Bank is systematic and thorough. The bank identifies relevant stakeholders by considering their influence, interests, and expertise in sustainability and finance. Key stakeholders include regulatory bodies, industry associations, non-governmental organizations (NGOs), customers, investors, and community groups.

In terms of issues addressed and results achieved, Areti Bank's collaboration with UNEP FI and PCAF strengthens its environmental risk management practices. The bank



measures its carbon footprint and implements strategies to reduce greenhouse gas emissions associated with its financed activities. Through engagement with the UN Global Compact and PBAF, Areti Bank enhances its commitment to human rights, labor standards, and community development, specifically promoting financial inclusion.

Stakeholder inputs are integral to Areti Bank's action planning process. The bank conducts consultations, workshops, and stakeholder meetings to gather insights and receive feedback on sustainability initiatives. This consultative approach helps co-create solutions that address shared challenges. The outcomes of stakeholder engagement inform the bank's impact assessments, helping prioritize areas for action such as enhancing sustainable finance offerings, improving transparency in reporting, and scaling up investments in green technologies.

Looking to the future, Areti Bank remains committed to deepening its engagement with stakeholders, expanding partnerships, and integrating sustainability considerations into its core business strategy. By collaborating with diverse stakeholders, the bank aims to drive positive impacts, mitigate risks, and contribute to sustainable development goals on a global scale.



Principle 5: Governance & Culture



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

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please 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 the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Areti Bank is committed to integrating sustainability into its governance framework and is taking significant steps to enhance its governance structures, policies, and procedures. A central element of this effort is the establishment of a dedicated Sustainability Committee. This committee will play a crucial role in overseeing the bank's sustainability strategy, ensuring the effective implementation of the Principles for Responsible Banking (PRB), and aligning the bank's efforts with its overall corporate strategy.

[Sustainability Report 2023](#)



The Sustainability Committee will be responsible for a range of activities, including the approval and monitoring of sustainability targets that are in line with the PRB. This committee will have the authority to set these targets and track their progress, ensuring that the bank's sustainability goals are met. As the highest level of governance, the board of directors will have oversight over the Sustainability Committee's activities, ensuring that all sustainability efforts are integrated into the broader corporate strategy.

The chair of the Sustainability Committee will be a board member or a board advisor with expertise in sustainability, environmental stewardship, or related fields. This individual will lead discussions, facilitate decision-making on sustainability matters, and report findings and recommendations directly to the board. This leadership will be pivotal in driving the bank's sustainability agenda forward.

The board of directors will exercise ongoing oversight of the implementation of the PRB through regular reviews and updates provided by the Sustainability Committee. Typically, the board will receive these updates on a quarterly basis, allowing for timely and informed decision-making regarding the progress of sustainability targets and initiatives. If targets or milestones are not achieved, or if unexpected negative impacts are detected, the board and the Sustainability Committee will collaborate to identify and implement remedial actions. This may involve reassessing strategies, adjusting targets, or enhancing risk management practices to address sustainability challenges effectively.

Looking ahead, Areti Bank plans to formalize the establishment of the Sustainability Committee in 2024. This will further strengthen the bank's governance structures and ensure robust oversight and effective implementation of sustainability initiatives. The bank is committed to continuously improving its policies and procedures to manage both positive and negative



impacts, aligning with global best practices and regulatory requirements. By doing so, Areti Bank aims to solidify its commitment to sustainability and create long-term value for its stakeholders.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Areti Bank is deeply committed to fostering a culture of responsible banking among its employees, and a cornerstone of this commitment is the establishment of the Areti Academy program. This comprehensive initiative serves as a robust platform dedicated to capacity building, knowledge enhancement, and skill development, all with a focus on sustainability and responsible banking practices.

Areti Academy offers a variety of training programs specifically designed to educate employees on sustainability principles, environmental stewardship, and ethical banking practices. These programs are tailored to meet the needs of different roles within the bank, from client-facing teams to those involved in risk management and corporate governance. By providing targeted training, Areti Academy ensures that all employees are equipped with the necessary knowledge to contribute effectively to the bank's sustainability goals.

In addition to in-person training programs, Areti Academy will provide e-learning modules and digital resources that are accessible to all employees. These resources facilitate continuous education on a wide range of topics, including



climate risk management, sustainable finance products, and compliance with international standards such as the Principles for Responsible Banking (PRB). This approach ensures that learning is ongoing and adaptable to the evolving landscape of sustainable finance.

Specialized sustainability training is a key component of Areti Academy, particularly for employees in client-facing roles. These trainings are designed to equip them with the knowledge and skills needed to advise clients on sustainable financial products and services. This not only enhances customer interactions but also supports the bank's efforts in promoting sustainable investment choices. By empowering employees to guide clients towards more sustainable financial decisions, Areti Bank strengthens its overall commitment to responsible banking.

Performance management processes at Areti Bank will incorporate sustainability goals and metrics, fostering accountability among employees for their roles in advancing responsible banking practices. Regular performance reviews will include assessments of employees' contributions to sustainability initiatives and their adherence to ethical banking standards. This integration of sustainability into performance management ensures that all employees are aligned with the bank's overarching sustainability objectives.

The impact of Areti Academy's initiatives will be significant in building a strong culture of responsible banking within the organization. The academy is designed to evolve continuously, expanding its curriculum and resources to address emerging sustainability challenges and regulatory requirements. By empowering employees through education and engagement, Areti Bank positions itself as a leader in sustainable finance, driving positive societal and environmental impacts.

Looking forward, Areti Academy will play a crucial role in the bank's strategy to lead in sustainable finance. The



continued evolution of its curriculum and resources will ensure that Areti Bank remains at the forefront of addressing sustainability challenges. Through the education and empowerment of its employees, Areti Bank is committed to making a lasting positive impact on society and the environment.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹⁰ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

No, we have not yet done so.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

¹⁰ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.



6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input checked="" type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input checked="" type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input checked="" type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input checked="" type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these: