

# Sustainability Report 2023

*Virtue in Banking*





**“We believe banks can play a crucial role towards sustainable development, doing business in a way that aligns long-term business strategies with caring for people and the environment”**

*Dimas Alberto Palmar, CEO, Areti Bank*





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# 1. Introduction to Areti Bank

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# Our First Sustainability Report

Areti is excited to share our first sustainability report, incorporating our operations and initiatives for 2023.

This report will serve as the basis for our future sustainability strategy and reporting goals. Our purpose-led business, strives to put the needs of people and the planet at the heart of everything we do. This includes our colleagues, customers, suppliers, communities and shareholders. In order to do this, we operate as a team, building a bank that is safe, simple, and smart, helping all of our stakeholders to thrive.

At Areti, we believe how we behave towards others determines whether people want to do business with us, work for us, and welcome us as part of their community. We recognize the crucial importance of stakeholder engagement, and welcome any questions or feedback on our report.



# What is Areti?

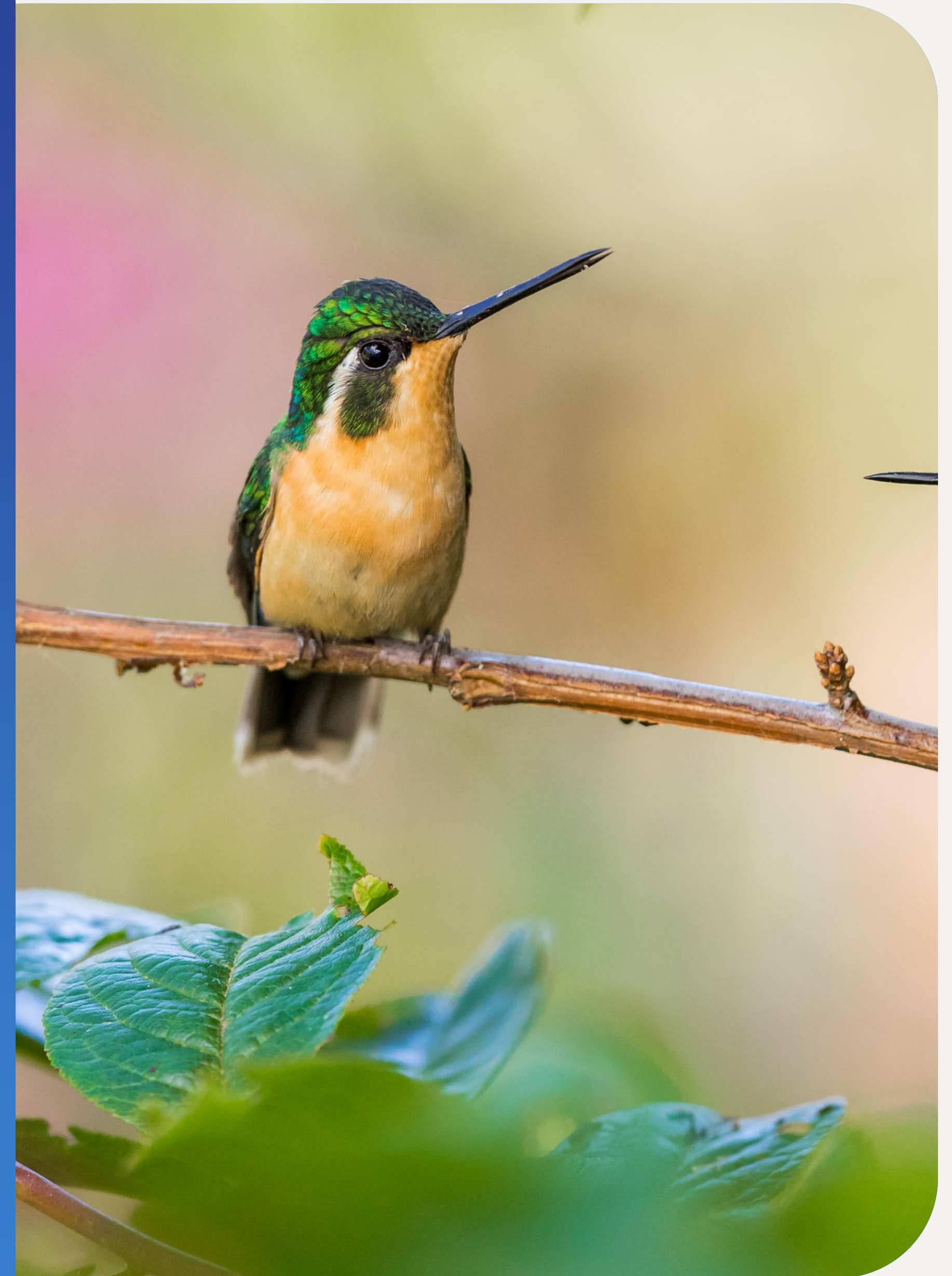
Being **accessible** is our key to building strong and trusting relationships with our customers and employees. We are a team of people who make the world a better place.

We assume the commitment and **responsibility** to generate a positive impact on society and the environment, through the execution of our sustainable action programs.

We are guided by the highest moral and **ethical** standards. We do what is right and what is best for our customers, society, and the environment.

We establish **transparent** relationships to strengthen trust with our clients and related parties. We believe that when our customers trust us with their money, they should know what we do with it.

The culture of **innovation** and continuous improvement is in our DNA. We constantly work to satisfy the banking needs of our clients, in an agile and creative way.



# Who We Are

Areti Bank is a pioneer in sustainable banking.

By aligning the values of their customers with what the world needs most today (clean energy, organic food and farming, environmental technology, sustainable building, ecotourism, sustainable transportation, education, healthcare, art and culture), Areti Bank invests your money in meaningful organizations to lead environmental and social change.

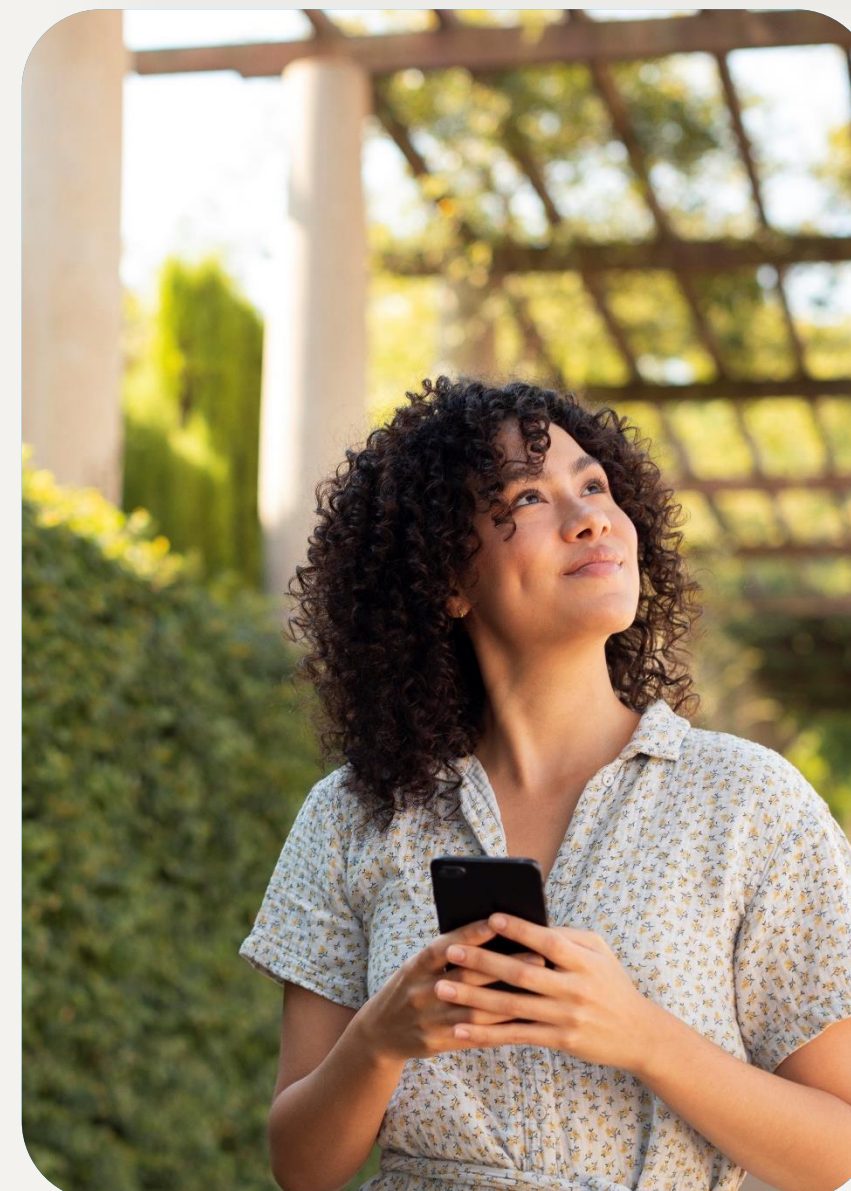
- Joined Partnership for Carbon Accounting Financials
- Attained Fossil Free Certification
- Joined UNEP FI and UN Global Compact
- Joined Race to Zero



**100%  
Digital**



**100%  
Sustainable**



**100% More  
Humane**



# What We Believe



## Our Mission

Is to create a positive impact on people and the environment through our products and services.



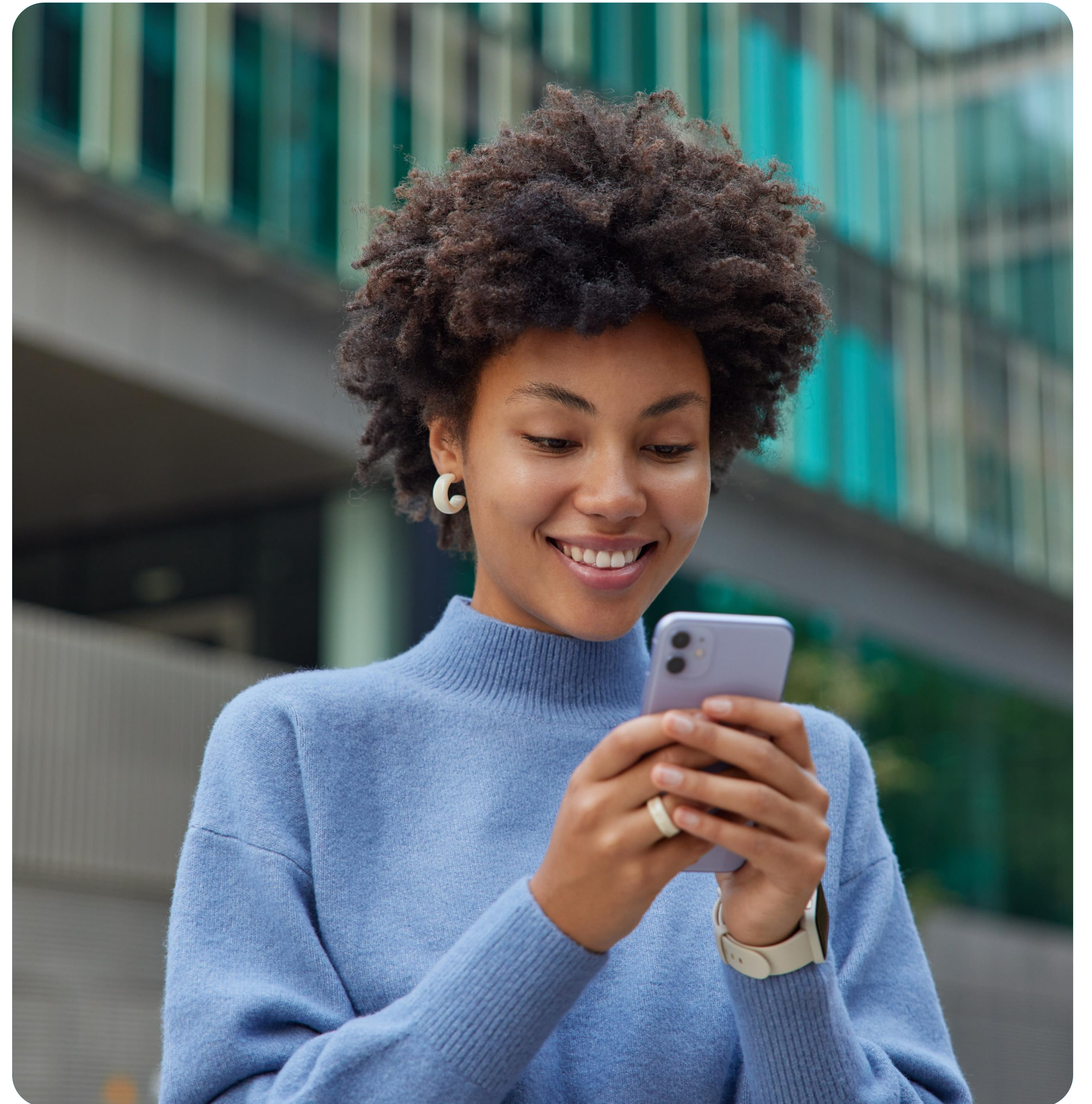
## Our Vision

Is to be the global reference for a new way of banking.



## Our Goal

Is to encourage sustainable banking through conscious and responsible money use, providing financial products and services that create a positive contribution to sustainable development.





# Four Business Pillars



## Sustainable Energy

As a bank, we have the potential and responsibility to ensure that financial flows are directed towards a sustainable energy transition. At Areti, we only invest in Renewable sources of energy.



## Cleaner Production

Sustainable Supply chains, are an essential part of clean production. All our investments are aligned with cleaner production principles under the Principles for Responsible Bank framework from the United Nations Environmental Programme.



## Green consumerism

We believe that individual consumption plays a key role into the mission of halting climate change. Hence, we take pride on our green consumerism practices.

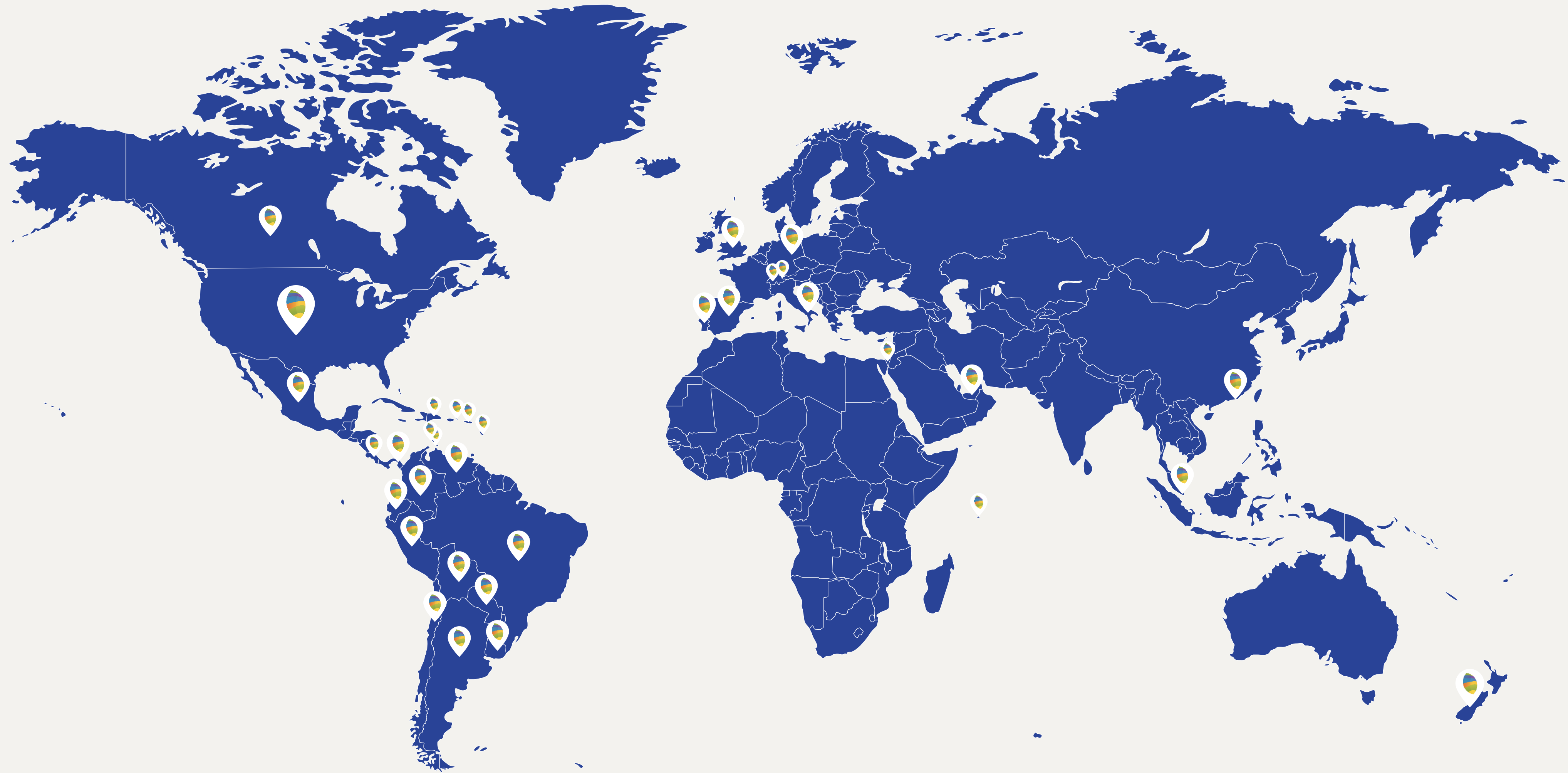


## Wellbeing

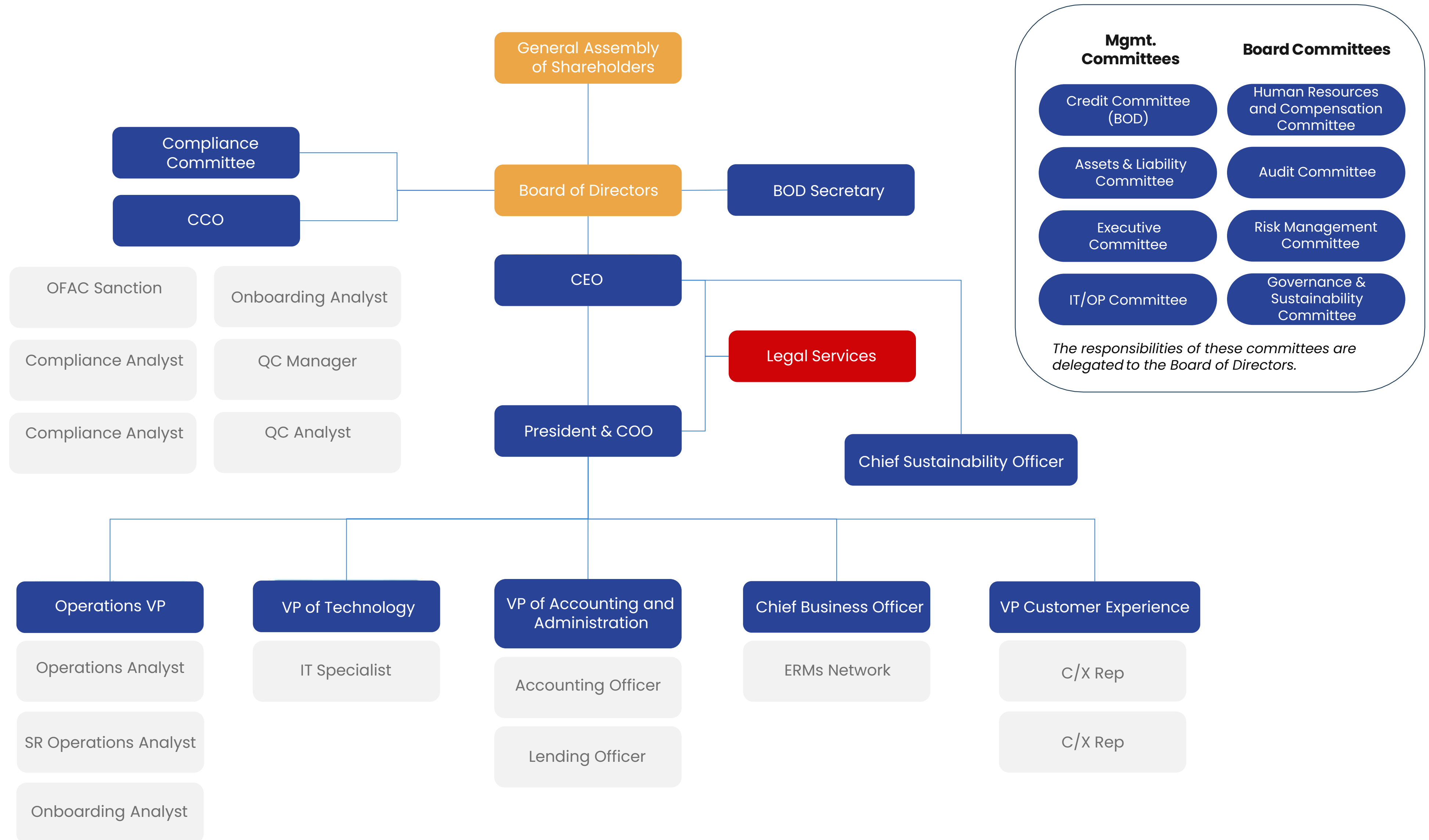
We believe that a sustainable and equitable world requires addressing social and economic disparities alongside environmental concerns. We want to promote fair opportunities and improve the quality of life for all individuals and communities.



# A Global Bank



# Our Structure



# 2. Leadership

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# Letter from the CEO

*Our name means virtue, and this principle governs all our actions as a bank.*



**Dimas Palmar**

*CEO of Areti Bank*

In this report, I am pleased to share our commitment to sustainability and our efforts to create a more sustainable world through sustainable banking practices. At Areti Bank, we are guided by the highest moral standards, and our principles are rooted in virtue. *As a responsible bank, we are committed to addressing the planet's challenges today, particularly the climate crisis.* Climate change is a global issue that requires immediate attention, and financial institutions have a critical role in mitigating its impact.

To this end, we have set ambitious sustainability goals to guide our efforts to create a more sustainable world. We have prepared our first sustainability report to assimilate and understand where the industry is and how to adapt it to the Areti model. *Our goal is to become a bank of impact, not just an ESG bank. We want to create an effect that is both measurable and meaningful.*

To achieve this, we have established key performance indicators (KPIs) to measure our progress toward sustainability, including our financial performance. Transparency is critical to achieving our sustainability goals, and we want our customers to know where their investment money is going. During the year 2023, 28% of our investment portfolio was allocated into Green Bonds, Sustainable Linked Bonds, Sustainability Bonds and we plan to also incorporate Social Bonds for the year 2024.

As part of our commitment to transparency, we will ensure that our metrics are accurate and transparent. Our sustainability committee will have more power than our board risk, credits, and debits. We understand that sustainability is not just about making pledges but about taking action, and we are committed to doing just that. We are committed to engaging with all our stakeholders, including employees, customers, suppliers, and local communities.

By working together, we can achieve more. We encourage our employees to incorporate sustainability into their work and engage with our customers to ensure our actions align with their values.

At Areti Bank, we are committed to creating a more sustainable world through sustainable banking practices. We understand that we are responsible for addressing the challenges that the planet faces today, and we are determined to do our part. We believe where you bank matters, and no investment is too big or small to be part of the change. We invite you to join us in creating a more sustainable world for the future generations that come after us.

# 3. Our Partnerships and Impact

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# Partnerships



To comply with our mission, Areti Bank works hand in hand with diverse organizations to make our impact even bigger.



## PCAF

We have recently committed to the Partnership for Carbon Accounting Financials (PCAF), joining a pioneering effort in the financial sector to measure and disclose the carbon footprint of our lending and investment portfolios. This initiative involves categorizing emissions into Scope 1 (direct emissions from our owned sources like buildings and vehicles), Scope 2 (indirect emissions from purchased electricity, heat, or steam), and Scope 3 (indirect emissions from our value chain, including financed activities). By adhering to PCAF guidelines, we aim to enhance transparency, manage our environmental impact, and support a low-carbon economy, demonstrating our commitment to sustainability and responsible finance.



## UNEP FI

We are proud to deepen our engagement with the United Nations Environment Programme Finance Initiative (UNEP FI), a leading platform for mobilizing the financial sector towards sustainability. As part of this commitment, we endorse the Principles for Responsible Banking (PRB), participate in UNEP FI initiatives, and have signed the Financial Health and Inclusion Commitment to promote global financial inclusion and resilience. Additionally, we collaborate with UNEP FI and fellow PRB signatories to develop guidelines for setting ambitious targets in areas like Adaptation, Just Transition, and Biodiversity. This collaboration underscores our commitment to sustainable finance and responsible banking, aligning our operations with global sustainability goals.

[Please click here to read our UNEP FI Report](#)



## UN Global Compact

We are thrilled to announce our partnership with the United Nations Global Compact, the world's largest corporate sustainability initiative, reinforcing our commitment to the Sustainable Development Goals (SDGs) and the Ten Principles covering human rights, labor, environment, and anti-corruption. As part of this collaboration, we are fostering a culture of sustainability within our organization by offering employees educational webinars on crucial topics like human rights and environmental stewardship. This partnership strengthens our dedication to responsible business practices and contributes to the global effort for a more inclusive, equitable, and sustainable world.

# Partnerships



*To comply with our mission, Areti Bank works hand in hand with diverse organizations to make our impact even bigger.*



## **PBAF**

We are actively engaged with the Partnership for Biodiversity Accounting Financials (PBAF), demonstrating our commitment to integrating biodiversity considerations into the financial sector. Through collaboration with PBAF and member banks, we are exploring nature-based solutions that enhance environmental sustainability, integrate biodiversity into our decision-making and investment strategies, and address our dependencies on nature. This engagement reflects our dedication to minimizing environmental impacts, promoting biodiversity conservation, and fostering long-term ecosystem resilience, contributing to a more sustainable future for all.



## **Race to Zero**

We are pleased to announce our partnership with the Net-Zero Banking Alliance, a global coalition committed to achieving net-zero greenhouse gas emissions by 2050. Through this alliance, we are dedicated to accelerating the transition to a low-carbon economy and have committed to establishing climate targets by the end of 2024. These targets will guide us in reducing our carbon footprint across our lending and investment activities, aligning with the Paris Agreement goals to limit global warming. With support from the Net-Zero Banking Alliance and stakeholder engagement, we are developing science-based and ambitious targets that underscore our commitment to sustainability and accountability. This partnership positions us as leaders in sustainable finance, contributing to a resilient and sustainable future.



## **Fossil Free Certification**

Areti Bank has made a Fossil Free Commitment with the Bank Green Organization, 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.



# Environmental Impact

## Actions:

Our commitment to sustainability recognizes that Areti Bank has a critical role to play in generating environmental and social positive impacts associated with our own operations and with our clients' activities.

At Areti, we believe that we can collaborate to create a better world. One of our first actions in order to do so was to create a program designed to create a positive impact in Puerto Rico, where we are incorporated.



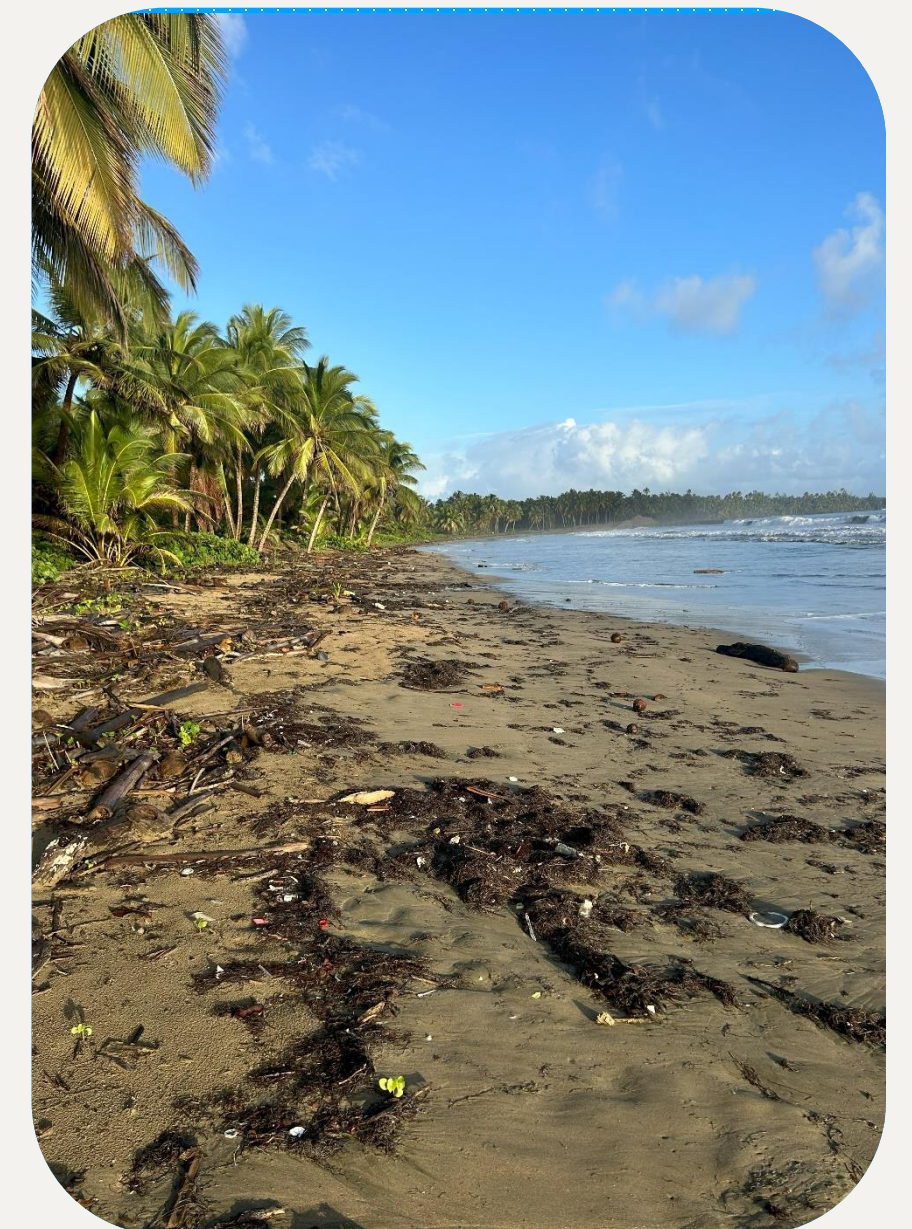
## Areti Bank's Positive Impact Program for Puerto Rico (PIPPR)

This program aims to foster sustainable development and community well-being in Puerto Rico by addressing social and environmental challenges. The program involves the following key components:

- **Assessment and Stakeholder Engagement:** Conducting a thorough assessment of community needs and collaborating with local stakeholders to identify priorities.
- **Focus Areas for Positive Impact:** Identifying key areas where the bank can make a positive difference, such as renewable energy, financial literacy, education, climate resilience, and sustainable agriculture.
- **Strategic Partnerships:** Forming partnerships with local organizations and experts to maximize impact.
- **Funding and Grants:** Establishing a dedicated fund to support projects aligned with program objectives.
- **Capacity Building and Technical Assistance:** Providing training and support to local organizations and entrepreneurs.
- **Employee Volunteering:** Encouraging bank employees to volunteer their time and skills to support community projects.
- **Impact Measurement and Reporting:** Developing a framework to measure and report on program outcomes.
- **Public Awareness and Education:** Launching campaigns to raise awareness about sustainable practices and social issues.
- **Communication and Awareness:** Developing communication platforms to engage stakeholders and share program achievements.

The program aims to achieve several benefits, including improved quality of life for communities, preserved natural environment, enhanced economic resilience, strengthened relationships with stakeholders, and alignment with the bank's vision and goals for sustainability and economic growth in Puerto Rico.

Following this, we participated in our first program action on October 2023, named: **Waste Management and Collection Workshop: Empowering the Community and Students for a Sustainable Future**. To see our Impact report on this action please [click here](#).



# Social Impact

We are Committed to respecting internationally recognized human rights around the world and across our value chain. We are guided by standards such as those in the United Nations Guiding Principles on Business and Human Rights, the United Nations Universal Declaration of Human Rights, and the International Labour Organization's (ILO) Core Conventions.



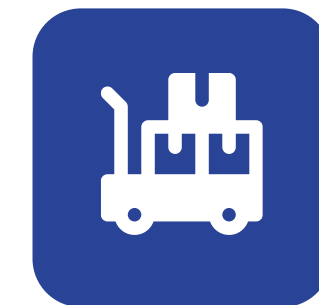
## Inclusivity

Treat each other with respect and dignity. Maintain a work environment that is free from harassment, unlawful discrimination or retaliation.



## Anti-Slavery

Prohibit direct financing for activities that are likely to involve human trafficking, modern slavery, the use of child labor, forced labor, or physical punishment. [See More.](#)



## Supplier Responsibility

Do business only with third parties that have adequate policies and procedures in place to mitigate these risks in their own operations and supply chains. [See more.](#)



## Align Impacts

We do business only with clients and suppliers who share our values with respect to human rights and use our business relationships to share best practices. [See more.](#)



# Upwards & Onwards

**Areti Bank** is looking forward to growing and evolving on our reporting journey. Our intention is to continue to report to with a doble materiality standard and set targets for our sustainability development goals.

**Until the 2024 Report,  
Areti Bank team**

