

**Credicorp Corporate Policies**

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Sustainable Assets Under Management Platform

Corporate Policy for Responsible and Sustainable Investment

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**CORPORATE POLICY FOR RESPONSIBLE AND SUSTAINABLE  
INVESTMENTS**

**Credicorp Ltd  
Sustainability Office**

## CONTENTS

1. Introduction	3
2. Policy scope	3
3. Adhesions and alignment	5
4. Exclusion criteria	5
5. Responsible Investing approach	7
6. Disclosure and review	8
7. Glossaries and terminology	9

## 1. Introduction

Credicorp Ltd. (hereafter “Credicorp”) is the leading financial services holding in Peru and one of the most important in Latin America, with presence in Bolivia, Chile, Colombia, Panama, and the United States. With a history that spans over more than 100 years, Credicorp has played a fundamental role in economic growth in the region through its four lines of business: universal banking, microfinance, insurance and pensions, and investment banking and wealth management. Credicorp has also bet on growth in the region through its platform for open innovation, which has contributed to scaling up technical, financial, and commercial solutions.

In 2020, we consolidated our commitment to generating progress and prosperity in the region by launching Credicorp’s Sustainability Program, aligned with our purpose to *Contribute to improving lives by accelerating the changes our countries need*. The objective of this program is to integrate sustainability in all aspects of our businesses and operations, to drive change, maximize impact and generate long-term value for our business, our stakeholders and the countries in which we operate. This vision leverages three strategic pillars, which are anchored in our core financial business: (1) *Creating a more sustainable and inclusive economy*, (2) *Improving the financial health of citizens* and (3) *Empowering our people to thrive*. Throughout the Group, diverse initiatives and projects that contribute to achieving this strategy’s objectives have been prioritized.

In line with our strategic pillar to *Create a more sustainable and inclusive economy*, Credicorp believes that the financial sector has the responsibility and capacity to significantly contribute to adopting more sustainable ways of doing business by incorporating environmental, social and corporate governance (ESG) criteria in our portfolios’ management. Accordingly, the Group’s companies have integrated Responsible Investing in their investment processes.

The objective of this policy is to make visible the position on responsible investments of Credicorp and those subsidiaries with a significant investment activity, as well as to detail the general guidelines for integrating ESG factors in the investment decisions. Additionally, each subsidiary of Credicorp detailed in the scope of this document has its own responsible investment policy, which establishes the procedures, specific considerations for the management of its portfolios and adaptation periods.

For more information on Credicorp’s Sustainability Strategy, see the following [link](#).

## 2. Policy scope

This policy applies to the following Credicorp subsidiaries through their business units linked to investments. In this document, said companies will be known as the “SUBSIDIARIES”<sup>1</sup>:

- a. Credicorp Ltd: Holding’s own funds
- b. Atlantic Security Bank: Treasury at Atlantic Security Bank
- c. Banco de Crédito del Perú: Treasury at BCP

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<sup>1</sup> The subsidiaries will have up to a year to implement the directives of this policy.

- d. Pacífico Compañía de Seguros y Reaseguros: Investment division of Pacífico Compañía de Seguros y Reaseguros
- e. Prima AFP: Investment division of Prima AFP
- f. Credicorp Capital: Asset Management at Credicorp Capital

All the business units described in this policy, as well as any other units that engage in investment activities that may be covered by this policy's scope, will have one year to adapt to the directives.

**This policy applies to the following investment roles:**

**i) Credicorp's proprietary portfolio or its SUBSIDIARIES portfolios**

The Sustainable and Responsible Investment Policy applies to the funds and strategies used by the following investment lines when Credicorp or the SUBSIDIARIES have proprietary investments:

- a. Fixed Income
- b. Equity Income
- c. Alternative Assets

**ii) Third-party investments managed by any SUBSIDIARY**

Considering their fiduciary responsibilities, companies conduct their respective ESG analyses to ensure that they meet, at a very minimum, the objectives set forth by this policy and that of the respective subsidiary.

ESG criteria will be applied, to the extent possible, in investment decisions where the SUBSIDIARIES have the power to determine how funds are invested (this excludes, for example, cases in which decisions are based on the requirements set forth by an index or regulations). Each SUBSIDIARY will specify, within its policy, all cases that fall outside of the scope of this definition.

***In the case of funds managed by a third-party, either proprietary or third-party investments, the SUBSIDIARIES will design guidelines to incorporate sustainability criteria in the selection process of investment managers. The ESG analysis will consider the information provided by fund managers and public sources when said information is available.***

Additionally, each SUBSIDIARY will have its own responsible investment policy or internal rules, which will provide details on processes and considerations.

### 3. Adhesions and alignment

Credicorp, in accordance with its purpose and sustainability strategy, seeks to align its efforts with local and international standards, agreements and initiatives relative to sustainability.

In this sense, these are the main adherences to which Credicorp or 1 or more of the SUBSIDIARIES are subscribed:

- a. Principles for Responsible Investment (PRI)
- b. UN Global Compact
- c. Equator Principles
- d. Carbon Disclosure Project (CDP)
- e. Program for Responsible Investment (PIR-Local)
- f. CFA Asset Manager Code

For specific information on adhesions by subsidiary and/or territory, please refer to the integrated report published by each entity.

**On the Principles for Responsible Investment (PRI):** Credicorp is not a signatory of the PRI, given that unlike the other subsidiaries covered in this policy, investing is not one of the holding's main activities. In their roles as proprietary and third-party fund managers, three of the SUBSIDIARIES subscribe to PRI, which proves their commitment to integrate sustainability in their investment operations and processes. In January 2019, Prima AFP became the country's first pension fund signatory —and second adherent in the country— to the Principles for Responsible Investment. Credicorp Capital and Pacífico Seguros became signatories in 2020, in June and September respectively. Pacífico Seguros was the first insurer in Latin America to adopt the PRI.

This policy, and the subsidiaries' respective policies, are based on and follow the recommendations and considerations provided by PRI.

### 4. Exclusion criteria

To generate a more integral vision of the impact of investment decisions, and to determine the risk and opportunities of potential investments, Credicorp and its subsidiaries complement the analysis of financial factors with an analysis of non-financial criteria. With this, a negative screening or exclusions are made in the investment portfolio to avoid the inclusion of securities whose behavior is not consistent with the principles of corporate sustainability.

Non-financial criteria that are transversal to all economic activities include:

- Activities or companies involved in child labor, human trafficking or forced labor, as defined in the ILO Conventions.<sup>2</sup>
- Activities or companies that incur in acts of corruption, bribery or fraud, in accordance with the guidelines set forth by Credicorp and local regulation.

For more information on how we address Human Rights and Anti-corruption, visit our [Corporate Policy to Prevent Corruption and Bribery](#); and the [Human Rights Policy](#).

Additionally, investments in companies whose primarily activities fall within the following ambits are excluded<sup>3</sup>:

**Controversial weapons:** These weapons have an indiscriminate and disproportional impact on civil populations and the environment. As such, their use, storage and production have been prohibited by several international conventions and treaties. Controversial weapons include: cluster bombs, land mines, weapons containing depleted uranium, chemical and biological weapons, blinding laser weapons, weapons with undetectable fragments and incendiary weapons (white phosphorous).

**Tobacco cultivation and production:** Tobacco consumption is associated with negative effects on the health of smokers and non-smokers. According to the World Health Organization (WHO), tobacco generates social and economic costs by causing premature death and productivity losses, which diminish household income, exacerbate poverty and increase medical expenses. Regulatory and reputational risks at the industry level are more than likely underestimated, which means that adequate risk analysis is compromised.

**Extraction or commercialization of thermal coal and, for cases where the use of the invested capital can be identified, new thermal coal-fired power generation plants will also be excluded:** Coal is the most carbon-intensive energy source. Coal extraction and use produce high levels of greenhouse gas and contaminating emissions. According to the Inter-Governmental Panel on Climate Change (IPCC), accumulated emissions cause global warming. Companies in this sector face risks associated with an increase in regulatory pressure and potential reductions in demand as the economy transitions to low-carbon energy sources.

**Activities related to prostitution and pornography:** The adult entertainment industry is highly exposed to risks related to human and labor rights violations, human trafficking and other forms of exploitation.

**Games of chance, casinos, other similar activities:** Addictive gambling is harmful to both individuals and vulnerable communities. Additionally, the gambling industry is exposed to risks of violations of data privacy and money laundering.

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<sup>2</sup> Child labor is defined as any work that deprives children of their childhood, potential and dignity or which compromises their physical or psychological development. This includes all work that is dangerous and can damage the child's physical, mental or moral wellbeing and/or interferes with his or her schooling (<https://www.ilo.org/ippec/facts/lang--es/index.htm>)

<sup>3</sup> SUNAT defines "main activity" as that which corresponds to the largest percentage of sales. Source: <https://eboletin.sunat.gob.pe/node/34>

The SUBSIDIARIES may include criteria and exclusions beyond the aforementioned, depending on the risk objectives and restrictions, returns and impacts associated with each product or fund. To review details on exclusions, thresholds by sector and the application process used by each subsidiary, please consult the websites of: [Prima AFP](#), [Credicorp Capital](#), and [Pacífico Seguros](#).<sup>4</sup>

In the case of funds managed by third parties, the ESG analysis will be carried out considering the information provided by the managers and public sources, when available.

Credicorp aims to contribute to the transition towards a socially and environmentally sustainable economy. In this sense, Credicorp is committed to its clients in this process, through active engagement and advisory services, verifying the compliance with standards, regulations and good socio-environmental practices, as well as in the identification of opportunities for improvement in their management to promote global sustainability objectives.

## 5. Responsible Investing approach

In their different roles and specific lines of business, Credicorp and its SUBSIDIARIES aim to maximize the profitability of proprietary and third-party investments by analyzing both financial and non-financial factors to obtain an integral vision of risk and return on investment. Responsible and sustainable investment is a broad term that describes investment processes that include ESG criteria in both analysis and decision-making processes. Below, we detail the various strategies associated with responsible and sustainable investment employed by Credicorp's different subsidiaries, as established in their respective Responsible Investment Policies in accordance with the particularities of their businesses and operations:

- i) **Negative Screening:** This refers to the exclusion of sectors, companies or projects due to environmental, social or ethical considerations and based on specific ESG criteria. Credicorp's SUBSIDIARIES apply exclusions that are aligned with international guidelines and good practices, which are summarized in this document and discussed in further detail in the respective investment policies.
- ii) **ESG Integration:** This refers to explicitly and systematically including ESG factors alongside financial factors in investment analysis and decision-making to improve risk management and boost returns. The Group's different companies, after their adhesion to PRI and the launch of the Corporate Sustainability Program, have set up programs and schedules to integrate sustainability criteria in their investment processes by strengthening their frameworks and mechanisms and promoting alignment with best practices in the market.
- iii) **Active Ownership:** Refers to interaction with the companies in which they invest to strengthen their management of ESG issues, including their reporting. It can be done individually or collaboratively with other investors. The active role includes, and is not limited to, engaging and communicating with companies through meetings, conferences, visits, calls,

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<sup>4</sup> The internal guidelines of other subsidiaries are being developed and are within the period allotted for adaptation.

participating or voting at the shareholder meeting and proposing resolutions regarding specific ESG issues. A successful engagement is one that results in greater transparency, lower risk profile or improve return on investment profile.

- iv) **Best-in-class selection:** Also called positive screening, it refers to investments in sectors, companies or projects selected for having better ESG performance than their industry peers. To conduct best-in-class analysis, Credicorp's companies gather relevant information from different public sources, research, databases and ESG rating agencies. It is important to note that since 2022, all of the SUBSIDIARIES use a specialized tool of a corporate provider of ESG ratings— alongside information found in other services— to analyze portfolios and ensure that information is aligned and homogenous.
- v) **Thematic and impact investing:** As Credicorp makes progress in its efforts to integrate sustainability criteria in investments, we also consider addressing specific social and environmental needs by directly investing in companies and funds that focus on sectors that generate positive impacts for society and the environment (i.e. health, gender equality, climate change, renewable energy, among others), while generating competitive financial returns and contributing to efforts to direct capital to more sustainable practices.

## 6. Disclosure and review

Transparency is a central ambition of Credicorp's vision of sustainability, and we are committed to providing our stakeholders with relevant information on our responsible investment management and on our initiatives to integrate sustainability criteria in our portfolio management.

Accordingly, Credicorp and its SUBSIDIARIES report the following information:

- i) The Responsible and Sustainable Investment Policy will be published on Credicorp's web page.
- ii) The Sustainability Report will provide information on the milestones that Credicorp and its subsidiaries have reached regarding issues addressed by the platform for responsible and sustainable investments.
- iii) The Subsidiaries and Credicorp will disclose in the Sustainability Report the objectives or indicators defined for the management of responsible and sustainable investments of their portfolios, whenever available.

This policy will be reviewed on an annual basis on the Sustainable Assets Under Management Platform; updated with the results of reviews; and presented for approval to Credicorp's Sustainability Steering Committee and the Board. The platform will also be responsible for publicly disclosing any review of or amendment to this policy. Material progress in the practices set forth in this policy will be disclosed to stakeholders through Sustainability Reports or their equivalent and via the official channels that have been designated for this purpose. Each SUBSIDIARY has a team that is responsible for implementing the policy's directives in accordance with specific definitions.



The SUBSIDIARIES may possess their own investment or loan policies, which provide more specific information on objectives, controversies, exclusions, among others.

## 7. Glossaries and terminology

Next, we provide a list of the definitions of the main terms that are used in this policy, which have been extracted from the appendices of the Task Force on Climate-Related Financial Disclosures (TCFD) or the PRI.

1. **Carbon intensity:** Volume of carbon emissions per million dollars of revenue (carbon efficiency of a portfolio), expressed in tons CO<sub>2</sub>e (carbon dioxide equivalent) / \$M revenue. This is in line with the TCFD's definition.
2. **Climate-related opportunities:** Business or financial opportunities resulting from efforts to address climate change. Efforts to mitigate and adapt to climate change can produce opportunities for organizations, such as through resource efficiency and cost saving, the adoption and utilization of low-emission energy sources, the development of new products and services and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market and industry in which an organization operates. This is in line with the TCFD's definition.
3. **Climate-related risks:** Potential negative impacts of climate change on an organization. Physical risks emanating from climate change can be event-driven (acute), such as increased severity of extreme weather events (e.g., cyclones, droughts, floods and fires). They can also relate to longer-term (chronic) shifts in precipitation and temperature and increased variability in weather patterns; or other long-term changes such as sea level rise. Climate-related risks can also be associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations. This is in line with the TCFD's definition.
4. **Direct physical climate risk:** Risk of damage or impairment to assets as a result of extreme weather events and sea-level rise.
5. **Indirect physical climate risk:** Risk of damage or impairment to assets as a result of second or third-order impacts of climate change, such as disruption to trade as a result of an extreme weather event or impact on food prices as a result of prolonged drought.
6. **Physical (climate) risks:** Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns or other long-term changes such as sea level rise. This is in line with the TCFD's definition. These risks may often be more easily identifiable in alternative assets, such as infrastructure and property.
7. **Total carbon emissions:** The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO<sub>2</sub>e (carbon dioxide equivalent). This is in line with the TCFD's definition.
8. **Transition risks Risks:** Risk associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations. This is in line with the TCFD's definition.
9. **Environmental factors:** Issues relating to the quality and functioning of the natural environment and natural systems, identified or assessed in responsible investment processes.

10. **ESG factors:** Environmental, social and governance issues that are identified or assessed in responsible investment processes.
  - Environmental factors are issues relating to the quality and functioning of the natural environment and natural systems.
  - Social factors are issues relating to the rights, well-being and interests of people and communities.
  - Governance factors are issues relating to the governance of companies and other investee entities."
11. **ESG incidents or controversies:** Specific environmental, social or governance events that have a substantial negative impact on a security, issuer or investment and its key stakeholders including investors, employees, communities and the environment.
12. **ESG index/ESG benchmark:** Index or benchmark that includes ESG considerations in the selection or weighting of its securities.
13. **ESG materiality analysis:** For an investor, this is the process of the identification, assessment, and incorporation of material environmental, social, governance, and emerging issues into the process of investment research, portfolio construction, or asset selection.
14. **Governance factors:** Issues relating to the governance of companies and other investee entities, identified or assessed in responsible investment processes.
15. **Material ESG factors:** Material ESG factors or issues have a substantial impact on the current and future financial, economic, reputational, and legal prospects of an issuer, security, investment, or asset class. At a corporate or issuer level, the disclosure of a material ESG issue or factor would be reasonably expected by investors, as its omission would result in an incomplete understanding of current or future financial prospects.
16. **Social factors:** Issues relating to the rights, well-being and interests of people and communities, identified or assessed in responsible investment processes.
17. **ESG incorporation:** The assessment, review and consideration of ESG factors in existing investment practices through a combination of three approaches: integration, screening, and thematic investing. ESG incorporation generally functions alongside—or in combination with—stewardship or active ownership.
18. **ESG integration:** The process of including ESG factors in investment analysis and decisions to better manage risks and improve returns. It is often used in combination with screening and thematic investing.
19. **Negative screening/exclusions/negative exclusionary screens:** Excluding certain sectors, companies or projects for their poor ESG performance relative to industry peers or based on specific ESG criteria (e.g., avoiding particular products, services or business practices).
20. **Norms-based screening:** Screening investments against minimum standards of business practice based on international norms. Widely recognized frameworks for minimum standards of business practice include UN treaties, Security Council sanctions, UN Global Compact, Universal Declaration of Human Rights and OECD guidelines.
21. **Positive/best-in-class screening:** Investing in sectors, companies or projects selected for their positive ESG performance relative to industry peers.
22. **Screening:** The application of filters to lists of potential securities, issuers, investments or sectors to rule investments in or out based on an investor's preferences, such as ethics and values, and/or investment metrics, such as risk assessments. Screening covers screening conducted under a manager's policy and client-directed screening.

- 23. Thematic investing:** The identification and allocation of capital to themes or assets related to certain environmental or social outcomes, such as clean energy, energy efficiency, or sustainable agriculture.
- 24. Green bond:** Bond instrument whose proceeds will be applied exclusively to finance or refinance (in part or in full) new and/or existing projects which contribute to environmental objectives; within four core components (use of proceeds, process for project evaluation and selection, management of proceeds, and reporting). Environmental objectives include, for instance, climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation and pollution prevention and control. This is in line with ICMA's definition.
- 25. Responsible investment policy:** A document that captures an organization's strategy to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership. An organization's responsible investment policy can take many shapes. It may involve embedding responsible investment considerations into the organization's main investment policy. It could also consist of a standalone responsible investment policy. Alternatively, it could be captured in high-level public statements or codes of business practice to which the organization adheres.
- 26. Collaborative engagement/ collaborative initiative:** An engagement that an investor conducts jointly with other investors. This might include:
- Groups of investors working together without the involvement of a formal investor network or other membership organization; or
  - Groups of investors working together with the support of a formal investor network or other membership organization, including the PRI.
- 27. Engagement:** Interactions between an investor (or an engagement service provider) and current or potential investees (e.g., companies), conducted with the purpose of improving practice on an ESG issue, changing a sustainability outcome, or improving public disclosure. Engagements can also be carried out with non-issuer stakeholders, such as policymakers or standard setters.
- 28. Stewardship:** The use of influence by institutional investors to maximize overall long-term value, including the value of common economic, social and environmental assets, on which returns, and client and beneficiary interests depend.
- 29. Stewardship tools:** Stewardship is implemented through investors' individual and collaborative use of tools, including—but not limited to—engagement with issuers (in all asset classes and for both current and potential investees); voting at shareholder meetings; filing of shareholder resolutions/proposals; direct roles on investee boards and board committees; negotiation with and monitoring of the stewardship actions of suppliers in the investment chain; engagement with policymakers; engagement with standard setters; contributions to public goods (such as research) and public discourse (such as media) that support stewardship goals; and, where necessary, litigation.
- 30. Sustainability outcomes:** Sustainability outcomes can be identified and assessed in terms of sustainability performance at the global level and the level of a particular asset, economic activity, company, sector, country, or region in the context of relevant thresholds.
- Sustainability outcomes include, for example, those that must be addressed for economies to operate within planetary boundaries, such as climate change, deforestation, and biodiversity loss; those that must be in place to drive inclusive societies, such as human rights (including decent work), diversity, equity, and inclusion; and those that are needed in corporate cultures for sustainability

performance, such as tax fairness, responsible political engagement, and anti-corruption measures.

- Progress on sustainability outcomes can be assessed against recognized sustainability thresholds and timeframes. These include the Sustainable Development Goals (SDG) targets and indicators, thresholds set by the UNFCCC Paris Agreement, expectations set out in the Universal Declaration of Human Rights, and other environmental, social, governance, and development objectives established by political or socio-economic institutions.
- We describe impact as a change in outcome (i.e., an outcome shaped by an investor in line with the SDGs).

**31. Impact investing:** Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Four elements of impact investing are:

- Intentionality: an investor’s intention to have a positive social or environmental impact through investments;
- Investment with return expectations: impact investments are expected to generate a financial return on capital or, at minimum, a return of capital;
- Range of return expectations and asset classes: impact investments target financial returns that range from below market -sometimes called concessionary- to risk-adjusted market rate, and can be made across asset classes;
- Impact measurement: commitment of the investor to measure and report the social and environmental performance and progress of underlying investments.

**32. Responsible investment / Sustainable and Responsible investment:** Strategy to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership. It complements traditional financial analysis and portfolio construction techniques. It also includes active role / active ownership activities, thematic and impact investments. Different organizations use different terms. PRI uses responsible investing, the Global Sustainable Investment Alliance (GSIA) refers to these as sustainable investing, and Eurosif uses Sustainable and Responsible Investments.

**33. Sustainable Development:** It is defined as meeting "the needs of the present generation without compromising the ability of future generations to meet their own needs." (Report entitled "Our Common Future" of 1987, World Commission on Environment and Development). Consisting of three pillars, sustainable development tries to achieve, in a balanced way, economic development, social development and environmental protection.

**34. Sustainable Development Goals (SDGs):** These include the SDG targets and indicators, thresholds set by the UNFCCC Paris Agreement, expectations set out in the Universal Declaration of Human Rights, and other environmental, social, governance, and development objectives established by political or socio-economic institutions.

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