Reporting and Self-Assessment Template

Principles for Responsible Banking

Reviewed version (V2) from September 2022
Reporting and Self-Assessment Template

The following template sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking (PRB). Your bank discloses which actions it has undertaken to implement the PRB by self-assessing its progress on each of the 6 Principles. This template is therefore structured in accordance with the 6 Principles that signatories have committed to.

Three Key Steps are critical to showing that your bank is fulfilling its commitments as a signatory of the PRB, i.e. Impact Analysis, Target Setting & Implementation and Assured Reporting/Accountability. The sections in the Reporting and Self-Assessment Template that relate to the 3 Key Steps also require a self-assessment summary to demonstrate the extent to which the bank has fulfilled the respective requirements of the Key Steps.

Accommodating different starting points

Your bank has an initial four-year period from signing to implement the 6 Principles including to bring its reporting fully in line with the requirements. Your bank may not be able to provide all information required in this template in the first report. You should build on your implementation progress annually. Feedback, support, capacity building, training and peer learning are available to all signatory banks to help them progress with both implementation and reporting.

Timeline for reporting and assurance

Signatory banks need to report on their implementation of the Principles on an annual basis. The first PRB report has to be published within 18 months of signing the Principles, to give the bank some flexibility to align the PRB reporting with its reporting cycle. Publishing the first PRB report at any point earlier than 18 months after signing the Principles is therefore an option. After the first PRB reporting has been published, subsequent reports have to be published annually thereafter, i.e. within 12 months at the latest after the prior report1.

Assurance

The last report within the initial 4 year implementation period (and subsequent reports thereafter) needs to be assured, which means that at least the third PRB report needs to be assured. Banks are encouraged to put the assurance process in place well before that and have earlier PRB reports already assured.

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1 Early reporting is permitted, although sufficient time to show progress from one year to the other should be taken into account.
All items that relate to the three Key Steps (highlighted in yellow) require limited assurance by year four of signing the PRB, undertaken by an independent third party with relevant expertise in the field. These are:

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

An assurer provides limited assurance of your self-assessment in these listed areas. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted. Assurance requirements are described in more detail in the Guidance for Assurance providers: Providing limited assurance for reporting.

**Purpose of the template**

The purpose of this template is to assist signatories in disclosing their progress on implementing the PRB. The disclosed information is used by the UNEP FI Secretariat as the basis for the individual review of each bank’s progress, as well as for reporting the collective progress made by the PRB Signatory Group. To measure collective progress in a consistent manner, some standardized questions to be completed by the banks are integrated into the template. The open questions give banks the flexibility to disclose the progress they make, considering the diverse business models and various contextual differences in which banks operate.
How to use this template

This template gives banks the chance to provide summaries of the annual progress made in implementing each Principle. It is designed for your bank to provide references/links to where in your existing reporting/public domains (websites) the required information can be found to support your answers. The aim is to keep any additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6. When referring to other documents, please specify the pages where the exact information appears.

The Reporting and Self-Assessment Template shall not be amended structurally and content-wise. The content and text of the template can be applied to corporate layout and designed accordingly, without omitting parts of the texts. The Reporting and Self-Assessment Template can be integrated into your bank’s reports (annual report, sustainability report or relevant reporting formats) or can be published as a stand-alone document. It needs to be publicly available and will be listed on the UNEP FI Signatories page.

The reporting needs to be published in English. Information that is referenced to within the Reporting and Self-Assessment Template should also be available in English. Where that is not possible, it is recommended to include the summary of relevant information as text in the Template, so that all necessary information can be taken into account when the UNEP FI Secretariat reviews the bank’s performance.
The responses provided in this report were extracted from Grupo CS’s 2022 GRI report prepared by the Grupo CS Commercial Department with the assistance and verification of Valora Consultores. The information given below focuses on the results and progress of CS Ahorro y Crédito, a Grupo CS subsidiary.

For more information, the full report can be downloaded at the following link: Reporte Anual GRI | Grupo CS

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**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.

**Response**

CS Ahorro y Crédito is the cooperative subsidiary of Grupo CS that provides the financial services of savings and loans, assistance, insurance, and payment methods through a triple wellbeing model - economic, social, and environmental - aimed at fostering economic, social, and environmental wellbeing for all its interest groups, the environment, the society, and the country’s sustainable development.

CS Ahorro y Crédito, formerly Coopeservidores, is a cooperative with 65 years in the Costa Rican market. It offers innovative and integrated solutions through speedy, personalized advisory focusing on the financial education and health of its 127,697 members.

The organization’s portfolio is comprised by 59.5% men, 40.4% women, and 0.03% business loans. Most members (91%) are located in the urban area, while 8.8% come from the country’s rural area.

The extensive portfolio of products and services the organization offers its members includes the following business lines:

- Personal loans: loan for the purchase of consumer goods or services....
• Mortgage loans: loans for buying, building, or remodeling a property, whether a lot, house, or apartment, the security for which is the property or home
• Productive sector credit: credit for financing merchants and businesses, in addition to investment plans
• Savings solutions: scheduled savings plans
• Payment methods: solutions of debit cards linked to instant access savings accounts and credit cards with complementary benefits for making payments or purchases
• Assistance plans: services provided free of cost or at lower costs that may be included within a policy or as a complement to our aforementioned financial products

With regard to these products and services, the CS Ahorro y Crédito portfolio is concentrated primarily in personal consumer loans (75.78%) followed by housing mortgage loans, which account for 17.70% of the portfolio. Finally, there are second-tier banking collateral loans and productive loans for business members.

The cooperative also finances sectors such as commerce (77%), services (3%), and other activities linked to food manufacturing, tourism, fishing, etc. (20%).

Thanks to its business model and operations, the organization has been able to offer effective solutions through an extensive portfolio of products and services aimed at improving people's quality of life and integral wellbeing and meeting the needs of all its members and their families, using innovation as a primary axis for providing a memorable experience in its 21 branches throughout the country, as well as through its digital channels, complying with its omni-channel strategy: being always and everywhere for its members.

**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: **Net-Zero Banking Alliance**

☑ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: **Collective Commitment to Financial Health & Inclusion**

☐ None of the above

**Response**

CS Ahorro y Crédito has a triple wellbeing strategy (economic, environmental, and social) and therefore makes a great effort to offer products and services tailored to its members’ needs. It also prepares sustainable initiatives and programs that positively impact the sustainable development goals in order to fulfill its commitments.

An example of this is that the Cooperative has remained committed to the Principles for Responsible Banking (PRB) within the framework of the Finance Initiative of the United Nations Environment Programme (UNEP FI) since 2019. This is in line with the UN’s Sustainable Development Goals and the Paris Climate Agreement. Thus, CS Ahorro y Crédito’s material themes and the goals of its sustainable business strategy are in line with the Sustainable Development Goals and Climate Action targets in order to contribute to meeting the 2030 Agenda.

With regard to the financial health impact, in 2021, CS Ahorro y Crédito included in its strategic plan a health and financial inclusion pillar, which comprises actions favoring access to financial products, services, and education for prioritized groups, including children, youth, the elderly, entrepreneurs, and women in vulnerable economic situations. Furthermore, during 2022, it took actions to achieve the goals it had outlined. For example, as part of its commitment to UNEP FI, the organization participated, together with other prestigious financial institutions, in a working group to define 20 global health and financial inclusion indicators.

In addition, the organization was called to form part of the project “Guidelines for Closing the Financial Gap between Women and Men in Costa Rica” promoted by the National Institute for Women (INAMU) with the technical advisory of the Andean Development Corporation (CAF). The project’s goal was to help INAMU implement in Costa Rica the guidelines and axes for a public policy that promotes women’s financial inclusion.

Moreover, with regard to its impact on emissions, in 2021 the organization joined the Glasgow Financial Alliance for Net Zero (GFANZ). In 2022, CS Ahorro y Crédito marked a regional milestone by becoming the first Costa Rican savings and loan cooperative to sign, set, and publish its targets for decarbonization of its mortgage loan portfolio at 2030 and 2050 as part of the Net Zero Banking Alliance decarbonization commitment.

Additionally, its 2022 GRI annual report shows the organization’s alignment and commitment to the SDGs of no poverty; good health and well-being; quality education; decent work and economic growth; industry, innovation, and infrastructure; reduced inequalities; climate action; peace, justice, and strong institutions; responsible consumption and production; and partnerships for the
goals. The business strategy therefore includes the SDGs in its strategic objectives to reduce the effects of climate change and the gaps in matters of human rights in order to achieve the social, economic, and sustainable development of its stakeholders.

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 regularly\(^2\) and fulfill the following requirements/elements (a-d)\(^3\):

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

Response

Since 2016, CS Ahorro y Crédito has had a social responsibility system in place certified under INTE G35:2012, the essential working basis for which is to mitigate the negative impacts and foster the positive impacts generated by the company on the environment and society.

The Cooperative therefore applies due diligence every two years through a process of impact identification and evaluation in interdisciplinary working groups with employees from different related areas. This exercise is based on the core subjects of social responsibility established in ISO 26000: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development.

Also taken into account are the results of the consultation of priority stakeholders such as corporate bodies, members, customers, business partners, strategic partners, vendors, employees, community, government, and regulatory authorities. Thus, the impacts of all the organization’s processes and significant sectoral trends have been considered in the due diligence exercise for 2021.

\[ \text{\(2\) 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.} \]

\[ \text{\(3\) Further guidance can be found in the Interactive Guidance on impact analysis and target setting.} \]
In addition, the exercise considers the results of the UNEP FI Impact Tool applied in 2021. With these results, an analysis was made of the CS Ahorro y Crédito portfolio, the scope of which was concentrated on personal loans, mortgage loans, working capital loans, and savings accounts; that is, it included all of consumer and private banking and part of business banking, due to second-tier banking transactions. The analysis did not include investment banking and corporate banking, however, since because the organization is a cooperative it cannot have investment and corporate portfolios as part of its line of business due to national regulatory restrictions.

Using the UNEP-FI tool with the Context data, the analysis of these portfolios by scale and intensity of impact gave over-indebtedness as the most relevant result in the consumer banking sector and climate change and financial inclusion and health as the most relevant in the commercial banking sector.

Prioritizing these three significant impacts, in 2021, CS Ahorro y Crédito signed two commitments with UNEP-FI, the Commitment to Net Zero Carbon Emissions in 2050 and the Commitment to Health and Financial Inclusion, for which we have action lines within the organization’s business strategy.

### 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 & industries\(^4\) 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.

**Response**

With regard to the global portfolio composition, at December 31, 2022, most of the members and customers (73.73%) were concentrated in the gross consumer loan portfolio.

Specifically, the portfolio was distributed as follows: 0.15% vehicles, 2.76% credit cards, 21.56% residential housing, 1.20% micro and small enterprise, 0.03% large enterprise or business, and 0.57% SBD development banking.

In addition, 73% of the consumer portfolio, specifically personal loans, mortgage loans, working capital loans, and savings accounts, have been placed in urban areas and a minority of this portfolio (27%) is located in rural areas.

For the productive sectors, 77% of the business banking portfolio is in the commerce sector, 3% is in services, and the remaining 20% is in activities such as food manufacturing, tourism, fishing, etcetera.

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\(^4\) Key sectors’ relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.
### 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? 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.

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<tr>
<td>For proper strategic planning, CS Ahorro y Crédito analyzes the social, environmental, and economic context of its operations in order to take a preventive approach that enables it to maintain a sense of resilience and adaptability to change, thus ensuring the soundness for which the organization has been characterized for more than six decades. As input for the impact analysis, we looked at the country context of the impacts of financial health and inclusion, as well as environmental aspects, focusing on climate change. It should be noted that in 2016, Costa Rica became the first country in the world to sign the National Pact to Advance the Sustainable Development Goals, positioning it as a global frontrunner in sustainability, human rights, and environmental conservation. Costa Rica has thus implemented a solid route for environmental and social protection and is taking different actions to mitigate climate change, promote inclusion, and reduce inequalities. This Pact has been backed by solid commitments that have positioned Costa Rica as a model green country. The country’s sustainable development targets and achievements are therefore in line with the Sustainable Development Goals and actions established under the Kigali Amendment, the Montreal Protocol, the Sendai Framework for Disaster Risk Reduction 2015-2030, the Convention on Biological Diversity, and the United Nations Convention to Combat Desertification. These commitments have driven action plans for reducing black carbon and short-lived climate pollutants and have provided support to fair transition, nature-based solutions, and respect for the cosmovisions and rights of Indigenous peoples and Afro-descendant communities. As a responsible entity aware of the role played by financial institutions in decarbonization and of the importance of public and private partnerships for achieving these country goals, CS Ahorro y Crédito has identified its impact and influence on climate change. This impact is being worked on under the Net Zero Banking Alliance commitment and is a response to the aforementioned needs, applicable environmental law, and environmental commitments for which controls and targets have been outlined through the NDCs (National Determined Contributions), a voluntary environmental commitment the country has made to the international community within the framework of the Paris Agreement.</td>
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The 2020 NDC is the basis for public policies on climate matters that the country plans to implement from 2021 to 2030. The latest NDC update increases Costa Rica’s ambition and commits it to taking actions in line with a steady trajectory towards the global target of limiting the increase in average global temperature to 1.5°C. This also relates to the decarbonization commitments made by the organization and the medium-term 2030 and net zero 2050 commitments.

The 2020 NDC sets forth in general terms the country’s transformation vision: its mitigation and adaptation goals and consideration for just transition and social and climate justice. In addition, it defines the finance sector as one of the main action areas under consideration. Thus, the transformation of this sector centers on the development of a financial sector able to recognize and manage the risks associated with climate change and take actions to deal with it, while at the same time playing an active role in supporting climate action throughout the economic chain.

This also responds to the 2020-2050 Productive Territorial Strategy for an Inclusive and Decarbonized Economy, which establishes Costa Rica’s roadmap for achieving a “3 D” economy - that is, one that is decarbonized, digitalized, and decentralized. This last goal promotes a context based on financial health and inclusion, from specialized education to the creation of financial products that can strengthen the productive potentialities of the country’s different territories and population groups.

In light of this, Costa Rica has begun to promote financial inclusion, initially with the 2019 National Strategy for Financial Education, the product of a national decree that establishes the topic as one of priority public interest, which has encouraged partnerships between public and private organizations, including CS Ahorro y Crédito, to promote knowledge and information on the financial system and financial products with an eye to strengthening the financial health of Costa Ricans.

The country has a major regulatory lag in financial inclusion matters, however, due to the rapid digitalization of financial processes, services, and products and the preexisting exclusion of specific population groups, driven by the lack of financial solutions that meet or adapt to the expectations, needs, and social conditions of the different sectors of the Costa Rican population.

For example, a considerable percentage of Costa Rican are evidently obligated to use financial means outside the financial sector, financial gaps are acknowledged in the access and use of savings and loan services, and several lacunas can be seen in the addressing of inclusion as well as the country’s financial health, despite directives enacted since 2019 for bankization of the population and improved efficiency and financial inclusion nationwide.

In the face of this situation, CS Ahorro y Crédito has undertaken a path to financial inclusion that reaffirms its commitment to the public, thanks to its signing of the Commitment to Health and Financial Inclusion in 2021, in order to contribute to these national initiatives and help close the social
and economic gaps of the most vulnerable and excluded population groups in the banking and financial sector, such as women.

Both the country and the organization recognize the inequalities suffered by women for exercising their economic rights due to discrimination that limits their participation and development, leading to the feminization of poverty and resulting in their reduced access to banking and financial services and products.

Costa Rica has therefore ratified a series of international instruments that seek to overcome the economic exclusion of women and promote policies and projects aimed at their financial inclusion, as established in the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the World Conference on Women and the Beijing Declaration and Platform for Action, the Montevideo Strategy, and the Sustainable Development Goals.

For its part, CS Ahorro y Crédito has joined efforts with the National Institute for Women and local governments to kick off a project for the financial inclusion of women. In order to determine the most pertinent and integrated actions for promoting financial health, the organization has also started to build and apply an instrument to measure the current financial health of its members.

Thus, and as follow-up on the already established net zero goals, the Cooperative based itself on a context analysis to contribute beyond its internal objectives and generate impact on the society and environment.

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)6? Please disclose.

Response

Taking the country context and the composition of its loan portfolio as a basis, CS Ahorro y Crédito determined that the impacts to be prioritized for addressing through objectives and actions are financial inclusion, climate change, and over-indebtedness.

To address the climate change impact, the Cooperative defined two objectives in its strategy to reduce greenhouse gas emissions, one at the level of its operations and the other for the loan portfolio.

To reduce the organization’s carbon footprint from direct and indirect energy emissions, the Cooperative replaced its air conditioning equipment with more efficient equipment.

Since 2019, it has also been working on migration to renewable energy through the installation of solar panels at its own sites and at leased sites, where it incentivizes the owners of the facilities to opt for the placement

6 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.
of solar panels, thereby provoking a cascade effect in the organization’s value chain. As part of the added value for the owners of these locales, the Cooperative offers them the benefits of the Crédito Verde (Green Credit), an integrated financial solution aimed at meeting the environmental needs of the public and businesses.

In order to reduce emissions in the value chain and encourage sustainable practices, since 2019 the organization has had in place a program called “Simbiosis”, the purpose of which is to train its vendors and customers to reduce their ESG (environmental, social, and corporate governance) impacts. Thanks to the successful results of this program, in 2022 the organization received the Social Responsibility in Action award of the American-Costa Rican Chamber of Commerce (AmCham) in the value chain category.

Finally, to address the impact of over-indebtedness and financial inclusion, in 2022 the Cooperative worked primarily on defining a strategy for complying with the Commitment to Health and Financial Inclusion and setting action goals, since the goals had not been defined.

Despite this, it continued to contribute to the financial education strategy and implemented actions to help deal with and prevent over-indebtedness and build financial health through synergies and joint efforts with the Ministry of Economy, Industry, and Commerce (MEIC), thanks to the creation of free financial education webinars that addressed topics of interest such as smart year-end shopping, proper credit card use, taking advantage of financial products, and mid-year vacation discounts. These spaces targeted the general public and were intended to mitigate people’s over-indebtedness.

In addition, the organization developed on-site and virtual financial education workshops and fairs, financial coaching for members in critical economic situations, and a financial education podcast and informative video capsules open to the public and available on the e-learning platform Saber es Crece (“Knowing is Growing”), launched in March 2023.

Likewise, to mitigate public over-indebtedness and build better consumer habits, in 2022 the organization invested in the development of an instrument that will help Grupo CS learn and regularly measure the level of maturity of its education and financial inclusion programs through two main objectives: knowledge and impact.

The instrument was developed with the technical assistance of the Central American Institute of Administration of Companies (INCAE) and a CS Ahorro y Crédito interdisciplinary team. The OECD, PISA, and the U.S. Consumer Financial Protection Bureau were also used as international references for adapting the instrument and measuring the behavior, attitudes, and knowledge of the organization’s social base.

This measurement instrument enables us to obtain:

1. An individualized financial education score (with points from 0 to 100);
2. A evaluation of members before and after joining CS Ahorro y Crédito;
3. The strong points and areas of opportunity of CS Ahorro y Crédito’s financial education;
4. Better knowledge of members’ needs; and
5. The financial education maturity trends of our members in order to define strategies.

The tool was implemented in January 2023 to generate greater participation among the membership base.

The organization thus prioritizes actions to contribute to the social and environmental axis while improving people’s quality of life through the prevention and mitigation of over-indebtedness among the population and its stakeholders and addressing the main impacts identified using the Impact Tool and due diligence by aligning its social and environmental initiatives and programs internally, leading to greater progress on compliance with its commitments.

\[ d \] 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 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.

**Response**

With respect to the sectors and industries with stronger impact, CS Ahorro y Crédito has centered its operational actions and analysis and performance indicators primarily on its mortgage and consumer loan portfolio, since this is where its environmental and social impacts are concentrated.

For the climate change impact, in 2022 the organization analyzed its loan portfolio based on the criteria of data access, percentage of portfolio, and available emissions quantification methodology in order to set targets for its different products (mortgage loans, personal loans, and working capital loans).

According to the aforementioned criteria, the portfolio with the highest percentage is that of personal loans, but a standardized methodology still does not exist for this product. The portfolio with the next highest percentage is that of mortgage loans, for which there is a methodology

**Links and references**

- **Compromiso con la eficiencia energética y reducción de emisiones**: Pages 134 to 138
- **Enfoque Ambiental**: Page 147
- **Productos que fomentan la inclusión financiera**: Page 80
and quality data. For this reason, we decided to prioritize the targets for this product.

With respect to working capital loans, at present data quality poses a challenge, so due to the Costa Rican context and the segment served by CS Ahorro y Crédito, the organization does not finance gasoline, gas, or coal.

Additionally, considering that the largest percentage of customers with this product are services, the organization decided to work in 2023 on data quality and the challenges of data access for initiating in the second phase with the definition of a baseline and targets for the working capital product.

Taking the above as a basis, the climate change impact is measured based on the A.1.1 to A.3.2 indicators in the Annex and the strategic indicators of quantity of reduced CO2 equivalent tonnes and the amount placed in sustainable financial solutions. In addition, the organization expects to develop the impact indicators in 2023, since the Net Zero Banking Alliance decarbonization targets were published in 2022, making CS Ahorro y Crédito the first financial cooperative in Costa Rica to define them; for this reason, the organization is still in the process of compiling the first results.

In addition, the organization is in the process of defining the indicators for measuring financial health and inclusion. It has made headway on this commitment, though, so the preliminary indicators of financial health are given in Annex sections B.1.1 to B.2.2 and those of financial inclusion are given in sections C.1.1 to C.3.3. These complement the indicators of the financial inclusion pilot project (percentage of people trained and percentage of people who have achieved a score of more than 80 in the project) and the indicators of the organization’s tactical objectives such as operations of prioritized sectors (women) with access to financial products and services as a percentage of all operations in the portfolio. Given the preliminary nature of these indicators, those referring to impact are also under development.
**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?\(^7\)

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<th>Component</th>
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<th>In progress</th>
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<td>Scope</td>
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<td>Portfolio composition</td>
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Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

**Response**

*Climate change mitigation and financial health & inclusion*

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

- ☒ Up to 12 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:

*optional*

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\(^7\) 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.
2.2 Target Setting (Key Step 2)
Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) **Alignment:** which international, regional or national policy frameworks to align your bank’s portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

**Response**

In line with the significant climate change, over-indebtedness, and financial inclusion impacts, CS Ahorro y Crédito has signed and worked with different strategies linked to the Net Zero Banking Alliance Commitment and Financial Health and Inclusion Commitment of the U.N Finance Initiative.

In 2021, CS Ahorro y Crédito became the first Latin American cooperative to sign the United Nations Net Zero Banking Alliance for the purpose of working on its climate change impact.

Upon signing this commitment, the organization joined 43 international financial institutions that represent more than $28.5 trillion in assets and that also play an essential role in the pursuit of a sustainable future, thanks to their responsibility for the environment and ability to align the greenhouse gas (GHG) emissions from their operations and credit and investment portfolios with the zero emissions route for 2050 or sooner.

For the climate change impact, the organization calculated its mortgage loan baseline using the method of the Partnership for Carbon Accounting Financials (PCAF) standard. It thus marked a milestone in 2023, becoming the first financial institution in Costa Rica to set and publish its medium-term (2030) and long-term (2050) targets for the decarbonization of its mortgage loans, which are specified below:

**Medium-term (2030) targets:**
- Reduce the intensity of financed emissions in the category of indirect emissions from imported energy (scope 2) of the mortgage portfolio by 12.12% from the 2021 baseline.
- Limit the increase of absolute emissions of those financed for scope 2 of the mortgage portfolio to 239 tonCO2e.

**Long-term (2050) targets:**
- Reduce the intensity of financed emissions in the category of indirect emissions from imported energy (scope 2) of the mortgage portfolio by 38% from the 2021 baseline.
- Limit the increase of absolute emissions of those financed for scope 2 of the mortgage portfolio to 715 tonCO2e.

In addition to these achievements in environmental matters, in 2020 CS Ahorro y Crédito also became the country’s first carbon-neutral plus savings and loan and during 2022 it maintained this recognition - the highest award in the country’s Carbon Neutral 2.0 project - for the third year in a row.

As its next step the organization has the goal of including quantification of the emissions of its collateral and working capital loan portfolio. We will likewise revise the quantification of the emissions of personal loans awaiting placement in order to implement sustainable practices in the products that can be replicated throughout their value chain.

Our medium-term (2030) and long-term (2050) goal for operations is to maintain our carbon neutrality with respect to direct and indirect emissions from imported energy (scopes 1 and 2).

In the same way, thanks to the commitment to financial health and inclusion, in 2021 the organization became the first Latin American savings and loan cooperative and the only Costa Rican financial institution to sign the Commitment to Health and Financial Inclusion of the UNEP Finance Initiative (UNEP FI).

Moreover, during 2022 the organization worked together with UNEP FI on defining indicators to provide a baseline so that each financial entity can set its own financial health and inclusion targets and thereby align its business with the Sustainable Development Goals (SDGs).

For the financial inclusion of women, the Costa Rican government has placed the item on the international cooperation agenda approved by the country in matters of economic autonomy, specifically in cooperation with the Development Bank of Latin America (CAF).

As a result of this effort, the National Institute for Women (INAMU), with the support of the First Vice President of Costa Rica, is developing a project for implementing the actions contained in the document “Guidelines for Closing the Financial Gap between Women and Men in Costa Rica” and CS Ahorro y Crédito is one of the three financial institutions that have been chosen to participate in this project through the development of a pilot plan with the technical assistance of the CAF, to be implemented in 2023.

The Cooperative thus seeks to support compliance with the prioritized Sustainable Development Goals as materially defined.

---

8 Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

9 Your bank should consider the main challenges and priorities in terms of sustainable development in your main country(ies) of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.
Added to this are efforts made in the matter of financial inclusion. In 2022 we placed 7,200 credit cards, an interannual increase of 17% compared to 2021. The product with the greatest weight was the CS Camaleón card, which accounted for 43% of the placement.

We also achieved 17% interannual growth in credit card billing (billing plus cash advance) compared to 2021 and 10% growth in debit card billing (POS purchases) compared to the previous year.

The digital signature service was also made available, as part of the products and services portfolio, to members, customers, and the general public to help speed up processing. The service can be requested from the website [www.ahorroycredito.cr](http://www.ahorroycredito.cr).

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<table>
<thead>
<tr>
<th>Impact area</th>
<th>Indicator code</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change mitigation</td>
<td>A.1.1</td>
<td>Yes. CS Ahorro y Crédito submitted its medium-term (2030) and long-term (2050) targets in 2022 in order to maintain its carbon neutral status with respect to its direct and indirect emissions.</td>
</tr>
<tr>
<td></td>
<td>A.1.2</td>
<td>Yes, become net zero by 2050, according to the 145.08 tonCO2e/2021 emissions baseline, in accordance with the NGFS NZ 2050 scenario.</td>
</tr>
<tr>
<td></td>
<td>A.1.3</td>
<td>Yes, the transition is incentivized through the evaluation of loans with the SARAS system. In addition, the organization’s members and customers have access to the Sustainable Households program to improve their sustainable practices and to the blue household web app for controlling their carbon footprint.</td>
</tr>
<tr>
<td></td>
<td>A.1.4</td>
<td>Yes, the mortgage portfolio has been analyzed.</td>
</tr>
<tr>
<td></td>
<td>A.1.5</td>
<td>Yes, at present we only have information on the volume of the Green Credit product, the placement of which reached ₳52,500,000 in 2022.</td>
</tr>
</tbody>
</table>
A.2.2 Financed absolute emissions of the 2022 mortgage and business portfolio are 2,387 tonCO2e.

The personal, collateral, and consumer loan portfolios were excluded, in addition to investments, due to the reduced quality of the data and lack of standardized analysis methodology.

A.2.3 The emissions intensity of the mortgage portfolio was 0.246 kgCO2/m2 for 2022.

A.2.4 17.7% mortgage portfolio at the December 2022 cutoff

A.4.2 17.7% of the mortgage portfolio for housing aligned with the 1.5 degree target

Rest of indicators In the process of information compilation and definition

<table>
<thead>
<tr>
<th>Impact area</th>
<th>Indicator code</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial health &amp; inclusion</td>
<td>B.1.1</td>
<td>CS Ahorro y Crédito has around 30 products and services with a focus on financial health:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Educational programs (CS Impulso, coaching, workshops, Saber es Crecer e-learning platform, digital communication strategy of podcast, capsules, webinars, and infographics)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Refinancing of personal loans: collateral, back-to-back, personal fiduciary, on savings, and personal without cosigner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Savings solutions: save while shopping, win to win, savings plus, servisavings, road tax savings, university student, vacation, and Christmas</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mortgage loan refinancing: mixed housing and multi-use loans</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Purchase of payment method (card) balances: CS Debit, CS Compre Bien, CS Black, CS Platinum, CS Gold, CS Standard, and CS Camaleón</td>
</tr>
<tr>
<td>B.1.2</td>
<td></td>
<td>5% of the employees have a specialization in financial health and inclusion and 100% receive annual training on financial health and inclusion.</td>
</tr>
<tr>
<td>B.1.3</td>
<td>1. PANIAMOR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. CENCINAI</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. MEIC</td>
<td></td>
</tr>
</tbody>
</table>
4. ALIARSE
5. INAMU
6. MEP
7. CAF
8. AED
9. Exito Betancourt
10. Belcor
11. Dos Pinos

B.2.1 On financial education initiatives, and 3,198 educational digital workshops, 6,214 beneficiaries of financial education fairs in webinar format, 18,712 plays of educational capsules, 11,725 clicks on our podcasts, and 216 women trained remotely through the Transforme program.

B.2.2 Transactional channels grew by 24.06% compared to 2021. In addition, there were 37,475 active users and 1,292,941 transactions made in 2022.

CS mobile: 19,182 active users and 1,050,818 transactions
CS online: 18,293 active users and 242,123 transactions
CS Forex: 11,853 transactions
$21,671,639 million traded

Online credit: 6 loans closed, more than ₡10,000,000 placed

Self-service: 1,777 self-service actions such as Leaving the Country Report, Intra-financing - Purchases and Withdrawals, Inclusion of Basic Insurance, and Redemption of Points.

B.3.4 The delinquent portfolio at 31 December 2022:
Total delinquency: 13.54%
90-day plus delinquency: 2.19%

B.4.4 20% of members with long-term savings accounts active in 2022

2% of members with active investments in 2022

C.1.1 10 products with focus on financial inclusion
1. Resurgir product
2. Crecer product
3. Development banking system (SBD) backing
4. FODEMIPYME
5. FINADE
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>Financing lines for financial relief: FODEMIPYME FINADE RESCUE AND REFINANCING</td>
</tr>
<tr>
<td>7.</td>
<td>Social economy sector</td>
</tr>
<tr>
<td>8.</td>
<td>Credit card partnership with L'bel catalog sales</td>
</tr>
<tr>
<td>9.</td>
<td>Successful persons: Assistance group</td>
</tr>
<tr>
<td>10.</td>
<td>Quick credit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C.1.3</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>MEIC</td>
</tr>
<tr>
<td>2.</td>
<td>ALIARSE</td>
</tr>
<tr>
<td>3.</td>
<td>INAMU</td>
</tr>
<tr>
<td>4.</td>
<td>INCAE</td>
</tr>
<tr>
<td>5.</td>
<td>CAF</td>
</tr>
<tr>
<td>6.</td>
<td>CABEI</td>
</tr>
<tr>
<td>7.</td>
<td>Government institutions</td>
</tr>
<tr>
<td>8.</td>
<td>Local governments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C.2.1</th>
<th>Financial coaching method: 9 members and 31 employees (50 people impacted)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Front Office method: 259 beneficiaries with the mortgage course and 670 beneficiaries with the sustainability course</td>
</tr>
<tr>
<td></td>
<td>Workshops, webinar, and use of financial exercises and tools</td>
</tr>
<tr>
<td></td>
<td>Financial education workshops: 3,198 participants</td>
</tr>
<tr>
<td></td>
<td>Informative capsules aimed at the general public and shared on the organization’s social media. General public: 376,322 plays</td>
</tr>
<tr>
<td></td>
<td>General public financial education podcast: 11,725 clicks</td>
</tr>
<tr>
<td></td>
<td>Financial education module on the CS Online platform for members and employees. Educational glossary with 80+ financial terms</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C.2.2</th>
<th>100% with access to basic savings accounts; only loans are conditioned to requirements and the payment capacity of members.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assistance services are designed for all members since they are low cost and extremely accessible.</td>
</tr>
</tbody>
</table>

| C.2.3 | Around 6,000 new members annually. This periodicity is set by the organization, so there are no monthly targets, just annual ones. |

| C.3.2 | 39% women and 61% men were supported through the customer journey in 2022, which corresponds to one annual lifetime journey. |

<table>
<thead>
<tr>
<th>C.3.3</th>
<th>Virtual assistant: 121,946 conversations and requests handled</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contact Center: 241,920 incoming calls</td>
</tr>
<tr>
<td></td>
<td>WhatsApp: 21,216 requests handled</td>
</tr>
</tbody>
</table>
| **Rest of indicators** | Online Chat: 34,217 chats handled  
CS Mobile app: 19,182 active users  
CS Online: 18,293 active users |
|-------------------------|-------------------------------------------------------------------------------------------------------------------|

In the process of information compilation and definition. Results depend on implementation of the health tool and financial inclusion project to be implemented in 2023-2024.

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

**Response**

The CS Ahorro y Crédito indicators used for monitoring climate change impacts were established on the basis of 2016-2021 data. In addition, the reference framework for defining environmental indicators is to a large extent in response to the requirements of the standards under which the organization is certified.

For the calculation of financed emissions, specifically the definition of the mortgage portfolio baseline, the basis used was the methodology of the Partnership for Carbon Accounting Financials (PCAF) in accordance with the document “The Global GHG Accounting and Reporting Standard for the Financial Industry” (PCAF (2022). *The Global GHG Accounting and Reporting Standard for the Financial Industry* (Second Edition).

The mortgage portfolio emissions were calculated with data at the December 2021 cutoff, using the following formula from Chapter 5.5 (Mortgages) as a reference:

\[
\text{Financed emissions} = \sum_{t=0}^{\text{life}} \text{Attribution factor}_t \times \text{Building emissions}_t
\]

Mortgage portfolio emissions can be calculated in different ways, depending on available financial data and specific building emissions.

The PCAF thus distinguishes three different options for calculating financed emissions depending on available emissions data. Due to the information on hand for the calculation, then, and based on table 5-15 on page 98 of the standard, we chose option 3 where emissions are calculated using the building’s estimated energy use and the specific average emission factors of the respective energy source.

Average annual energy use figures for the building were taken from the statistical data in the State of the Nation publication, the emission factor used is the one indicated by the IMN for the inventory year, and the value of the building at the start of the investment and remaining amount of the operation are taken from the organization’s operations reports.

The emissions were calculated for each of the portfolio operations according to the development of the previous formula, which is shown below:

**Links and references**

### SMART targets (incl. key performance indicators (KPIs))

Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<table>
<thead>
<tr>
<th><strong>Response</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart targets for the impacts of climate change, over-indebtedness, and financial inclusion were developed at the end of 2022 and beginning of 2023 and pertain to the organization’s current strategic plan. These targets are recently being applied, so their monitoring is fully underway. They were set in accordance with the strategic objective of CS Ahorro y Crédito: Organization with Purpose.</td>
</tr>
</tbody>
</table>

With financial health and inclusion, the organization seeks to promote strategies to positively impact the integrated wellbeing of its stakeholders. We therefore formulated the strategic objective of helping to achieve the Sustainable Development Goals prioritized according to the material nature of Grupo CS.

To comply with financial health and inclusion, we set the following goals:

1. Develop and implement an integrated training program for the women in our target segment by April 2023.

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10 Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.
2. Implement a pilot plan for the women in our target segment through an integrated training program designed to enhance their quality of life and financial empowerment.

3. Design training modules based on the wellbeing strategy, prioritizing our segment’s needs.


The indicators, moreover, represent 2% of the number of loans placed in the prioritized sectors as of 2023. Also, 4,200 people have benefitted through the financial, social, and environmental education programs in 2023.

To address the emissions impact, a target was set for the mortgage loan portfolio as described in chapter 2.2, Target Setting, which will be monitored using an indicator that measures the decarbonization performance of this portfolio.

This indicator was based on the SBTi (Science Based Targets initiative) guidelines, the 2050 net zero requirements with a scenario of keeping the global temperature rise at no more than 1.5°C, NGFS scenarios for Central America, the mortgage portfolio data and emissions baseline, and square meters of construction. We used the foregoing to develop a tool to calculate our net zero commitment targets and the organization’s reality, the indicator for which is emissions intensity per square meter. The indicator is projected at 0.246 kgCO2/m2 for 2022.

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response

As part of our actions to achieve the net zero targets and reaffirm the organization’s commitment to the integrated wellbeing of its stakeholders, we launched Hogares Sostenible (Sustainable Households), an assistance program for employees, members, and customers with mortgage loans.

With this initiative the Cooperative seeks to promote more sustainable practices in Costa Rican households through talks, training, participation in the Sustainable Households Ecological Blue Flag program, and with the help of the Hogar Azul (Blue Household) platform.

The program also seeks to improve data quality for calculating the carbon footprint of members with mortgage loans.

Hogares Sostenibles was launched in 2023 in partnership with the Costa Rica Institute of Technology (TEC) to strengthen the contents, provide personalized advisory, and impact a larger population.
In its first edition, this program achieved an enrollment of some 30 participating families who have committed to working towards the Sustainable Households Ecological Blue Flag recognition.

The families participate in the program’s talks and are seeking to adapt to a more sustainable household model in Costa Rica. The program also rewards the efforts of the families with initiatives and better results, giving them prizes to improve the sustainability of their households according to each participant’s identified needs.

In addition, as part of the strategy to achieve the financial health and inclusion targets, we analyzed the context to determine the main gaps in the different segments and define the prioritized sectors.

This led the organization to include the strategic objective of “organization with purpose” in its 2023-2025 organizational strategy, which includes the strengthening of the financial health and inclusion of members and customers.

Furthermore, we defined three priority groups for inclusion: business members, silver economy, and women, the women segment being that of lower income in the first and second quintiles of the pyramid base.

To conclude, the next step in the action plan will be to form a multidisciplinary team to develop a pilot plan with women in the country’s rural areas, with CAF’s support.

In addition, measurement indicators will be set together with the 2023 annual plan; for better control and monitoring, the indicators will be included in an indicator dashboard with the responsible areas.

<table>
<thead>
<tr>
<th>Self-assessment summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your…</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>… first area of most significant impact: … (please name it) Net-Zero Banking Alliance</th>
<th>… second area of most significant impact: … (please name it) Collective Commitment to Financial Health &amp; Inclusion</th>
<th>(If you are setting targets in more impact areas) …your third (and subsequent) area(s) of impact: … (please name it)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alignment</td>
<td>☒ Yes</td>
<td>☒ Yes</td>
</tr>
<tr>
<td></td>
<td>☐ In progress</td>
<td>☐ In progress</td>
</tr>
<tr>
<td></td>
<td>☐ No</td>
<td>☐ No</td>
</tr>
<tr>
<td>Baseline</td>
<td>☒ Yes</td>
<td>☐ Yes</td>
</tr>
<tr>
<td></td>
<td>☐ In progress</td>
<td>☐ In progress</td>
</tr>
<tr>
<td></td>
<td>☒ In progress</td>
<td>☐ In progress</td>
</tr>
</tbody>
</table>

☐ Yes  ☐ In progress  ☐ No
### 2.3 Target implementation and monitoring (Key Step 2)

**For each target separately:**
Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

**Response**

As part of its commitment to continuous improvement, the organization has been taking actions to address its health and climate change impacts.

At the end of 2022, it updated its 2023-2025 strategy and included in its strategic objectives the targets and indicators defined for addressing these impacts. These are also linked to the material issue of financial inclusion, which is also part of its strategy.

For this reason, results will be obtained and implementation and monitoring of the targets for these impacts will be reported internally in 2023. The report for UNEP FI will therefore not be available until 2024.

### SMART targets

<table>
<thead>
<tr>
<th></th>
<th>No</th>
<th>In progress</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMART targets</td>
<td></td>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>Action plan</td>
<td></td>
<td>☑</td>
<td>☐</td>
</tr>
</tbody>
</table>

### Action plan

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>In progress</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMART targets</td>
<td></td>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>Action plan</td>
<td></td>
<td>☑</td>
<td>☐</td>
</tr>
</tbody>
</table>
## 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 customers 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 activities. 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).*

### Response

CS Ahorro y Crédito has a robust value chain relationship strategy that enables it to boost sustainable practices among its customers, vendors, and the communities in which it has operations.

With its customer stakeholders, the organization does an environmental and social risk assessment of the mortgage, working capital, and second-tier banking products using the Credit Environmental and Social Risk Assessment System (SARAS), the purpose of which is to assess and decide on loans according to the environmental and social risk policy defined in the Manual for Integrated Risk Management, from the point of view of their potential environmental and social risk for the organization. For this, we take into account customer performance, assist in improvement, and exclude unfeasible operations in a timely manner in order to prioritize analyses of higher risk operations.

With this robust system the organization was able to assess $7,800 million in loans in 2022.

The organization has also integrated ESG (environmental, social, and governance) criteria into its business practices, developing specific loan

### Links and references

- *Principios de Banca Responsable: Page 78*
- *Finanzas Sostenibles Pages 79 to 82*
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.

Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy. Products that promote sustainable environmental practices such as the Green Credit product.

Through its Simbiosis program, the organization works with its key customers and vendors to encourage sustainable practices in order to drive more sustainable practices along the entire value chain.

This program was created in 2019 to foster mutual knowledge transfer and provide better tools for sustainability and social responsibility. Its name, which refers to the interaction and relationship of mutual assistance between two or more organisms, reflects the purpose of Simbiosis: to share good sustainability practices in the seven core subjects of social responsibility.

With respect to its sustainable financing, CS Ahorro y Crédito also offers an extensive portfolio of financial products and services that integrate social and environmental criteria for encouraging access, wellbeing, and financial inclusion in order to positively impact the community, society, and the environment in the short, medium, and long terms.

Below is a breakdown of CS Ahorro y Crédito’s portfolio products that encourage financial inclusion among the most vulnerable population groups:

- **Resurgir product**: aimed at micro and small business owners affected by the COVID-19 pandemic, who were granted a credit facility to give their business continuity and resiliency for dealing with the crisis. During 2022, the organization placed ₡3,386 million in 1,244 operations.

- **Crecer product of the development banking system (SDB), AVALES FODEMIPYME and FINADE**: aimed at helping members who generate their own income through their business activities in commerce, industry, services, tourism, and livestock. These are located in the greater metropolitan area and rural areas and have productive projects that enable them to strengthen and generate growth in their businesses. This product was used to place ₡3,773 million during 2022, and 237 operations were made through Development Banking (SBD), FINADE (2 guarantees), and FODEMIPYME (2 guarantees).

- **RESCATE Y REFINANCIAMIENTOS (Rescue and Refinancing) financial relief credit lines**: aimed at alleviating the personal finances of Cooperative members and Costa Ricans through debt refinancing to mitigate the level of over-indebtedness. During 2022, some ₡20,298 million were provided to 1,401 members in need of financial support.

---

11 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.

12 Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.
- Specific loans and working capital lines granted to social enterprises: the organization invested in productive projects and second-tier banking through this financing, placing ₡1,222 million during the previous period to benefit business owner members, cooperatives, foundations, and associations.

- Credit card - L'bel catalog sales partnership: a closed-loop card aimed at fostering financial inclusion and boosting the income of women working in catalog sales. Thanks to this product, 210 cards were placed in 2022 that generated ₡39,300 million in credit and debit card billing.

- Crédito Rápido (Quick Credit): a special financing line for people earning less than ₡450,000 (per month) and retirees. This population was benefitted with ₡5,120,000 million [sic] placed in 2022.

To complement these sustainable finance products, CS Ahorro y Crédito has developed technological tools and transition-to-digitization tools that contribute to financial inclusion. It has also fostered a financial culture among its customers and members through different financial education tools and initiatives implemented through its CS Impulso financial education program.

In this way, the organization promotes sustainable practices to minimize the climate change impact and over-indebtedness of its customers and vendors, influencing its loan portfolio decarbonization and the public’s financial health.

### 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.).

**Response**

In 2021, CS Ahorro y Crédito assessed the social and environmental risks when granting a loan, thanks to its robust sustainable strategy and using the Credit Environmental and Social Risk Assessment System (SARAS) in its loan portfolio. The idea was to achieve a stronger positive impact with its product and service portfolio, promoting better financial practices among its members and customers.

The organization also used the Simbiosis program to identify opportunities to assist customers and vendors in improving their practices, generating loyalty, and supporting their development to build more responsible businesses.

**Links and references**

- **Riesgos de cambio climático:**
  - Page 70

- **Acceso a disposición de los sectores de población más desfavorecidos:**
  - Page 82
To achieve greater financial inclusion, we also toured the country’s most remote and vulnerable areas with a mobile branch to provide members with more integrated solutions to boost their quality of life. With this, the organization was able to place $1,369 million in 2022.

Additionally, CS Ahorro y Crédito promoted the placement of products and services such as assistance and accessible, low-cost insurance to reduce negative impacts and strengthen positive ones.

These are specified below:

- Cards produced with recycled PVC, reinforcing our commitment to issue cards made only with recycled materials. We started embossing on recycled PVC in June 2022, beginning with CS debit cards and CS Gold credit cards.

- Green Credit: aimed at financing individuals or businesses for purchasing technologies that promote more efficient natural resource use and savings in electrical energy and potable water consumption or for supporting mobility projects with low or no carbon emissions.

- Bicycle insurance: offers coverage for theft, collision, or vandalism damage. There is also civil liability coverage for injury or death and third-party property damages, for which 62 policies were placed in 2022.

- Financial relief financing lines: aimed at alleviating the personal finances of Cooperative members and Costa Ricans through debt refinancing to mitigate the level of over-indebtedness. During 2022, some $20,298 million were placed, benefitting 1,401 members.

- Credit and debit cards embossed on recycled PVC: embossing of CS debit and credit cards was initiated. CS Standard and CS Gold cards and working capital lines were granted to social organizations. CS Ahorro y Crédito financing helped them invest in productive projects, and some were helped with second-tier banking. Thus, $1,222 million were placed to the benefit of business owner members, cooperatives, foundations, and associations.

In this manner, CS Ahorro y Crédito is making headway on reducing its impacts while strengthening its product and service portfolio to maximize its positive impacts on society and transform economic wellbeing into social and environmental wellbeing.
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 groups) 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.

**Response**

Through transparent, timely communication, CS Ahorro y Crédito continues to reinforce its relationship with its different stakeholder groups, maintaining their loyalty and contributing to the organization’s transformation and growth.

Every two years, CS Ahorro y Crédito undertakes a stakeholder identification and prioritization updating exercise according to the AA1000:2011 standard, emphasizing relationships guided according to the organization’s governing values such as the Code of Ethics guidelines and other internal regulations, as well as applicable law.

CS Ahorro y Crédito is committed to undertaking a new exercise in 2023 in accordance with the PR5-SGI procedure (Procedure for Stakeholder Identification, Prioritization, and Engagement), where each of its stakeholders is prioritized according to influence, proximity, dependence, responsibility, and representation through an evaluation by an interdisciplinary team comprised by representatives from the organization’s areas and branches.

Stakeholders are understood as being all those actors, groups or parties who have an interest in and are affected by the cooperative’s activity and/or who influence its performance, including its financial and thematic ESG (environmental, social, and governance) objectives. Based on this definition, the organization identifies and maintains different communication channels, initiatives, and approaches with stakeholders through the PR6-SGI Procedure for Stakeholder Consultation, where every two years it consults them about their

---

13 Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations
needs and expectations in focus groups and surveys applied by a vendor outside the prioritized stakeholders.

In addition, the organization foments ongoing dialogue, according to the relationship with and activity of each stakeholder, through the different communication channels, which serve as an effective tool for identifying the organization’s impacts and defined the material issues. In the last exercise, undertaken in 2021, the following stakeholders, their preferred channels, and the most relevant topics were identified:

1. **Corporate bodies (governing bodies):** The channels used by this stakeholder are briefs and reports on results, open dialogue through WhatsApp, email, phone calls, encounters at branches, evaluations and visits, sessions, assemblies, and meetings.

2. **Members:** Communication with members is through briefs and reports on results, phone calls, email, WhatsApp, social media, website chat, bulletins, and branches. The topics in which they have the most interest are data privacy, cybersecurity, experience in service and innovation, technology and digital solutions, communication of products and services, financial soundness (sustainable and profitable growth), and environmental management.

3. **Delegates:** The channels used by this stakeholder are briefs and reports on results, open dialogue through WhatsApp, email, phone calls and visits, assemblies, annual get-togethers, and meetings. Delegates have mentioned data privacy, cybersecurity, experience in service and innovation, technology and digital solutions, and communication of products and services as relevant topics.

4. **Employees:** The communication channels with employees are the organization’s magazine, Conectados, intranet, email, screens in common areas, on-site and remote training and webinars, performance evaluations, organizational climate evaluation, and CS Cafés. The most relevant topics for employees are occupational health and safety; talent attraction, development, and retention; transparent communication in products and services; experience in service and innovation; and technology and digital solutions.

5. **Vendors:** Communication is by means of email, vendor evaluations, website, and phone calls. The topics of interest for vendors are cybersecurity, experience in service and innovation, data privacy, technology and digital solutions, and environmental management.

6. **Customers:** The topics of interest and communication channels with this stakeholder are the same as for members.

7. **Government and regulators:** Communication is by means of consultations and email, where the priority topics are regulatory compliance, ethical behavior, and anticorruption practices.
8. **Business partners:** The main channels are specific meetings or sectoral encounters.

9. **Strategic partners:** The channels that are used are open dialogue, briefs, and reports on results. The topics of most interest to them are talent attraction, development, and retention; cybersecurity; culture of security; experience in service and innovation; and technology and digital solutions.

10. **Community:** Communication is by means of reports, consultation and identification of needs, meetings and environmental and social program activities, reports on results, phone calls, email, WhatsApp, social media, website chat, bulletins, and branches.
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.

Response

The Sustainable Business Strategy establishes objectives with regard to CS Ahorro y Crédito’s commitment to the Principles for Responsible Banking. With solid corporate governance and committed senior management, these objectives permeate all areas and teams of the organization. This commitment is also announced to stakeholders and the general public through the organization’s website.

The corporate governance of CS Ahorro y Crédito is in line with best international practices, national rules and regulations, and the organization’s internal guidelines, guaranteeing proper management based on conflict management and prevention and with the goal of ensuring transparency, accountability, and risk management in decision-making that creates value for all stakeholders. These good practices are grounded in the CONASSIF 4-16 Resolution, Corporate Governance Regulation, approved by the Costa Rican National Financial System Supervisory Council (CONASSIF).

In its Code of Corporate Governance, the organization defines the governance framework structure, guidelines, standards, and governance bodies for CS Ahorro y Crédito’s business management and for defining its risk control and management, the idea being to ensure healthy governance practices that enable it to operate and act responsibly and efficiently with its different stakeholder groups. CS Ahorro y Crédito’s Code of Corporate Governance is publicly available to all stakeholders on the website www.grupocs.cr.

The corporate governance structure has a General Assembly of Delegates, the organization’s highest body, under which comes the Board of Directors, supported by Technical Committees. Likewise, the structure has the organization’s first, second,
and third lines of defense, as well as Senior Management and the Corporate Committee, comprised by CS Ahorro y Crédito directors.

Thus, the Board of Directors is responsible for the organization, approves its purpose, values, strategies, and policies, and ensures monitoring and compliance with annual strategic and operational plans. It also must approve and render accounts to the General Assembly of Delegates on the organization’s performance on social and environmental management, risks, auditing, and control and compliance.

Part of the compliance with regulations and commitments, such as the PBR, is monitored by the Department of Sustainability and Financial Education, which reports directly to the Commercial Division, which in turn reports to the Corporate Committee and Senior Management.

The Department of Sustainability and Financial Education is responsible for developing strategies that impact the social and environmental sphere in each service area, promoting sustainable practices and internal as well as external social responsibility practices, and developing financial health and inclusion, responsible value chain, and ESG risk assessment programs and initiatives.

In addition, in 2021 the organization created committees, comprised by at least one representative from each division, that are responsible for monitoring compliance with each of the sustainable business strategy objectives and supporting the areas for achieving them. These committees report directly to the Corporate Committee comprised by the organization’s Senior Management.

With regard to remuneration, at present there are no incentives such as performance bonuses or compensation linked to the achievement of certain sustainable business strategy objectives.

CS Ahorro y Crédito has been able to integrate social responsibility throughout the organization, where each area achieves objectives for the sustainable business strategy and compliance with commitments, including that of PBR.

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).

Response

The responsible banking culture is promoted throughout the organization and business lines. To start with, the organization has an annual senior management training plan that establishes integrated, continuing education for management body members through different mechanisms (seminars, talks, internships, training courses, etc.), domestic or international, in their areas of competence according to their duties, to enable them to properly perform their responsibilities and contribute to the organization’s growth.

All members of the corporate bodies and technical committees are also responsible for attending the training scheduled during the year for reinforcing their knowledge.
as specified in the CS Ahorro y Crédito’s internal policy. In addition, the Corporate General Manager and key positions have access to continuous appropriate training for staying updated on the respective matters and thereby improving their competencies in their areas of responsibility.

The training that is given is related to the following topics:

1. Leadership
2. Implementation
3. Conflict management
4. Change management
5. Environmental, social, and governance (ESG) aspects addressed in the organization’s social responsibility strategy
6. Domestic and international situation

Following up on CS Ahorro y Crédito’s goal of culturalization, in 2022 we provided different training sessions to update and educate all organization employees on anticorruption and transparency. Additionally, we have a program led by the risk department called Cultura RCC (Culture of Risk Control and Compliance) through which relevant information is provided to employees on specific risk topics (money laundering, social and environmental risks, etc.).

The human resource management department also sends out weekly informative bulletins to reinforce and follow up on the training; these are disseminated through the organization’s internal communication channels. All employees are thus informed and reminded of their duty to report anything that through actions or omissions induces conduct endangering compliance with any of the company's internal guidelines or Costa Rican law.

The organization also promotes its employees’ personal and professional development through its training and development program, which seeks to build, continuously and in an integrated manner, its teams’ knowledge, skills, and competencies in values, culture, digital transformation, leadership, and other topics, thereby helping the organization achieve its strategic objectives.

To this end, in September 2022 the CS-ACADEMY e-learning platform was evolved into a corporate university called UNIVERSIDAD CS, which seeks to build the knowledge of all employees on regulatory, technical, and skill-building topics through short courses, free books, webinars, and training to strengthen the continuous learning of the organization’s human talent while at the same time creating value for the business by promoting ethical and regulatory topics such as anticorruption and the prevention of money laundering and terrorism financing.

In 2022, this platform was used to train 670 employees in a course on sustainability and 259 mortgage loan advisors on topics of sustainable construction and financing.

CS Ahorro y Crédito is governed under an integrated and inclusive organizational culture that enables it to provide all its employees with personal and professional growth opportunities.
This is achieved through ongoing training to empower its leaders and work teams in decision-making on different issues, building leadership skills among coordination, supervisory, and managerial employees through the STAR Leading with Purpose program, which aims to provide the necessary tools for fostering the integrated development of these employees. The organization thus promotes a culture of responsible banking and continuous improvement through the different internal training levels and programs.

5.3 Policies and due diligence processes

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

Response

The sustainable business strategy under which the organization works has objectives related to its commitment to the Principles for Responsible Banking. With solid corporate governance and committed senior management, these objectives permeate all areas and teams of the organization and are available to the public on the website www.grupocs.cr.

To identify and manage its impacts, the organization has a due diligence procedure that it carries out every three months through interdisciplinary work groups that discuss impact issues following the core subjects of social responsibility, according to ISO 26000; audit findings; stakeholder consultations; the internal and external situations of the organization and the country; the methodological framework of the Global Reporting Initiative (GRI) Universal Standards 2021, including its financial services sectoral supplement; and the material topics with a focus on investors in the insurance, commercial banking, and consumer financing sectors of the Sustainability Accounting Standards Board (SASB).

During 2021, CS Ahorro y Crédito conducted a multistakeholder materiality study to identify their main environmental, social, and corporate governance impacts, which were prioritized according to evaluation criteria by internal CS Ahorro y Crédito staff, the management team, and other prioritized stakeholders such as vendors, members, and others.

At the end of 2022, the study was revised to include the concept of double materiality, so that priority topics are included for both the already identified stakeholders and member expectations.

The stakeholder groups that were consulted include employees, customers, members and delegates, vendors, community, and strategic partners, and the

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14 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.
management and Board of Directors participated in representation of CS Ahorro y Crédito. The following significant real impacts were identified:

1. Talent attraction, development, and retention
2. Occupational health and safety
3. Social action/development
4. Financial education
5. Financial inclusion
6. Sustainable finance (ESG criteria: credit, investment, insurance)
7. Communication of products and services
8. Experience in service and innovation
9. Data privacy
10. Cybersecurity
11. Ethical behavior and anticorruption practices
12. Corporate governance
13. Financial soundness (profitable and sustainable growth)
14. Environmental management

This materiality has become the essential reference for formulation of the organization’s strategic plan, which is worked on together by the strategic planning and sustainability areas in order to revise the scope of the prioritized material topics as established in the procedure for due diligence in social responsibility.

The topics that represent the organization’s most significant impacts from the economic, environmental, and social standpoint are prioritized and addressed through the sustainable business strategy, which also identifies the Sustainable Development Goals (SDGs) to which CS Ahorro y Crédito strategically contributes. The organization's hierarchy of operational objectives and indicators is in line with the results of the due diligence process in order to follow up on the impacts of all its processes.

The due diligence process also takes into account the CS Ahorro y Crédito portfolio, its impact assessment and process through stakeholder consultations, and the impact assessment using the Credit Environmental and Social Risk Assessment System (SARAS) to identify, evaluate, and manage potential environmental and social risks of the mortgage, working capital, and second-tier banking products.

All these actions reaffirm CS Ahorro y Crédito’s commitment to social responsibility and sustainability, which are handled with a consolidated system under continuous improvement, enabling it to adapt to its stakeholders’ needs and expectations in addition to climate change and market transformation.

### 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?

- [x] 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
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<tr>
<th>Action in the event targets/milestones are not achieved or unexpected neg. impacts are detected?</th>
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<tr>
<td>☒ Yes</td>
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<td>☐ No</td>
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<table>
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<tr>
<th>Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?</th>
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<tbody>
<tr>
<td>☒ Yes</td>
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</table>
Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes ☐ Partially ☐ No

If applicable, please include the link or description of the assurance statement.

Response

CS Ahorro y Crédito continues to reinforce its commitment to generating a positive impact on its different stakeholder groups through a sustainability strategy aimed at maximizing the economic, social, and environmental wellbeing of employees, members, vendors, and other stakeholders, as well as society in general.

The GRI 2022 Annual Report, available at Reporte Anual GRI | Grupo CS, gives the main financial results from January 1 to December 31, 2022. It also provides accountability of the efforts made by the organization to address the significant environmental, social, and corporate governance (ESG) issues identified in the latest materiality exercise.

Universal Standards 2021 The ESG information included in the report was incorporated in accordance with Global Reporting Initiative (GRI) standards using the new Universal Standards 2021 and its GRI Sectoral Supplement for Financial Services, according to the industry in which CS Ahorro y Crédito operates and the parameters of the Sustainability Accounting Standards Board (SASB).

This report also includes CS Ahorro y Crédito’s accountability with regard to its different commitments, including the Principles for Responsible Banking (PBR) of the Finance Initiative of the United Nations Environment Programme (UNEP FI) and Net Zero Banking, in both of which it is a founding signatory.

The contents of the report were developed with the advisory of the firm Valora and validated by the Commercial Division of CS Ahorro y Crédito, responsible for preparing the report, the organization’s informing technical areas, the Corporate Committee, and the general manager. It should be noted that the GRI 2022 annual report does not repeat information from the previous year’s exercise.

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?
Response

The CS accountability report was developed in accordance with the Global Reporting Initiative (GRI) Standards, the reference method for reporting extra-financial performance with a multi-stakeholder focus, reporting the GRI Standards related to the material topics identified by CS Ahorro y Crédito and incorporating the GRI sectoral supplement for financial services.

Links and references

Introducción al informe: Page 4
Principios de Banca Responsable: Pages 79 and 80

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis\textsuperscript{15}, target setting\textsuperscript{16} and governance structure for implementing the PRB)? Please describe briefly.

Response

In the next 12 months, the organization expects to update the due diligence process and impact tool in order to have updated information on its impacts, since the last exercise was in 2021. This process is fundamental in order to continuously improve its impact management, so the reference frameworks of national regulations, commitments, and international standards such as the following are taken into account:

- INTE B5 - Country Program for Carbon Neutrality (local regulations)
- INTE G35 - Social Responsibility (local regulations)
- INTE-ISO 14064-1 - Principles and Requirements for Emissions and Removal of Greenhouse Gas (GHG) Emissions at the Organization Level (local regulations)
- United Nations Global Compact
- Principles for Responsible Banking
- Green Banking Protocol
- Protocol for Responsible Business Conduct of the Insurance Sector - Costa Rica

\textsuperscript{15} For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

\textsuperscript{16} For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.
The organization also expects to expand emissions quantification to the vehicle and working capital loan portfolio and complete formulation of the strategy for meeting the portfolio’s emissions reduction target.

The organization will undertake the following actions for financial health and inclusion:

- Develop a plan for improving financial health and inclusion.
- Launch the pilot for inclusion in rural areas.
- Promote the Saber es Crecer e-learning platform to broaden its scope and impact on the public.

In addition, the organization will increase its financial health and inclusion actions to define targets, increase the portfolio of accessible products, and create a financial health and inclusion dashboard.
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:

☐ Embedding PRB oversight into governance ☐ Customer engagement
☐ Gaining or maintaining momentum in the bank ☐ Stakeholder engagement
☐ Getting started: where to start and what to focus on in the beginning ☒ Data availability
☐ Conducting an impact analysis ☒ Data quality
☐ Assessing negative environmental and social impacts ☐ Access to resources
☐ Choosing the right performance measurement methodology/ies ☐ Reporting
☒ Setting targets
☐ Prioritizing actions internally
☐ Other: …

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

CS Ahorro y Crédito is currently in the process of updating, automating, and digitizing its processes and services to ensure quality data and measurement of its impacts and the scope of its objectives.

CS Ahorro y Crédito will therefore have a new banking core in place that will enable it to process data faster and have the necessary data available for reinforcing monitoring of the indicators for and compliance with the commitments to responsible banking, Net Zero Banking Alliance decarbonization, and financial health and inclusion.

This will also consolidate an organization-wide culture of Principles for Responsible Banking reporting, reduce data fragmentation, and strengthen data quality for defining targets and actions and speedy reporting of the progress on these commitments.
Annex

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below. The Theory of Change shows the pathway to impact and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found here, the Theory of Change for financial health & inclusion can be found here.

How to use: Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank’s maturity. The indicators below are all connected to a bank’s impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets (highlighted in green) or to client engagement (highlighted in blue), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline. Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

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17 It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

18 Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

19 Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

20 You might not be able to report on all indicators and/or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.
➔ **For Signatories of the Net-Zero Banking Alliance**: please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.

➔ **For Signatories of the Collective Commitment to Financial Health & Inclusion**: please report on financial health and/or financial inclusion targets set as required in the [Financial Health and Inclusion Commitment Statement](#). As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the [Guidance on Target Setting for Financial Health and Inclusion](#) and the [Core Indicators](#) to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.
### A. Climate change mitigation

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<th>Code</th>
<th>Indicator</th>
<th>Response options &amp; metrics</th>
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<th>Code</th>
<th>Indicator</th>
<th>Response options &amp; metrics</th>
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<tr>
<td>A.1.1</td>
<td>Climate strategy: Does your bank have a climate strategy in place?</td>
<td>Yes</td>
<td>A.2.1</td>
<td>Client engagement process: Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?</td>
<td>Setting it up</td>
<td>A.3.1</td>
<td>Financial volume of green assets/low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?</td>
<td>bln/mn USD or local currency, and/or % of portfolio; please specify the definition of green assets and low-carbon technologies used In progress</td>
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<tr>
<td>A.1.2</td>
<td>Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?</td>
<td>Yes If yes: - please specify: to become net zero by when? 2050 - - Emissions baseline / base year: What is the emissions baseline / base</td>
<td>A.2.2</td>
<td>Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or</td>
<td>Total GHG emissions or CO₂e (please also disclose what is excluded for now and why)</td>
<td>A.3.2</td>
<td>Financial volume lent to / invested in carbon-intensive sectors and activities and transition finance: How much does your bank lend to / invest in carbon-intensive</td>
<td>bln/mn USD or local currency, and/or % of portfolio In progress</td>
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21 Practice: the bank’s portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

22 Impact: the actual impact of the bank’s portfolio

23 If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.
<table>
<thead>
<tr>
<th>A.1.3 Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?</th>
<th>Year for your target?</th>
<th>Investment portfolio?</th>
<th>The personal, collateral, and consumer loan portfolios, as well as the investment portfolio, were excluded, due to quality and data availability in process to be improved.</th>
<th>Sectors and activities? How much does your bank invest in transition finance?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, the transition is incentivized through evaluation of the loans with the SARAS system. Moreover, members and customers have access to the Sustainable Households program to improve their sustainable practices and to the blue household web app for control of their carbon footprint.</td>
<td>145.08 tonCO2e/2021 - Climate scenario used: What climate scenario(s) aligned with the Paris climate goals has your bank used? - NGFS NZ 2050</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

24 A list of carbon-intensive sectors can be found in the Guidelines for Climate Target Setting.  
25 Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.
<table>
<thead>
<tr>
<th>A.1.4 Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?</th>
<th>Yes, the mortgage portfolio has been analyzed</th>
<th>A.2.4 Proportion of financed emissions covered by a decarbonization target: What proportion of your bank’s financed emissions is covered by a decarbonization target, i.e. stem from clients with a transition plan in place?</th>
<th>17.7% (denominator: financed emissions in scope of the target set) mortgage portfolio, December 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1.5 Business opportunities and financial products: Has your bank developed financial products tailored to support clients’ and customers’ reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?</td>
<td>Yes, currently there is only volume information for the Green Credit product, the placement of which in 2022 reached 52,500,000 colones</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Financial health</td>
<td>B.1.1 # of products and services in the portfolio with a focus on financial health</td>
<td>Internal data based. Measures how many of the products and services in the portfolio have a financial health focus. We deem a product or service to have this focus when it facilitates decision making and supports</td>
<td>B.2.1 # of individuals supported with dedicated and effective financial and/or digital education initiatives</td>
</tr>
<tr>
<td>financial health increase based on our definition of financial health. This covers products and services embedded with nudges to simplify decision making, round-up, high yield savings accounts, easy investment tools, etc. Some 30 products and services with emphasis on financial health; CS Impulso training, educational programs Saber es Crecer learning platform; Savings accounts; Digital communication strategy (Podcast, capsules, webinars, infographics). Refinancing of personal loans: Collateral, Back to Back, Personal Fiduciary, On Savings and Personal without cosigner. Savings solutions: Save by Shopping, Win to Win, Savings Plus, Serviahorro, courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can’t count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users. Regarding financial education Should be measured on individuals benefitting from the bank’s financial education initiatives. Measurement tool created in 2022 and its implementation strategy. The results are in process for 2023.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Road tax savings, University student savings, Vacation and Christmas savings.


### initiatives and 3,198 digital educational workshops, 600,200 financial education fairs in webinar format, 18,712 plays of educational capsules, 11,725 clicks on our podcast, 216 women trained remotely through the Transfórmate program

<table>
<thead>
<tr>
<th>B.1.2</th>
<th>% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger skills, and thus, any individual that is supported with the initiative will achieve the desired results.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B.2.2</th>
<th>% of customers actively using the online/mobile banking platform/tools</th>
</tr>
</thead>
</table>
| Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools)
| Its transactional platforms: 37.475 active |

<table>
<thead>
<tr>
<th>B.3.2</th>
<th>% of customers who use the bank’s services to create a financial action plan with the bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional and/or survey data based. Measures the percentage of customers who create a financial action plan with the bank using the bank’s services. A financial action plan is anything that helps the customer build financial resilience. It is done “with the bank” if the bank can visualize, through the transactions of the customer, the results of the plan.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B.4.2</th>
<th>% of customers for which spending exceeded 90% of inflows for more than 6 months last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey and/or transactional data based. Measures the percentage of customers with a transaction account and/or savings/investment accounts for which spending exceeded 90% of inflows for more than 6 months in the year within the reporting period compared to the total of customers within PRB scope. Focus on main financial institution customers.</td>
<td></td>
</tr>
</tbody>
</table>

In progress
Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers’ financial health.

5% of employees have a specialization in financial health and inclusion, and 100% receive annual training in health and inclusion.

<table>
<thead>
<tr>
<th>Service</th>
<th>Active Users</th>
<th>Transactions Made</th>
<th>Total Traded</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS Mobile</td>
<td>19,182</td>
<td>1,050,818</td>
<td>$21,671,639</td>
</tr>
<tr>
<td>CS Online</td>
<td>18,293</td>
<td>242,123</td>
<td></td>
</tr>
<tr>
<td>CS Forex</td>
<td>11,853</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online Credit</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-service</td>
<td>1,777</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the planning process for designing a project for action plans.
| B.1.3 | # of partnerships active to achieve financial health and inclusion targets | Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports. |

1. PANIAMOR  
2. CENCINA1  
3. MEIC  
4. ALIARSE  
5. INAMU  
6. MEP  
7. CAF  
8. AED  
9. Exito Betancourt  
10. Belcor  
11. Dos Pinos  |

| B.3.3 | % of customers using overdraft regularly | Transactional data based. Measures the percentage of customers using the overdraft option in their accounts or credit cards, regularly. Overdraft can be used to handle unexpected emergencies but more than 1/3 of the year (banks may deviate if proper reasons are provided) denotes regularity and a precursor to lower financial health.  
In progress |

| B.4.3 | % of customers that feel confident about their financial situation in the next 12 months | Survey based data. Measures the percentage of customers that answered positively to feeling confident about their financial situation in the next 12 months compared to the total number of customers surveyed. By confident we mean not feeling worried about their financial situation.  
Work was done on the tool. Results expected for 2023-2024 |

| B.3.4 | % of customers with a non-performing loan | Transactional data based. Measures the percentage of customers with past-due loans ("past due" defined by policies at each bank) compared to the total amount of customers with loans in the  |

| B.4.4 | % of customers with products connected to long-term saving and investment plans | Transactional and/or survey data based. Measures the percentage of customers with products connected to long-term saving and investment plans. "Long-term" will depend on each bank's definition.  |
| B.3.5 | % of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter. | Transactional data based. Measures the percentage of customers showing an increase or stable amounts in savings and/or deposit AND/OR investment accounts balances, quarter on quarter. | In progress |
| B.4.5 | % of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense | Survey based data. Measures the percentage of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense. We consider a major unexpected expense, one that the customer hadn’t planned for and would require them to spend more than what they have available for secondary expenses in their monthly budget or 1/20th of the country’s Gross National Income (banks may deviate if proper reasons are provided). A good example is: unforeseen.
medical bills, large appliance malfunctioning, car repair, etc. Survey based using the question: "If a major unexpected expense arises, how can you cover it right now?" and give the multiple choice options of insurance, emergency funds, loan, credit card, family/friends, etc.

<p>| C. Financial Inclusion | C.1.1 | # of products and services in the portfolio with a focus on financial inclusion | Internal data based. Measures how many of the products and services in the portfolio have a financial inclusion focus. We deem a product or service to have this focus when its design facilitates the access and usage by the prioritized customer. For example, no-fee savings account, low interest microloan, offline access or sim-based banking apps, etc. | C.2.1 | # of individuals supported with dedicated and effective financial and/or digital education initiatives | Based on internal data. Measures the number of users (customers and non-customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was | C.3.1 | % of individuals with a good and/or very good level of financial skills | Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives. | C.4.1 | % of customers with 2 or more active financial products, from different categories, with the bank | Transactional data based. Measures the percentage of customers with 2 or more active financial products, from different categories, with the bank. By active we mean there's at least one usage per month. By category we mean credit/debt, savings/deposit/payments, insurance, investment, etc. Once a target has been set for this |</p>
<table>
<thead>
<tr>
<th>10 financial inclusion products</th>
<th>10 financial inclusion products</th>
<th>10 financial inclusion products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Resurdir product</td>
<td>2 Crecer product</td>
<td>3 Avales Development Banking System (SBD)</td>
</tr>
<tr>
<td>4 FODEMIPY ME</td>
<td>5 FINADE</td>
<td>6 Financing line for financial relief: FODEMIPYM E FINADE RESCATE Y REFINANCIA MIENTOS</td>
</tr>
<tr>
<td>7 Social organization sector</td>
<td>8 Credit card partnership with L'bel catalog sales</td>
<td>9 Successful People: Assistance Group</td>
</tr>
<tr>
<td>10 Financial coaching method: 9 members and 31 employees (50 people impacted)</td>
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</tr>
<tr>
<td>Indicator, we encourage banks to ensure responsible selling policies or other initiatives so that the target doesn't become a toxic incentive.</td>
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</tr>
<tr>
<td>In progress. The baseline is being constructed.</td>
<td>In progress. The baseline is being constructed.</td>
<td>In progress. The baseline is being constructed.</td>
</tr>
<tr>
<td>C.1.2</td>
<td>% of relevant employees supported with effective training on based on internal data. Measures the percentage of relevant employees</td>
<td></td>
</tr>
<tr>
<td>C.2.2</td>
<td>% of customers with effective access to a transactional data based. Measures the percentage of</td>
<td></td>
</tr>
<tr>
<td>C.3.2</td>
<td>% of customers supported with dedicated customer. Where dedicated</td>
<td></td>
</tr>
<tr>
<td>C.1.3</td>
<td># of partnerships active to achieve financial health and inclusion targets</td>
<td>Based on internal data. Measures the number of partnerships currently active to achieve financial health.</td>
</tr>
</tbody>
</table>
health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.

1. MEIC
2. ALIARSE
3. INAMU
4. INCAE
5. CAF
6. CABEI
7. Government institutions
8. Local governments

bank sets a target, this indicator can become a KPI to measure the percentage of new customers from the prioritized groups, per month.

Around 6,000 new members and customers. Measurement is only done annually.

least once a month, to one of the following digital platforms (measure those applicable for your bank):
- Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools, if applicable)

Percentages are not available, but we do have the number of visits per activity: Virtual assistant, 121,946 conversations and requests handled;
- Contact Center, 241,920 incoming calls;
- WhatsApp, 21,218 requests handled;
- Chat Online, 34,217 chats handled;
- CS Mobile Application, 19,182 active users;
- CS Online, 18,293 active users