



**Reporting and Self-
Assessment Template
Principles for
Responsible Banking**
Banesco (Panamá), S.A.



Principle 1: Alignment

We will align our business strategy so that it is coherent and contributes to the needs of people and the goals of society, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.

1.1 Describe (high-level) your bank's business model, including the main customer segments served, the types of products and services provided, the main sectors and types of activities, and where relevant, the technologies financed in the main geographical areas in which your bank has operations or offers products and services.

Banesco Panama features a business model organized by customer segments to meet their specific needs with a range of products and services specially designed for them. This is how we manage our Community Banking aimed at serving microentrepreneurs and entrepreneurial segments, a Personal Banking system aimed at serving individuals residing in Panama, including people with a Premium profile for whom there is also a specific value proposition, a SME Banking platform focused on meeting the needs of small and medium-sized companies, a section of Specialized Banks that serve companies and corporations, including a specialization in agricultural companies; and an International Banking platform focused on meeting the needs of all non-resident, natural and legal segments in Panama. For each of these segments, we have products and services that serve four main business lines: liability products, credit products, means of payment products and, banking and insurance products.

Likewise, Banesco (Panamá), SA holds a general license that enables it to carry out the banking business in any part of the Republic of Panama, in addition to being part of Banesco International with a presence in 14 countries: Panama, Venezuela, United States, Dominican Republic, Puerto Rico, Curaçao. ABANCA: Spain, Portugal, United Kingdom, France, Germany, Switzerland, United States, Mexico, Panama, Brazil and Venezuela.

On our website www.banesco.com.pa we keep detailed and updated information on our products and services.

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1.2 Describe how your bank has aligned to and / or plans to align its strategy to be coherent and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement and national frameworks and relevant regions.

We are a signatory company of the United Nations Global Compact since 2017, a member of the Financial Initiative of the United Nations Environment Program (UNEP FI) since 2017 and we are subscribed to the Principles for the Empowerment of Women (WEPs) since 2018.

For Banesco, the path to Sustainable Development is paved with quality education, through capacity building; using culture as a tool for the convergence and growth of nations; entrepreneurship as a junction for promoting business consciousness, enabling and supporting the economy, all framed in a healthy, balanced and prolific ecosystem that fosters our present and future well-being.

Our contribution to Sustainable Development aligns with the established sustainable development goals linked to:

- Financial inclusion (community banking)
- Investments in the community
- Incentive to SMEs
- Promotion of agriculture
- Committed to health and well-being
- Committed to quality education
- Seal of Equality Gender Yes- Gold Category
- Committed to gender equality: for which we were awarded recognition under the International Silver Conch Award, in the category of "Productions for Digital Media" for the "Equality" (#contigoenlaigualdad) campaign.
- Committed to decent work and economic growth.
- Committed to innovation, industry, and infrastructure
- Committed to reducing inequalities
- Committed to a sustainable operation and consumption.

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https://paprodwebstordata.blob.core.windows.net/filesbanesco/informe_sostenibilidad_banesco_panama_2019.pdf
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Principle 2: Impact and Goal Setting

We will continually increase our positive impacts while reducing negative impacts and, manage the risks to people and the environment that result 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:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that meets the following elements:

a) Scope: The main business areas, products / services of the bank in the main geographical areas in which the bank operates, have been included in the scope of the analysis as described in 1.1.

b) Exposure scale: in identifying its most significant impact areas, the bank has considered where its core business / core activities are in terms of industries, technologies, and geographical areas.

c) Context and relevance: Your bank takes into account the most relevant challenges and priorities related to sustainable development in the countries / regions in which it operates.

d) Scale and intensity / importance of impact: in identifying its most significant impact areas, the bank has considered the scale and intensity / importance of the (potential) social, economic and environmental impacts resulting from the bank's activities and the provision of products and services.

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that based on this analysis, the bank:

- Identified and disclosed its most significant (potential) positive and negative impact areas
- Identified strategic business opportunities in relation to increasing positive impacts / reducing negative impacts.

As part of our impact analysis, a new materiality study was carried out in 2020 that included the review and update of stakeholders.

This materiality analysis was done to establish the priorities on which Banesco Panama can guide its sustainability management.

According to the GRI-101: Fundamental standards, the materiality criterion defines material issues, that is, relevant, as those that can reasonably be considered when reflecting the economic, environmental and social impacts of the organization or that influence the decisions of its stakeholders. In this context, "impact" refers to the effect that an organization has on the economy, the environment and / or society (positive or negative). The implementation of this process made it possible to identify those aspects that are relevant to the social, environmental, economic and governance impact of the bank's strategy, as well as those that have influence on the decisions of the stakeholders and that therefore must be managed and reported. In this way, the materiality exercise lines up with the social responsibility approach and therefore, the bank's strategy with the expectations of the stakeholders into context, which in turn, responds to the current situation based on an analytical exercise. Due to the circumstances of Covid-19, this process was carried out internally through a recognition exercise based on the direct relationship of the leaders of each area who have direct contact with and knowledge of the different interest groups (identified to date), to determine the relevance, pertinence and potential perspectives of each one.

As a result of the analysis carried out, twelve (12) material issues were identified, which were divided under the dimensions of sustainability they belong to accordingly: economic (E), social (S), and Environmental (E). Of the 12 relevant issues identified, four issues stood out with an importance rate greater than 90%, which are: economic reactivation, legal and / or regulatory compliance, corporate governance, ethics and transparency, and customer experience.

For Banesco, these issues are addressed across the board throughout the organization within the framework of the organizational strategy to ensure long-term sustainability, the proper relationship with its stakeholders and the strengthening of accountability.

In relation to the sustainability strategy based on the main business areas, it will be identified under the support of the new impact analysis tool provided by UNEP FI, during the second half of 2021, and thus identify the main environmental and social impacts.

Likewise, it is worth noting that Banesco's sense of social purpose and solidarity prompted its participation in initiatives like [#TodoPanamá](#), [Héroes de Blanco](#), [Association of Bankers' Wives](#), [#TodoChiriquz](#) [uí](#), [# TodoColón](#) and supported [INDICASAT](#) for the development of reagents for COVID-19 tests.

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2.2 Setting Goals

Show that the bank has established and published a minimum of two specific, measurable (can be qualitative or quantitative), achievable, relevant and time-bound (SMART) objectives that address at least two of the identified "most significant impact areas," resulting from the bank's activities and the provision of products and services.

Show that these goals are linked and drive the guidelines to further contribute to the appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national, or regional frameworks.

Demonstrate that the bank has analyzed and recognized the significant (potential) negative impacts of the targets set in other dimensions of the SDG / climate change / society targets, and that it has established relevant actions to mitigate them to the extent possible to maximize the net positive impact of the established objectives.

A first approximation of impact analysis has been carried out, under the materiality analysis, where the most relevant aspects were internally identified based on economic, social, and environmental aspects.

However, this analysis will be complemented in 2021 under the tool provided by UNEPFI with the identification of the sectors with the greatest environmental and social impacts, establishing related objectives. However, for five years Banesco Panama has defined four lines of action: "entrepreneurship, education, culture and environment," to tackle the challenges that, in terms of building country capacity, social innovation and commitment to transparency, we intend to achieve through our social responsibility.

All the activities that are part of these lines have been modified to meet the goals proposed for 2020, responding to the demands of an environment completely affected by the pandemic. In that sense, we have contributed with sponsorships and donations to emergency care both, due to the pandemic and to the onslaught of nature. In terms of "entrepreneurship", training was diversified, with emphasis on the Banesco's Entrepreneurs' e-learning, due to biosafety and physical distancing measures. We served 4,829 participants, out of an original base of 3000. The Banesco Entrepreneurs' face-to-face program began in the last four months of the year, supported by the Ministry of Social Development (MIDES) in its productive inclusion program, serving 1,355 beneficiaries in Veraguas, Herrera, Bocas del Toro and Panama Oeste.

Regarding the "cultural" lines, we continue to support the Network of Youth and Childrens' Orchestras and Choirs of Panama (La Red), whose classes continued online. Likewise, as part of the Board of Directors of the National Theater's Board of Trustees, we support its programming and this year's administrative challenges where it was practically closed due to the lockdown. In the "education" category, we supported the Foundation for Educational Excellence, helping reorient the strategy of its contribution to educational quality, since the National Competition for Excellence was not held.

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2.3 Implementation and Objectives Monitoring Plans

Show that your bank has defined actions and milestones to meet the established objectives.

Show that your bank has established the means to measure and monitor progress against the stated objectives. The definitions of the key performance indicators, any changes to these definitions, and any exceedances of the baselines must be transparent.

The impact analysis tool granted by UNEP-FI to identify our main impacts and establish a roadmap for monitoring the implementation of our objectives It is expected to be used by the second semester of the year 2021. In relation to the monitoring and implementation of the objectives, a multidisciplinary sustainability scorecard will be established during 2021 to carry out a sustainability strategy inspired by international best practices.

2.4 Objectives' Implementation Progress For each objective separately:

Show that your bank has implemented the actions you had previously defined to meet as the stated objective.
Or explain why the actions could not be implemented / needed to be modified and how your bank is adapting its plan to meet its stated goal.

The impact analysis tool granted by UNEP-FI to identify our main impacts and establish a roadmap for monitoring the implementation of Banesco's objectives is expected to be used by the second semester of the year 2021. For this period, a first approximation of impact analysis was carried out, under the materiality analysis, where the most relevant aspects were identified internally based on economic, social, and environmental aspects.

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Principle 3: Customers (of goods and services)

We will work responsibly with our clients to foster sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Provide an overview of the policies and practices that your bank has implemented and / or plans to implement to promote responsible relationships with its clients. This should include high-level information on the programs and actions implemented (and / or planned), their scale and, where possible, their results.

The strengthening of Corporate Governance management continues, which is equivalent to the adoption of best practices, as well as the incorporation of regulatory requirements, issued by the different regulatory entities.

-The Corporate Governance Manual was updated to the Good Corporate Governance Code.

- Communications campaign on the content and relevance of the Corporate Anti-Corruption Policy.
- Annual update of Corporate Governance. It included area, corporate policies (among them, the Corporate Transparency Policy), directors' policies managed from the Governance area, as well as the regulations and conformations of the different instances of Corporate Governance.
- Follow-up to the management of Subsidiaries.
- Virtual sessions of Corporate Governance Instances.

In 2020, a guide was implemented that includes ten attributes that promote the modeling of behaviors expected by our leaders. These attributes are: I am Exemplary, I am Generous, I am Effective and Profitable, I Generate Autonomy, I focus on Solving, I provide Feedback, I provide Momentum, I am a Non-conformist, I put the client first and I focus on strategy.

Likewise, our values, standards and norms of conduct are included in the 58 articles of the Code of Ethics and Conduct of the Banesco Citizen, serving as a guide for employees, business partners and other stakeholders.

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For inquiries about our Corporate Policies visit www.banesco.com.pa

Good Corporate Governance Code

<https://paprodwebstordata.blob.core.windows.net/filesbanesco/Manual-Gobierno-Corporativo.pdf>

Corporate Anti-Corruption Policy:

<https://paprodwebstordata.blob.core.windows.net/filesbanesco/Politica-corporativa-anticorrupcion.pdf>

Code of Ethics:

https://paprodwebstordata.blob.core.windows.net/filesbanesco/codigo_etica_banesco_panama.pdf

Corporate Policy for Social and Environmental Management

<https://paprodwebstordata.blob.core.windows.net/filesbanesco/Politica-Gestion-Social-Ambiental.pdf>

Exclusion List

<https://paprodwebstordata.blob.core.windows.net/filesbanesco/Anexo-Pol%C3%ADtica-Corporativa.pdf>

3.2 Describe how your bank has worked and / or plans to work with its clients to promote sustainable practices and enable sustainable economic activities. This should include information on planned / implemented actions, products and services developed, and, where possible, the impacts achieved.

Banesco has immersed for a few years in creating an increasingly efficient organization model, taking advantage of the benefits of an extensive digital transformation program. Some worth noting are:

- New P2P payments with the enablement of Wally Pagos. A service that offers an easy, fast, and secure way to send and receive money between Banesco Panama accounts using only the cell phone number.

- VideoBanking Launch, a new, innovative service, the first in this category in Panama, 100% digital virtual service, through which customers can schedule their appointment and speak face to face with Digital Banking officers, from any device mobile or computer.

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Principle 4: Stakeholders

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

4.1 Describe which stakeholders (or stakeholder groups / types) your bank has consulted, engaged, collaborated with or associated with in order to implement these Principles and improve your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed / results achieved.

Sustainability is built between everyone (companies, governments, civil society, NGOs, unions). This is a maxim that does not escape Banesco, so our programs and those we support are always developed in social partnership. Thus, we can comply with all the initiatives that make up our four lines of action.

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- Annex: 2020's Active Alliances, Agreements and Initiatives.
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Principle 5: Governance and Culture

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

5.1 Describe the relevant governance structures, policies, and procedures that your bank has implemented / is planning to implement to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles.

The Corporate Policy for Environmental and Social Management is our framework in relation to environmental and social issues, fostering sustainable and responsible actions for environmental preservation, economic and social development of the countries in which our presence is maintained, taking into account the principles established in the framework of the United Nations Global Compact.

In addition, the corporate governance structure is defined and approved by the Board of Directors, integrating schemes of control committees, steering committees, executive committees, and executive boards.

The consultation processes between stakeholders and the highest governance body on economic, environmental, and social issues must be validated and reviewed with the Human Capital, Finance, Risk and Corporate Affairs areas.

In this sense, the committees that evaluate environmental and social issues are Risk and Credit. In addition, matters related to social responsibility are reviewed quarterly, through the Executive Control of Strategic Planning, known as CEPE.

Corporate Policy for Social and Environmental Management
<https://paprodwebstordata.blob.core.windows.net/filesbanesco/Politica-Gestion-Social-Ambiental.pdf>

Exclusion List
<https://paprodwebstordata.blob.core.windows.net/filesbanesco/Anex-Pol%C3%ADtica-Corporativa.pdf>

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5.2 Describe the initiatives and measures that your bank has implemented or is planning to implement to promote a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in pay structures, performance management and leadership communication, among others.

As a company policy, the training of employees represents one of the strategic levers that reinforces and develops talent, which is why efforts have been made as an organization to identify, develop and train employees, in order to build employee loyalty and retain the best talents. Hence, development programs are created according to the needs of each business area, allowing us to face new, organizational challenges. We have a Training Policy. As part of the training programs that were developed, the following can be mentioned:

- The Banesco Academy: focused on high-performance training of human capital that shows potential to strengthen strategic and leadership skills in Banesco's DNA and integrate comprehensive business management skills.
 - Collections Advisor: strengthening the new collection's profile, evolving from a manager's role to being a "Collections Advisor" with technical and soft skills focused on the new collection reality.
 - VideoBanking: training of executives with a remote service role developing talent in digital skills.
 - New Branch Model: strengthening the new profile for branch and call center executives, going from being an agent to a "Comprehensive Customer Service Executive," developing skills and complete knowledge of the bank's products and services.
- In addition, some other measures related to the improvement of health and safety conditions at work were implemented, including:
- Telemedicine care through the clinic (due to the pandemic).
 - In alliance with PALIG, a home kit with medicines for employees with COVID-19 was delivered.
 - In alliance with the Power Club gym franchise, the use of a virtual platform for functional exercises was shared.
 - During the month of October (Health Month), different activities were organized such as Influenza Vaccination Day for employees and their families, the PSA session, active face-to-face and virtual breaks.

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5.3 Governance Structure for the Implementation of Principles

Show that your bank has a governance structure for the implementation of the PBR, including:

- a) Established objectives and actions to achieve said objectives
- b) Corrective measures in case objectives or milestones are not reached or unexpected negative impacts are detected.

In order to guarantee the management's transparency, a set of guidelines have been formalized incorporating corporate values, strategic objectives, Banesco Citizen's Code of Ethics and Conduct, the Directors' Code of Ethics and assignment of responsibilities, establishing the Mission, Vision and a balanced Comprehensive Strategic Planning process, in which Shareholders, Board of Directors and Senior Management participated.

The bank's strategies are defined through the "Comprehensive Strategic Planning Process", known as PIPE. This constitutes an annual, cyclical process which varies in intensity depending on whether it is an exercise to update the existing strategy or whether it is the redefinition of a new strategy for the organization. Hence, strategic planning in matters of sustainability and CSR also goes through this cycle.

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Good Corporate Governance Code
<https://paprodwebstordata.blob.core.windows.net/filesbanesco/Manual-Gobierno-Corporativo.pdf>

Code of Ethics:
https://paprodwebstordata.blob.core.windows.net/filesbanesco/codigo_etica_banesc_o_panama.pdf



Principle 6: Transparency and accountability

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

6.1 Progress in the Implementation of the Principles for Responsible Banking

Show that your bank has considered existing and emerging international / regional good practices relevant to the implementation of the six Principles for Responsible Banking. Based on this, your bank has defined priorities and aspirations to align with good practices.

Show that your bank has implemented / is working on implementing changes to existing practices that reflect and are in line with existing and emerging international / regional good practices and, that it has made progress in implementing these Principles.

BanESCO Panama has been a signatory of the United Nations Global Compact since 2017, a member of the Financial Initiative of the United Nations Environment Program (UNEP FI) since 2017 and is subscribed to the Women's Empowerment Principles (WEPs) since 2018.

In addition to informing on our economic, social and environmental management, under Global Reporting Initiative's methodology (GRI), our objective is to abide by the three dimensions of sustainability and reaffirm our commitment to follow the roadmap defined by the Sustainable Development Goals of the 2030 Agenda.

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GRI Index page 70.

Code of Ethics:
https://paprodwebstordata.blob.core.windows.net/filesbanesco/codigo-etica_banESCO_panama.pdf

Annex: Definitions

a. Impact: An impact is commonly understood as a change in the outcome for a stakeholder. In the context of these Principles, this means (in line with the GRI definition) the effect that a bank has on people / society, the economy and the environment and on sustainable development. Impacts can be positive or negative, direct, or indirect, actual, or potential, intended or not, in the short or long term.

b. Significant impact: An impact that, in terms of scale and / or intensity / relevance brings about a particularly strong change / result relevant to a stakeholder. In the context of these Principles, the concept of significant impact is used to ensure that banks focus where their actions / businesses (may) matter most to people, the economy and the environment, and to provide a reasonable and practical threshold for issues to be considered / included, similar to the concept of "materiality."

