



CP-EXEC-0283	CORPORATE SUSTAINABILITY POLICY
	Revised: 04/2024

Introduction

Purpose

The purpose of the Corporate Sustainability Policy (the “Sustainability Policy”) is to establish First BanCorp’s, and its subsidiaries and affiliates (collectively and hereafter, the “Corporation”), framework to address sustainability matters, including aspects related to environmental, social and governance (“ESG”).

Applicability

This Sustainability Policy applies to the members of the Board of Directors (the “Board”), all employees of the Corporation, and all relevant stakeholders outlined in Section VII of this policy.

Revisions

DATE	DESCRIPTION
04/2024	Second Release
02/2022	First Release

References

- Code of Ethical Conduct
- Service Provider Code of Conduct
- First BanCorp’s policies and procedures

Policy

The Corporation (also referred to as “we,” “us,” or “our”) is committed to operating its business with integrity, supporting environmental and social responsibility, and building a diverse and inclusive workplace where our employees can thrive. We are committed to integrating sustainability into our overall business strategy, primarily in areas where the Corporation has the most influence, such as our operations and value chain. We are committed to:

- A. Environmental Stewardship: refers to the responsible management and conservation of natural resources and ecosystems to minimize negative environmental impact and promote sustainability. Our policies and programs strive to achieve sustainable operations and minimize impact through conservation practices, managing resources efficiently, and climate action.
- B. Social Impact: refers to the positive change and lasting improvements in social well-being and quality of life of our people, our customers and the communities where we live and work. Our social policies and practices strive to build a healthy corporate culture and positive relationships with our stakeholders,

including through community engagement, diversity and inclusion efforts, and our employees' health and well-being.

- C. Economic Resilience: refers to the ability of individuals, businesses, communities, and economies to adapt, recover, and thrive in the face of challenges, disruptions, and uncertainties. This includes how we operate, govern, and manage risk in a way that promotes sustainable growth and the longevity of the organization. Our economic resilience practices involve ethical banking, financial inclusion, sustainable finance, and stakeholder value creation.

This Sustainability Policy outlines our company-wide activities and commitments. We see sustainability leadership as a business opportunity, a risk mitigant and an essential aspect of our core values.

I. Scope

The Sustainability Policy applies across the Corporation and applies to all relevant stakeholders outlined in section VII. Different business units within the Corporation are expected to use this policy as guidance to assess sustainability related considerations, including ESG aspects, in their respective decision-making processes. This document outlines our commitments but will not include metrics of progress. Our corporate sustainability metrics will be reported in other forms of disclosure (i.e., Corporate Sustainability Report).

II. Compliance and Governance

Sustainability starts with our Board. Our Board sets the tone at the top for responsible business practices and our commitment to corporate sustainability. The following five committees of the Board, which meet regularly and report back to the full Board, play a role in its oversight:

1. The Corporate Governance and Nominating Committee has direct oversight of our sustainability policies, practices, and disclosure, in addition to oversight of corporate governance and operational risks related to human capital;
2. The Risk Committee is responsible for the oversight of the Corporation's enterprise risk framework and is responsible for establishing the Corporation's risk tolerance and risk profile. This includes oversight of certain key company risks, including emerging risks;
3. The Compensation and Benefits Committee has oversight of compensation structure for the executive leadership team and Board. It also reviews the Corporation's incentive plans risk management to ensure such compensation programs and incentives are not reasonably likely to create material risk to the Corporation;
4. The Credit Committee has oversight of the Corporation's policies related to all aspects of the lending function and credit risk management, and reviews the quality of the credit's portfolio and trends affecting the portfolio; and
5. The Asset/Liability Committee has oversight of policies and practices relating to asset and liability management, including the Corporation's investment portfolio management.

The responsibility for implementation and management of our corporate sustainability framework and strategy has been delegated to a Corporate Sustainability Committee (the "Sustainability Committee"), a management level committee composed of a cross-functional team of senior management that operationalize the Corporation's sustainability policies and strategy. The Sustainability Committee is composed of leaders from various departments, including corporate strategy & investor relations, corporate affairs, credit, marketing, human resources, finance, risk management, and compliance. The Sustainability Committee aligns sustainability, including ESG, priorities and initiatives for the year for consideration by the Board's Corporate Governance and Nominating Committee. It sets long-term objectives and goals, and leads the annual reporting process on sustainability related topics. The Sustainability Committee's purpose is to guide the advancement of the Corporation's corporate sustainability disclosure along the disclosure spectrum, starting with qualitative disclosures, followed by the establishment of metrics and goals that support these disclosures. The Sustainability Committee is also responsible for prioritizing

initiatives, developing internal capabilities, and overseeing implementation. The Sustainability Committee meets on a periodic basis and reports to the Chief Executive Officer. Additionally, the Sustainability Committee periodically reports to the Corporate Governance and Nominating Committee of the Board. Through this structure, we ensure that our commitment to sustainability is deeply ingrained in our corporate governance and operations.

III. Principles and Philosophy

The Corporation is committed to integrating sustainability aspects into how we manage our business. We are dedicated to assessing and managing sustainability factors, including ESG, as well as climate-related factors that impact our business. Our goal is to manage the risks associated with such factors, and continually improve the way the Corporation operates its business in alignment with these factors. This includes identifying opportunities to reduce the Corporation's environmental footprint, enhancing the diversity of the organization, deepening our employee's engagement and development, and increasing transparency in our supply chain, having a positive impact on the communities in which the Corporation operates, and operating with a strong culture of compliance. The Corporation recognizes that there is not a one-size-fits-all approach to corporate sustainability; rather, the Corporation strives to employ best practices and evaluate sustainability, including ESG, factors in our decision-making. To achieve this, our Sustainability Committee is required to upkeep knowledge of external sustainability and ESG factors and trends, as well as regulations influencing the Corporation.

The following topics are considered areas of focus for the Corporation. Sustainability aspects continuously evolve; therefore, the list below is subject to change.

Environmental Stewardship:

- Energy Management
- Climate change risk
- Ecological conservation
- Recycling and waste management
- Water management
- Sustainable consumption of resources

Social Impact:

- Customer Experience
- Access and affordability
- Responsible selling practices
- Customer privacy
- Community engagement
- Diversity, Equity and Inclusion
- Human Rights
- Training and Development
- Health and safety

Economic Resilience:

- Governance of sustainability aspects
- Board Composition, accountability and executive compensation
- Business ethics and compliance
- Government relations and partnerships
- Cybersecurity
- Systemic risk management and business continuity
- Vendor management
- Incorporation of ESG in credit analysis

IV. Environmental Commitments

Environmental and climate-related commitments encompass the actions and initiatives taken by the Corporation to mitigate our environmental impact, conserve natural resources, promote sustainable practices, and raise environmental awareness. We are committed to incorporating eco-friendly practices into daily operations, such as water conservation, sustainable procurement, and energy-saving design to minimize environmental harm and optimize resource use. As it relates to waste management, we are committed to adopting waste reduction, recycling, and composting programs to minimize waste generation, promote circular economy principles, and divert waste from landfills. With respect to environmental awareness, our focus is on partnering with employees and communities regarding environmental issues, sustainable practices, and the importance of conservation through awareness campaigns, workshops, and volunteering initiatives.

V. Social Responsibility

Social responsibility focuses on the organization's commitment to ethical behavior, stakeholder engagement, creating positive social impact, human rights, and ensuring data protection and security of our customers' confidential information.

We are committed to prioritizing employee health, safety, and well-being by providing a supportive work environment, promoting work-life balance, paying a competitive wage and investing in employee development, training and wellness programs. As it relates to community investment, we are committed to engaging with and investing in local communities through philanthropy, volunteerism, and partnerships to address social issues, support community development, and enhance quality of life.

The Corporation strives to uphold high ethical standards and promote transparency, integrity, and accountability in all business practices, including governance, supply chain management, and customer relations, to build trust and foster long-term relationships with stakeholders.

With respect to our customers, we are committed to implementing robust leading data protection standards and practices to safeguard the privacy and security of personal and sensitive information, complying with relevant data privacy laws and regulations, and maintaining transparency and trust with customers regarding data handling and processing.

We adhere to internationally recognized human rights principles in both our operations and supply chain, including the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. We are committed to prohibiting the use of child labor and forced labor and ensuring fair labor practices, diversity, inclusion, and non-discrimination in all aspects of our business and supply chain. Please refer to **Exhibit A – Human Rights Statement**.

VI. Economic Sustainability

Economic sustainability focuses on achieving long-term financial stability, growth, and prosperity, while balancing environmental and social considerations.

- **Responsible Banking:** Implementing responsible lending and sales practices, managing financial risks, and adhering to regulatory requirements and industry standards to support economic growth, stability and resilience.
- **Financial Inclusion:** Expanding access to affordable and accessible financial services, products, and education to underserved communities, while promoting economic empowerment, inclusion, and resilience.
- **Sustainable financing:** Evaluating sustainability criteria in our credit lending process and implementing additional approval requirements for loans in the oil and gas industry, gun shops, and agribusiness sectors, among others, to promote sustainable lending practices and mitigate environmental risks.

VII. Stakeholder Engagement

We recognize that our commitment to managing sustainability risks and opportunities is essential to long-term value creation for our stockholders, employees, customers, communities, and other stakeholders. To that end, the Corporation integrates sustainability, including ESG, into our activities, focusing on certain aspects among the different stakeholders as detailed below.

A. Employees

- Respect for diversity, and non-discrimination because of gender, race, age, sexual orientation, or any other condition.
- Promotion of employment stability, a competitive wage, work flexibility and work-life balance, as well as a safe and healthy workplace for employees.
- Encourage equal opportunities among its employees, aspiring to have a balanced representation between men and women in all functions and responsibilities.
- Ensure employees behave in accordance with certain ethical and responsible conduct principles and rules in accordance with our Code of Ethical Conduct.
- Promote programs to make employees aware of social and environmental issues, including measures for good environmental management practices, social and environmental risks, and business opportunities.
- Encourage corporate volunteering to help the communities we serve prosper and increase our employees' pride in belonging to the Corporation.

B. Customers

- Offer products and services that are accessible to our customers and provide them with accurate, sufficient, and appropriate information.
- Monitor exceptional situations or settings that may influence certain customers to offer them alternative solutions, in particular, among those groups in a situation of vulnerability or risk of social exclusion.
- Consider ethical, social, and environmental matters and financial and risk criteria pursuant to this Sustainability Policy.
- Prevent and avoid the funding of illegal activity in compliance with the Anti-Money Laundering by taking any additional measures deemed necessary.
- Promote specialized financial education with the objective of providing information to current and potential clients about products and financial services, as well as the expertise needed for decision-making.
- Protect customer privacy and personal information by instilling proper security safeguards and data protection standards.
- Collect and process user data that is limited to the stated purpose and notify clients in a timely manner in case of policy changes or data breach.

C. Shareholders

- Offer thorough, clear, and accurate information to all shareholders through various communication channels annually.
- Listen and incorporate advice and recommendations about sustainability and ESG trends and disclosures.
- Include sustainability information and metrics in our annual financial disclosures and incorporate updates, where relevant, in shareholder communication.
- Engage rating agencies that evaluate and rate the Corporation's performance on ESG matters.

D. Suppliers and Vendors

- Ensure suppliers, consultants, and independent contractors conduct their business ethically, responsibly, in full compliance with the law, and as detailed in the Corporation's Service Provider Code of Conduct, which service providers are required to acknowledge.
- Identify, prioritize, monitor, and control vendor risks that may impact the Corporation as further detailed in our Vendor Management Policy Manual.
- Procure materials for the Corporation's real estate portfolio that have ESG benefits, such as upcycled furniture, recyclable utensils and energy efficient appliances and lighting.

E. Communities

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- Improve the social and economic well-being of our communities, including the continuation of sponsorships and collaborative projects directly impact economic development, entrepreneurship, social services, education, health, affordable housing, and environmental conservation.
 - Support community development through the Corporation’s Community Reinvestment Donation (CRA) Program, including progress towards our established lending goals, investment goals, donations budget, and CRA activities goals defined for each region we operate in.
 - Provide relief for our communities experiencing natural disasters and other events impacting the geographical regions in which we operate through charitable donations, employee volunteering, CRA Program initiatives, and other efforts from the Corporation.
 - Engage with the communities to create sustainability and environmental awareness.
 - Foster volunteer opportunities for employees and create a company culture focused on giving and empathy.

VIII. Training

The Corporation is committed to fostering a culture that supports sustainability matters, including environmental, social and governance aspects. As part of this commitment, we provide a comprehensive range of training and development opportunities, which include face-to-face, online, and virtual training and/or workshops. These initiatives cover a wide array of topics, all designed to support and enhance our sustainability framework. Through these efforts, we aim to equip our team with the knowledge and skills necessary to drive our sustainability goals. For instance, every employee, upon onboarding and annually thereafter, receives training in the Corporation’s Code of Ethical Conduct. Additionally, all employees participate in annual cybersecurity trainings. We also offer online training on diversity and unconscious bias for interested employees. Furthermore, hiring managers undergo training on sexual harassment, recruitment processes, and best practices to ensure fair competition, among other topics.

IX. Monitoring and Reporting

We strive to advance the principles outlined in this Sustainability Policy and continue to mitigate and manage relevant sustainability, and ESG-related risks, including the implementation of monitoring and due diligence protocols to ensure progress and adherence to our values. The Corporation is committed to issuing a Corporate Sustainability Report on an annual basis, which aligns to leading standards and frameworks, including, but not limited to the Sustainability Accounting Standard Board, and the United Nations Sustainable Development Goals. We are committed to updating the Sustainability Policy periodically, but in no event less than every two (2) years, to reflect current commitments and relevant practices at the Corporation. The Sustainability Policy has been reviewed and approved by our management team and the Board.



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	<u>Exhibit A – Human Rights Statement</u>
	Revised: 05/2024

Human Rights Statement

As a banking institution, we are committed to upholding the fundamental human rights of all individuals and groups that we interact with, both within our organization and in the communities we serve. We believe that respecting human rights is not only the right thing to do, but essential for our community and environment. We have a responsibility to provide decent work for all. The Corporation does not engage in, support, or tolerate any form of forced labor in any of its operations or businesses. We are committed to upholding the right of every individual to work freely and voluntarily, and we will not condone any practices that restrict an individual’s freedom to choose their employment or work conditions. The Corporation also recognizes that children are particularly vulnerable to exploitation, and we will not engage in, support, or tolerate any form of child labor in our operations.

We recognize that human rights are integral to our sustainable development and responsible business practices. The Corporation is committed to promoting and protecting human rights, and we will not engage in any practices that violate the rights of our employees or those of our suppliers, partners or clients.