

# Banesco, S.A. Sustainability Report



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## MESSAGE FROM OUR EXECUTIVE PRESIDENT AND CEO

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**Carlos Alberto Escotet**  
Executive President and CEO  
Banesco, S.A.

GRI 102-14

STATEMENT from senior decision maker

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**In 2017**, we celebrate our tenth anniversary and we wish, in this report, in the name of Banesco citizens, to express our gratitude to Panama for this decade of opportunities and growth. We honor ten years of operations with the meaningful event "Words for Panama, Ambassadors for Dreams, Voices of Progress", in which we were joined by more than 1700 guests at the Anayansi theatre of the Atlapa Conventions Center. In this wonderful occasion we highlight our strategic priorities relative to sustainability. We also stress, among other topics, the value of education and gender equality to encourage development. Our main guest speakers are Frederik de Klerk, former president of South Africa and Nobel Peace Prize recipient, an award he shared with Nelson Mandela, leader of the abolitionist movement against the "Apartheid" segregationist system; and Ziauddin Yousafzai, Pakistani educator and activist, father of young Malala Yousafzai, Nobel Peace Prize recipient, internationally known for her work in defense of education and the rights of women.

The main achievements that distinguished 2017 were featured in the excellent results and progress of our operations, therefore we highlight the valuable contribution of our business and partners. Due to their relevance, we proudly point out the following:

- 
- We continue on the right track striving for a more solidarity driven and intimate banking, offering high quality financial solutions to all segments of the population.
  - We increased investment rate grading to Banesco at BBB (PAN) with a STABLE outlook.
  - We have strengthened our governance through diverse committees responsible for the management of issues that have a direct or indirect impact in the economic, social or environmental areas.
  - We continue to propell financial inclusion: In less than a year, Community Banking reached USD324,905 in loans for microentrepreneurs, which highlight an increase of 109% according to estimates, and USD156,066 in Entrepreneurs Savings Accounts.
  - We signed the UN GLOBAL COMPACT. With this allegiance we proclaim our commitment to supporting the Ten Principles by which it is constituted.
  - We were awarded the “Recognition for Exemplary Corporation for its CSR in Latin America,” for our Corporate Social Responsibility program, by CEMEFI and AliaRSE. Also, locally, we were nominated for the “Panamá en Positivo” award.
  - Our wonderful team of 1,324 enthusiastic collaborators has become our inspiration in establishing a working environment that promotes development and wellness, resulting in better customer support. Thus, we set-up “EL PISO,” a space for relaxing, socializing, recreation and coworking and, we implemented benefits that contribute to a healthy balance of work and family life. Annually, we analyze the results and re-focus our strategic planning, conducting the proper internal review of our organizational climate and of our culture. For this we use ICOB, Instrument of Organizational Climate Banesco, by observing an increase of the central concept “Sense of belonging in the organization,” which shifted from 80% in 2016, to 84% in 2017.
  - The key of our organization is based on people who share our vision, thus we grant special relevance to our collaborators’ education. This year, said investment reached USD437,574.
  - We believe in alliances for the sustainability of projects; therefore, we have participated in initiatives that encourage entrepreneurship, education and culture.
- We pay special attention to including controls and monitoring which ensures good performance of the executive body responsible for decision-making, for the purpose of achieving investment guidance for responsible use of capitals.

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In 2018, we will continue working to achieve timely attention, simple and cordial, in an efficient manner; combining technology and human talent. We will continue to establish accessible banking focused on creating value, building up conditions for prosperity, working on education, entrepreneurship and financial inclusion. Our progress has been gradual and we wish to continue establishing ourselves to benefit all Panamanians in order to continue laying the foundations for an increasingly and sustainable management.

A decade ago, as we initiated our operations, we made emphasis on our commitment to contributing, to the best of our abilities, to the social and economic development of Panama. That feeling of gratitude and respect has not stopped since we feel we are part of Panamanian society and, we have made ours, their continuous struggle toward a future of greater well being and coexistence.



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Carlos Alberto Escotet  
Executive President and CEO  
Banesco, S.A.

# Banesco Profile

## BANESCO S.A. PROFILE

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### GRI 102-1

Name of the organization

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**Banesco S.A.** shares the Sustainability Report 2017, presenting their approach to this topic in this document.

### GRI 102-2

Activities, brands, products and services

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Our main activity focuses on banking, securities placement and insurance; likewise we keep detailed and updated information of our products and services in [www.banesco.com.pa](http://www.banesco.com.pa)

### GRI 102-3

Location of Headquarters

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Our headquarters are located in Marbella, Calle Aquilino de la Guardia y calle 47 Bella Vista, Torre Banesco, Panama City, Republic of Panama.

### GRI 102-4

Location of Operations

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We are part of Banesco, S.A. and this report presents efforts in Panama.





GRI 102-5

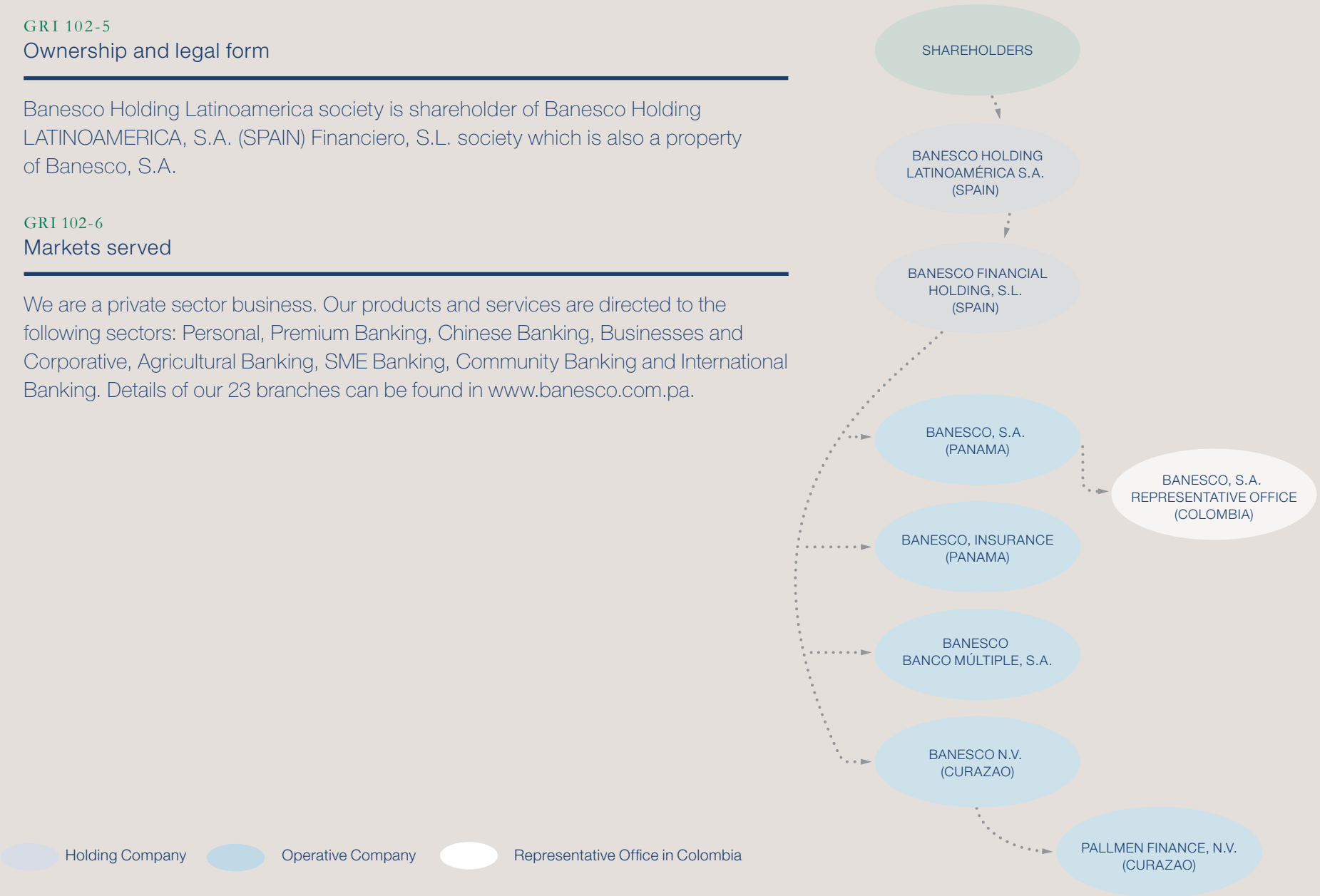
Ownership and legal form

Banesco Holding Latinoamerica society is shareholder of Banesco Holding LATINOAMERICA, S.A. (SPAIN) Financiero, S.L. society which is also a property of Banesco, S.A.

GRI 102-6

Markets served

We are a private sector business. Our products and services are directed to the following sectors: Personal, Premium Banking, Chinese Banking, Businesses and Corporative, Agricultural Banking, SME Banking, Community Banking and International Banking. Details of our 23 branches can be found in [www.banesco.com.pa](http://www.banesco.com.pa).



GRI 102-7  
Scale of the organization

USD40.52 MM  
Net Profit

USD4,149.34 MM  
Total Assets

USD3,437.48 MM  
Customers Deposits

USD1,074,767  
Investment in CSR

(figure corresponding to 2,65%  
of Banesco SA. net income  
by 31st December 2017)

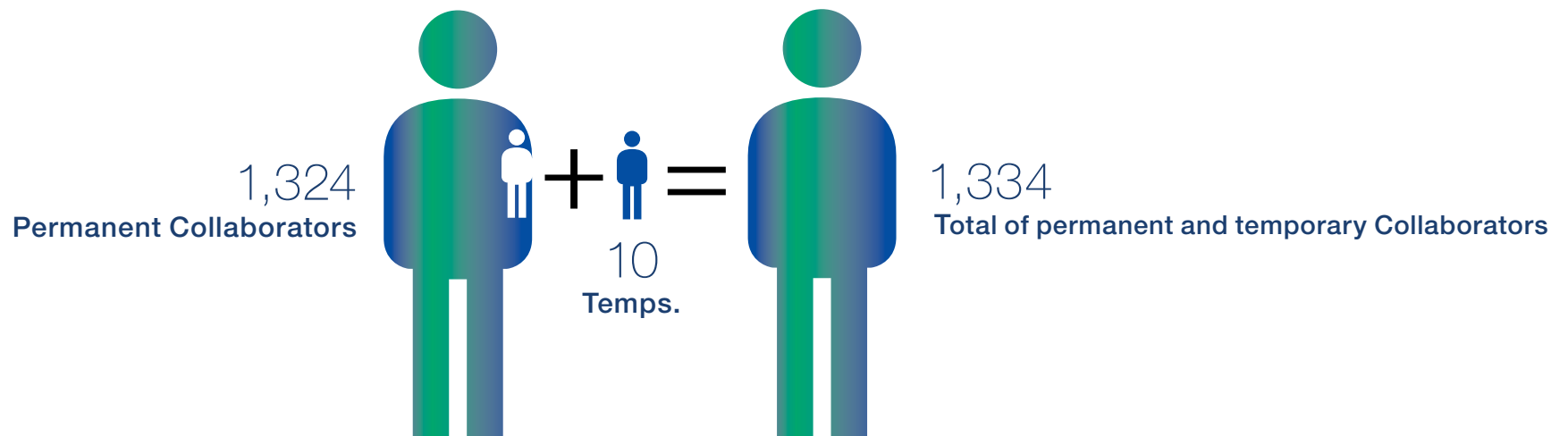
USD383.93 MM  
Net Worth

USD2,809.13 MM  
Net Loans

23  
Branches

Note: Figures of Audited Non-Consolidated Financial Statements, Banesco S.A. by December 31st, 2017.

GRI 102-8  
Information on employees and other workers

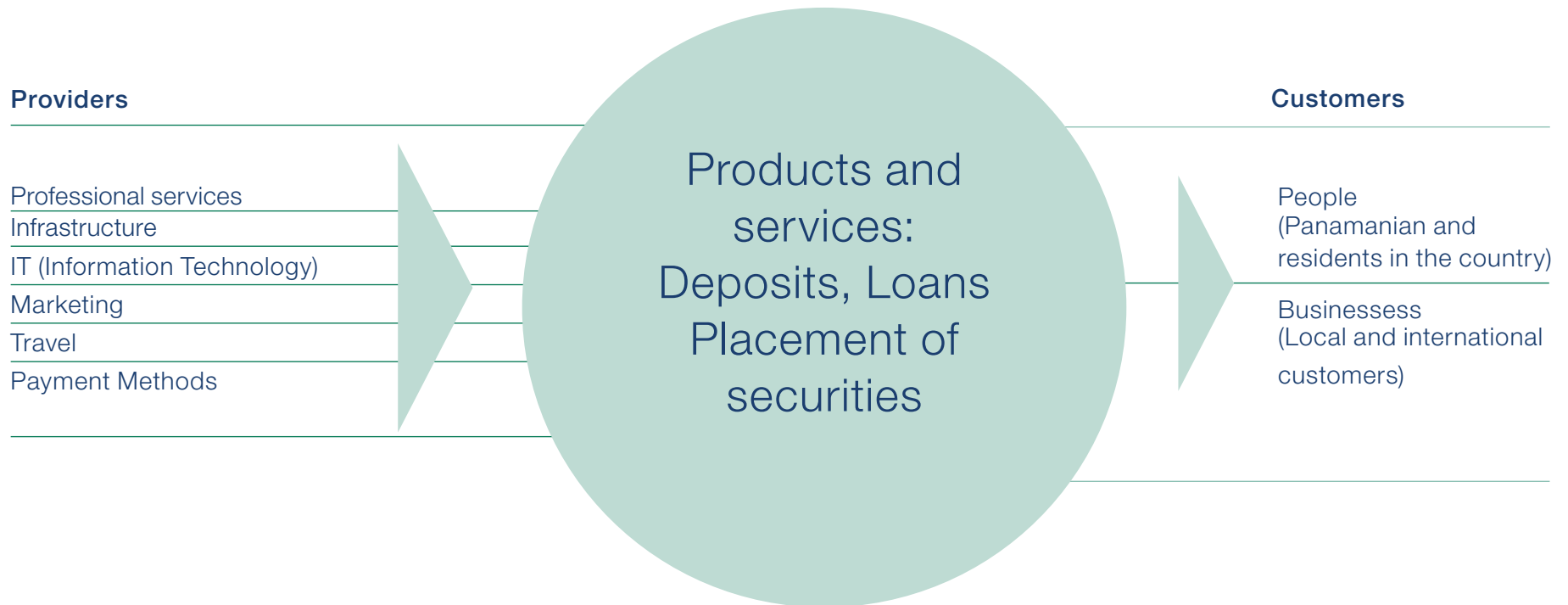


## ABOUT THIS REPORT

### GRI 102-9 Supply chain

Our supply chain is made up of 746 providers and contractors of which 98 have been hired on more than 3 opportunities. Our supply chain can be represented as follows:

746  
Providers



### GRI 102-10 Significant changes to the organization and its supply chain

In 2017, we have not had significant changes in our structure, property or supply chain.

## RECOGNITIONS

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Within the milestones set during this period we are able to note the following:

- We increased ***Fitch Ratings*** investment grade to Banesco, S.A. at BBB (PAN) with OUTLOOK STABLE.
- International recognition for Corporate Social Responsibility management by **CEMEFI** and **AliaRSE**. As a result of our public and volunteering commitment, implementing a socially responsible management we were awarded the Recognition of Exemplary Corporation in the Region for your Social Responsibility, by the Mexican Center for Philantropy (CEMEFI in Sp.) and the organizations: Alliance for Corporate Social Responsibility (AliaRSE). We are the only Panamanian business in being honored with this recognition.
- In 2017, we were nominated for the **“Panama en Positivo”** awards.

GRI 102-11

Precautionary Principle or approach

The principle or precautionary approach is included in our risk management process and we are also including it in our policies; we pay particular attention to avoid a negative impact to health and the environment. Assessing our operation through committees responsible on issues concerning economics, social and environment, with the purpose of encouraging conducts that, when a risk factor is found which may trigger serious or irreversible damage to health or environment, the lack of absolute scientific certainty is not used to postpone adoption of efficient measures.

GRI 102-12

External initiatives

Outstanding volunteering initiatives we are part of:

- UN GLOBAL COMPACT
- Deutsche Investitions und Entwicklungsgesellschaft (DEG)
- National concertation
- Entrepreneurship Pact with AMPYME
- Entrepreneurship Program Banesco with our Social Associates
- Alianza por un millón de hectáreas (Alliance for the million Hectares) with the environmental NGO ANCON
- Foundation for the promotion of Educational Excellence
- Agreement with Cerveceria Nacional
- Agreement with the Panama Canal
- AVENT - Company sepecialized in baby products (Lactance Room).

In the section "Committed to our Alliances " we give detailed information of the external initiatives. As signatory of the Global Compact we adopt as our own the ten principles in its 4 central concepts:

**Human Rights**

- **Principle 1:** we support and respect the protection of internationally proclaimed human rights.
- **Principle 2:** we ensure that they are not complicit in human rights abuses.

**Labor Practices**

- **Principle 3:** we uphold the freedom of association and the effective recognition of the right to collective bargaining.
- **Principle 4:** we uphold the elimination of all forms of forced and compulsory labor.

- **Principle 5:** We support the eradication of child labor.
- **Principle 6:** we support the elimination of discrimination in respect of employment and occupation.

**Environment**

- **Principle 7:** we maintain that businesses should support a precautionary approach to environmental challenges.
- **Principle 8:** we undertake initiatives to promote greater environmental responsibility.
- **Principle 9:** we encourage the development and diffusion of environmentally friendly technologies.

GRI 102-13  
Membership of associations

- **AMCHAM** - The American Chamber of Commerce and Industry of Panama. Our Executive President and CEO Carlos Alberto Escotet, was elected as one of its director for the 2018-2019 period
- United Nations Global Compact
- **AMPYM** - Authority for the micro, small and medium-size companies
- The Panamanian Banking Association
- **FELABAN** - Latin American Banking Federation

**Anti-corruption**

- **Principle 10:** we fight against corruption in all its forms, including extortion and bribery.

The ten principles of the UN Global Compact derive from the Declaration of Human Rights, the Declaration of the World Trade Organization, the Rio Declaration on the Environment and Development and; the United Nations Convention against Corruption.

- Fe y Alegría
- **FUNDADER** - Foundation for the Comprehensive Development of Women and Family
- **FUSODEP** - Foundation for Solidarity and Development of Panama
- **IUGT** - University Institute of Management and Technology
- **SUMARSE**
- Panama Green Building Council

## ETHICS AND INTEGRITY

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GRI 102-16

Values, principles, standards and norms of behavior

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Banesco, inspired by the principles of creative imagination and efficiency that have always distinguished us and, with the desire to find new pathways that propell us to live our Vision and Mission, accepts the commitment to practice the Values by which we are constituted, with all our groups of interest; preserving the essence of what has made us successful.



### Mission

We are an organization of comprehensive financial services, dedicated to knowing our clients' needs and meeting them through relationships based on mutual trust, ease of access and excellence in service quality.

We are leaders in the sectors of People and Commerce, combining tradition and innovation with the best of human talent and advanced technology. We are committed to maximizing profits for our shareholders and the well being of our community.

### Vision

The experience of the Banesco customer will mark how we make the difference in Panamanian banking. Our products and services, channels and processes, will make the customer the focus and for our people, this will be their reason of being. We accept the challenge to evolve in order to exceed their expectations, standing by and for them in a long-term, close relationship. Thus, we will succeed in standing, not only among the most valued banks but also, among the most solid and profitable ones. Here, serving is our passion.





## Values

**Responsibility:** we respond to our obligations with accuracy and passion. We stand by our word. We use our time wisely. We give the best to everyone.

**Quality:** we perform each obligation with utmost care. We aim to be the best. We strive to exceed expectations of those we interact with.

**Reliability:** we tell the truth in every circumstance. We respond with honesty. We acknowledge our mistakes. We ask for help when it is necessary.

**Innovation:** we are a visionary organization. We offer new solutions. We seek ideas and technologies that promote change.

## Code of Ethics and conduct

Banesco S.A. follows a Code of Ethics and Conduct of the Banesco Citizen that defines and regulates our concept of ethical values, by establishing patterns of conduct intended to reinforce honesty as the essential core of our actions. Our code follows the Values of the

Organization, providing the Banesco Citizen a set of rules that show the link between the principles that guide decisions, behavior (Values) and, the parameters of expected performance (Code of Ethics).

The Code of Ethics and Conduct of the Banesco Citizen is available in our website: [www.banesco.com.pa](http://www.banesco.com.pa). Every new collaborator receives the information and training on the Code of Ethics and Conduct. We adhere to policies and procedures that are disclosed in the Code of Ethics and Conduct of the Banesco Citizen, Manuals of the Banesco S.A. Corporate Government and Subsidiaries, corporate policies and regulations that govern the different authorities of its corporate structure.



## GOVERNANCE AND CORPORATE STRUCTURE

### GRI 102-18 Governance Structure

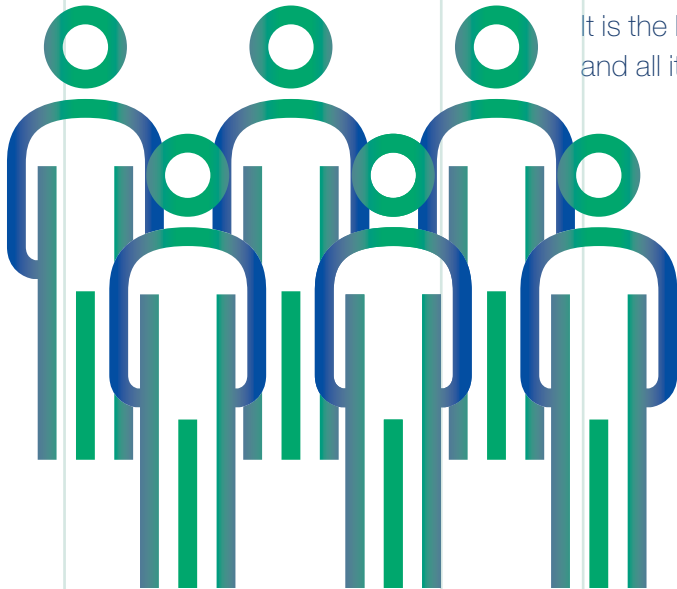
As Banesco S.A. is part of Banesco International, we have established within our management, controls which ensure the best performance, including several authorities responsible for decision-making on issues concerning regulations and economy, as well as issues on the environmental and the social areas.

The Vice-presidency of Compliance and Corporate Government is the area responsible for ensuring that the regulatory provisions in regards to banking, the fiduciary, stock market and other applicable regulations are met; as well as making sure that the products and services we offer are not used to carry out illicit operations, preventing money laundering, financing terrorism and the proliferation of weapons of destruction.

Annually, we carry out a performance evaluation of the Corporate Government of the Board of Directors of Banesco, S.A., of the Committees and the Board of Directors, in compliance with norms established by the Superintendency of Banks of Panama and, it is carried out in an independent manner.

### BOARD OF SHAREHOLDERS

It is the highest government authority. All its actions and resolutions compel the organization and all its shareholders.



## BOARD OF DIRECTORS

Our Board of Directors:



**Miguel A. Marcano**  
Director and President



**Carlos A. Escotet**  
Director  
Executive President  
and CEO



**Juan C. Escotet**  
Director



**Alfredo Ramírez**  
Director



**Ricardo Ayala**  
Director



**María J. Fernández**  
Director

**Marco Fernández**  
Independent Director



**Francisco Conto**  
Independent Director



**Mario Oliva**  
Independent Director



### Dignitaries:

1. Miguel A. Marcano- President of the Board of Directors
2. Mario Oliva - Treasurer
3. Amabel Vargas- Secretary
4. Mónica De León-Under Secretary

### Chief Executive

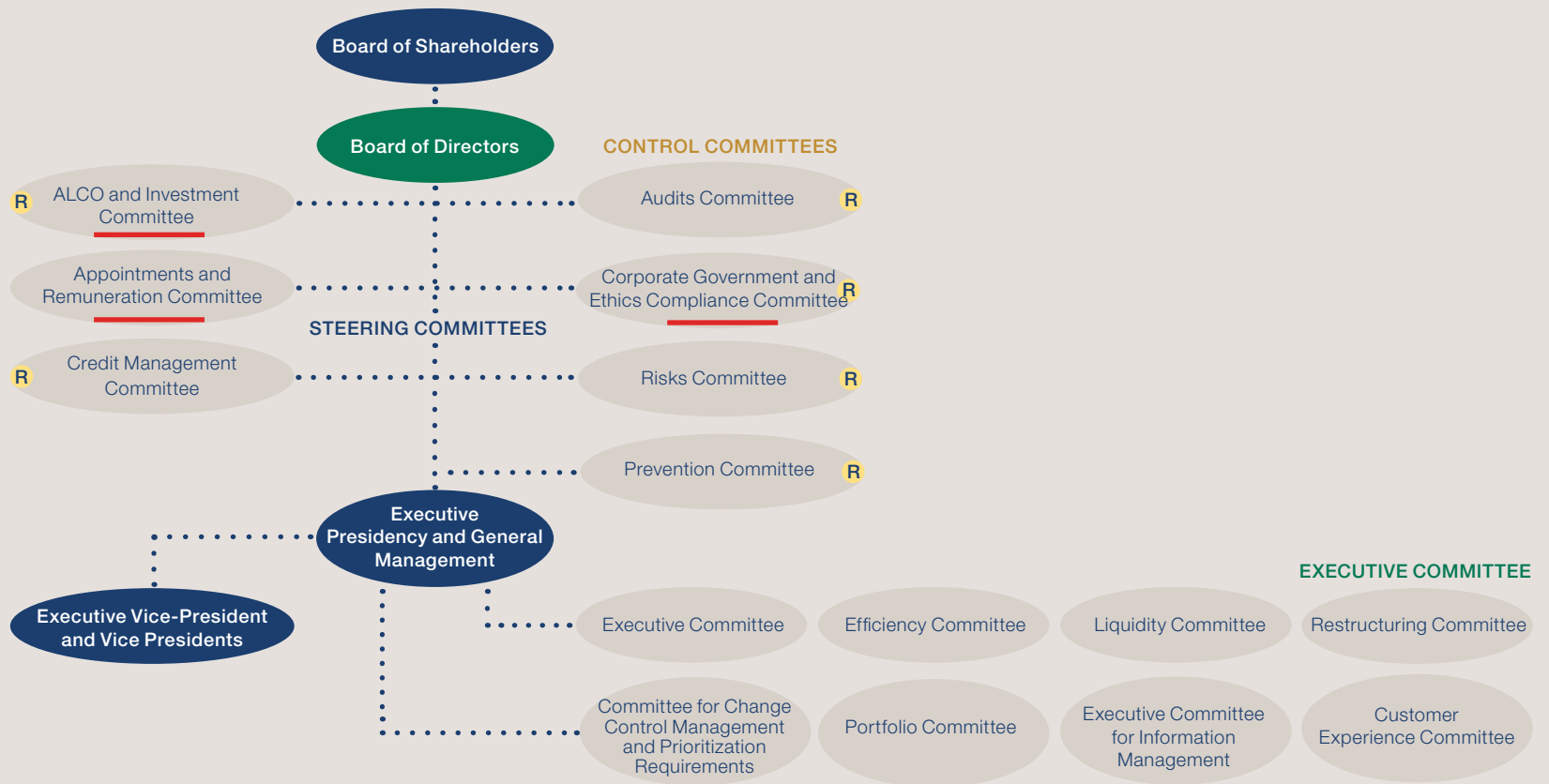
1. Carlos A. Escotet- Executive President and CEO

The members, with extensive experience in the global and local market, are appointed and approved by the Board of Shareholders. They are professionals whose profiles can be consulted in our web page.

## DIRECTORS, EXECUTIVES AND CONTROL COMMITTEES

We have established different committees and corporate government frameworks in order to evaluate and comply with those of a regulations character, improving our governance;

strengthened through the committees whose operations must see to economic, environmental and social issues.



**Regulatory**  
Committee required by banking regulations

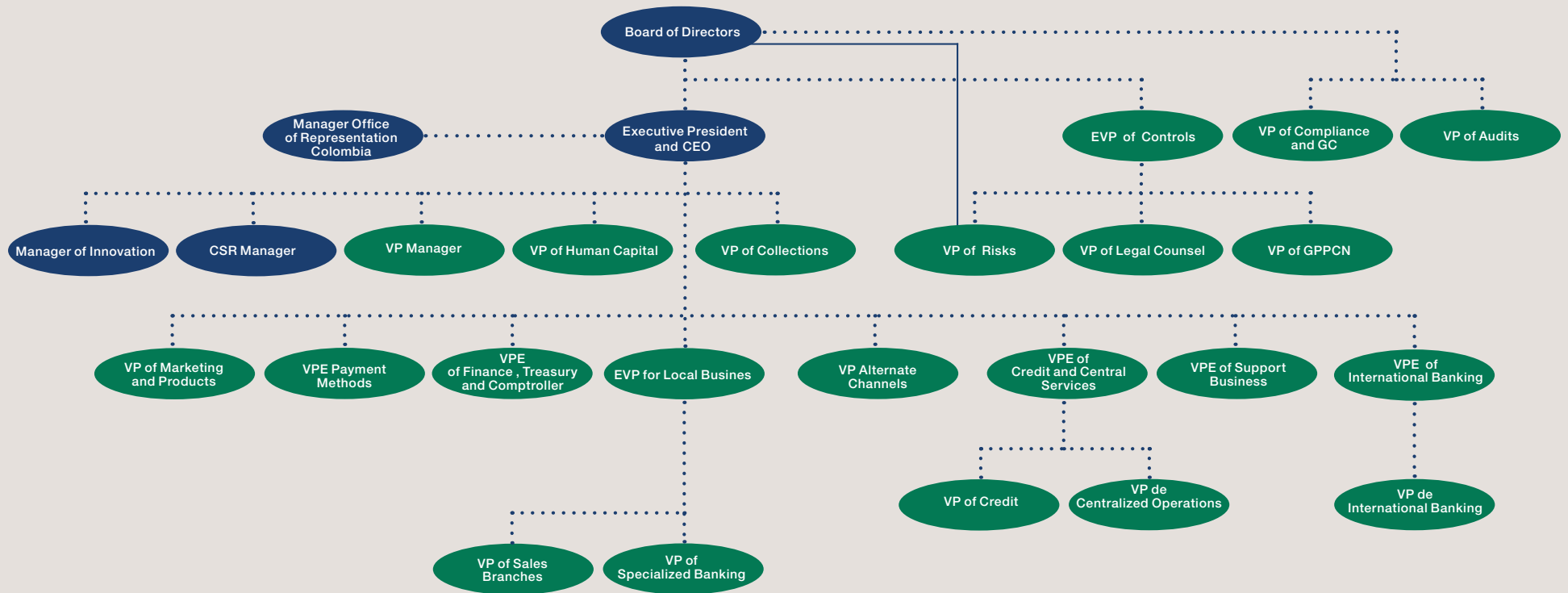
**ESG**  
Committees whose functions oversee issues pertaining the economic, environmental and social areas

Steering Committees	Responsibilities
<b>ALCO and Investments Committee</b>	Monitor assets and liabilities tendencies, marginal costs funds investment strategies and approval of new businesses, products, rate changes; as well as management of the investment portfolio, taking into consideration that investments must be defined by risk policies, respecting the limits approved by the Risk Committee and this committee.
<b>Credit Management Committee</b>	Evaluating and approving credit proposals follow the bank's business strategy: respecting credit best practices, the limits of credit risk and/or regulatory, considering environmental issues and social aspects.
<b>Corporate Government and Ethics Compliance Committee</b>	<p>Main functions include:</p> <ul style="list-style-type: none"> <li>● Implementing and developing specific actions that allow ensuring knowledge and diffusion of the Ethics Code as well as approval of its update. Ensure strict compliance of regulations and procedures of the Code of Ethics, with consultation on its applications.</li> <li>● Assisting and offering advice to the Board of Directors in regulations issues regarding its responsibility in order to enable compliance of norms and the provision of a proper corporate government.</li> <li>● Approving annual review and updating of the Corporate Government documentation (area policies, corporate policies, committee rules, among others.) as well as any additional document that is suggested.</li> </ul>
<b>Appointments and Remuneration Committee</b>	Revising, validating and approving the different processes of the Human Capital Vice-presidency.
<b>Audits Committee</b>	Confirming the proper system for internal controls management and compliance of processes and controls in the operative and business areas.
<b>Risks Committee</b>	Ensuring there is a risk management system that comprises goals, policies, procedures, identification skills, control measures to mitigate, assess and monitor risks to support the Board of Directors toward attainment of their strategic plan.
<b>Prevention Committee</b>	Managing, identifying, monitoring and following up for compliance of regulations concerning prevention of money laundering, financing terrorism and propagation of weapons of mass destruction.

**Executives Committees: encourage effective information exchange among Senior Management from the different operative and control areas of the bank, as well as sustainable feedback to the Executive Presidency and General Management. They are chaired by the Vice-Presidents.**

Committees	Responsibilities
<b>Executive Committee</b>	Monitoring goals proposals submitted by the different departments of the bank, in order to comply with the strategic plans approved by the Board of Directors.
<b>Efficiency Committee</b>	Establishing a framework to boost and strengthen the culture of profitability, monitor and improve efficiency through monitoring and analysis of expenses and income, as well as the approval and follow-up of business cases and Value Proposition.
<b>Liquidity Committee</b>	<ul style="list-style-type: none"> <li>● Proposing and/or recommending to the respective committees, actions related to attraction of funds and credit placement, in response to changes in the cash flow projected by the bank and range provided to ensure that the bank complies with the levels of liquidity established internally, as well as the regulations.</li> <li>● Evaluating and analysing the cash flow projected by the bank based on commercial credit and attraction of funds projections, GAP (Management of Assets and liabilities) and Liquidity indicator.</li> </ul>
<b>Restructuring Committee</b>	<ul style="list-style-type: none"> <li>● Approving or rejecting restructuring proposals and conduct revisions per semester of commercial credits, following approved autonomies to that end, by the Board of Directors.</li> </ul>
<b>Committee for Change Controls Management and Prioritization of Requirements</b>	<ul style="list-style-type: none"> <li>● Approving or rejecting carrying out changes in the bank bearing in mind the organizational risk, the needs of the business and the technological impacts related to the business.</li> </ul>
<b>Porfolio Committee</b>	<ul style="list-style-type: none"> <li>● Taking decisions based on the impact to strategic goals and bank operations, pertinent to the changes proposed for the portfolio of existing initiatives (including strategic initiatives, of survival, regulatory and tactical and operational).</li> </ul>
<b>Executive Committee for Information Management</b>	Ensuring compliance of the corporate vision, strategic alignment and supervision of Information Management, in order to ensure that the policies, principles, processes and procedures are fulfilled concerning the management of information as a business asset.
<b>Customer Experience Committee</b>	Analyzing and making strategic decisions related to improving customer experience in different interactions they have with the bank.

## ORGANIZATION STRUCTURE BANESCO, S.A.



— VP of Risk Functional Report to Board of Directors through the Risk Committee.

## OUR CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT UNIT

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The Corporate Social Responsibility Management UNIT, as guarantor of one of the strategic main concepts of the Vision of Banesco Panama aims to favor a culture that contributes to the creation of social, cultural, economic and environmental value, in a sustainable manner for collaborators, customers, shareholders, providers and communities where Banesco carries out activities.

The CSR Management main lines of emphasis are:

- Education
- Entrepreneurship
- Culture
- Environment

In 2017, we implemented a new policy of operations which includes:

- Organizational Structure
- Main lines of emphasis of Corporate Social Responsibility
- Autonomy of the Corporate Social Responsibility Management
- Guidelines for sponsorship and donations
- Register of CSR educational program beneficiaries
- Classifying financial contributions
- Management of programs designed by the CSR Management
- Communication of Management and Reports
- Other guidelines

## GROUPS OF INTEREST

### GRI 102-42 Identifying and selecting stakeholders

Our groups of interest have been identified by the Corporate Social Responsibility Management and validated by the different bank operations. We promote an open and transparent conversation with our groups of interest:

### GRI 102-40 List of stakeholder groups

Groups of Interest
Shareholders
Collaborators
Customers Banesco Entrepreneur
Providers
Regulatory agencies/ authorities
Communities where we operate
Social associates NGO

### GRI 102-44 Key topics and concerns raised

Key Concerns
Accountability
Lay out concerns, offer suggestions and give information of violations of some of the articles of Banesco Citizen Code of Ethics and conduct.
Assist, train and respond inquiries, concerns, complaints or claims.
Inform, explain, comply with obligations or channel any complaint or situation they consider pertinent must be clarified.

### GRI 102-43 Approach to stakeholder engagement

Participation of Groups of Interest
Branches and offices
Telephone
Intranet
Web page
WhatsApp, BanescOnline
Channels for reports (External and internal)
Committees, boards, meetings
Electronic mail
Conferences, forums
Surveys
Performance evaluation
Fairs and Sales Expo
Direct contact of the bank
Press, direct and indirect advertising
Social media: Facebook, Twitter, Instagram, YouTube, Linkendin
Reports and complaints
Training sessions

### GRI 102-41 Collective bargaining agreements

We have not established collective bargaining agreements due to national regulations.





## ABOUT THIS REPORT

### GRI 102-45

#### Entities included in the consolidated financial statements

The non-consolidated audited Financial Statements pertain to Banesco, S.A.

### GRI 102-46

#### Defining report content and topic Boundaries

The contents of the report and its coverage are conducted following the steps below:

#### 1. Identification

- The Social Responsibility Management with the support of ACENAT S.A., carried out a preliminary identification of the more significant topics for Banesco and their groups of interest, according to the Sustainable Development Goals and taking as base the Sustainability Report 2016, in conformity with GRI and SDG Compass criteria.
- In a session with the Executive Committee a presentation on SDGs was held, their relevance for Banesco, and their correlation with the bank's strategy was confirmed. During this session, the recommendations submitted by KPMG were revised as improvements for the 2017 report.
- The topics of the social programs or initiatives on which Banesco is focused are: culture, education, entrepreneurship and environment; which were included since they had been previously reported and agreed upon by the Social Responsibility Management with its allies in culture and social associates, in the Banesco, S.A entrepreneurship programs. Also, meetings were held with the Community Banking management for promoting formal banking for the micro-entrepreneurs.

#### 2. Prioritization

- According to their importance, 12 SDGs were prioritized as relevant; these SDGs were related to the corresponding GRI Standards topics, recognizing their importance for Banesco S.A. and for their groups of interest. Aware, that as an organization, Banesco S.A. finds the Sustainable Development Agenda relatable, the Analysis of Materiality allowed to distinctly establish the goals that should be included in the report for they are related to the economic, environmental and social impacts inherent to the banking business.

- This assessment was done considering in a central concept (X), the strategic importance of the SDGS for the bank, according to their mission, vision, values, policies, strategies and management system and, on the other central concept (Y) the importance for their groups of interest.
- Within the topics considered important for the bank, those that remain present in their organizational culture become particularly relevant, such as building wealth, sowing productivity, wellness for the Banesco Citizen, education as the starting point for social improvement, financial inclusion and in the importance of transparency and ethics in business. The leadership has stressed in speeches, meetings and presentations their commitment to a sustainable business model.

### 3. Validation

- The Social Responsibility Management validated with the Executive President and CEO, and the Executive Committee, the topics to be included in the Report and the management strategy. The analysis is presented to KPMG for its external verification.
- The SDG situated in the dark blue square (Extreme upper right) are of great importance as much for the groups of interest as well as for Banesco, S.A., therefore they are included in the report with more detail and should be the ones that define the priorities of Banesco, S.A. strategy in relation to sustainability.

- To make this a priority and following the SDG Compass guidelines, the items established in the National Strategic Plan 2030 of the National Concertation were taken into consideration, where the pathway for Panama is clearly defined, underlying that the critical topics to be noted in order to advance in sustainability are: health, inclusive education, employment, economic growth and peaceful societies. These actions are focused in boosting the country's development, so that it is increasingly more sustainable, inclusive and equitable, aligned with the State Vision 2030 of the National Strategic Plan. In the discussions and revision of the PEN 2030 document, Lucia Freites for Banesco, S.A. and Lucia Natale by ACENAT, S.A were participants in the validation meetings.

- In this phase you can identify topics that were not material, yet in evaluating contents presented in the Sustainability Report, it is evidenced that activities have been carried out which are related, that show that they are material for the bank, whereby they were included in detail and should be the ones to define strategic priorities of Banesco S.A concerning sustainability. On the other hand, when validating the contents, some topics were excluded for not having enough evidence to show their compliance.
- Validity was confirmed correlating the topics or actions conducted by Banesco, S.A. for every SDG and with the Focus of Management of the GRI Standards topics.

**4. Revision**

- The KPMG firm conducts the external verification and submits a report with the opportunities for improvement. Likewise, we receive comments from the different units and

from our groups of interest. All this information provides feedback to redefine the contents of our next report.

Throughout the process, compliance with the principles for elaborating the GRI report is ensured:

Principles related to content

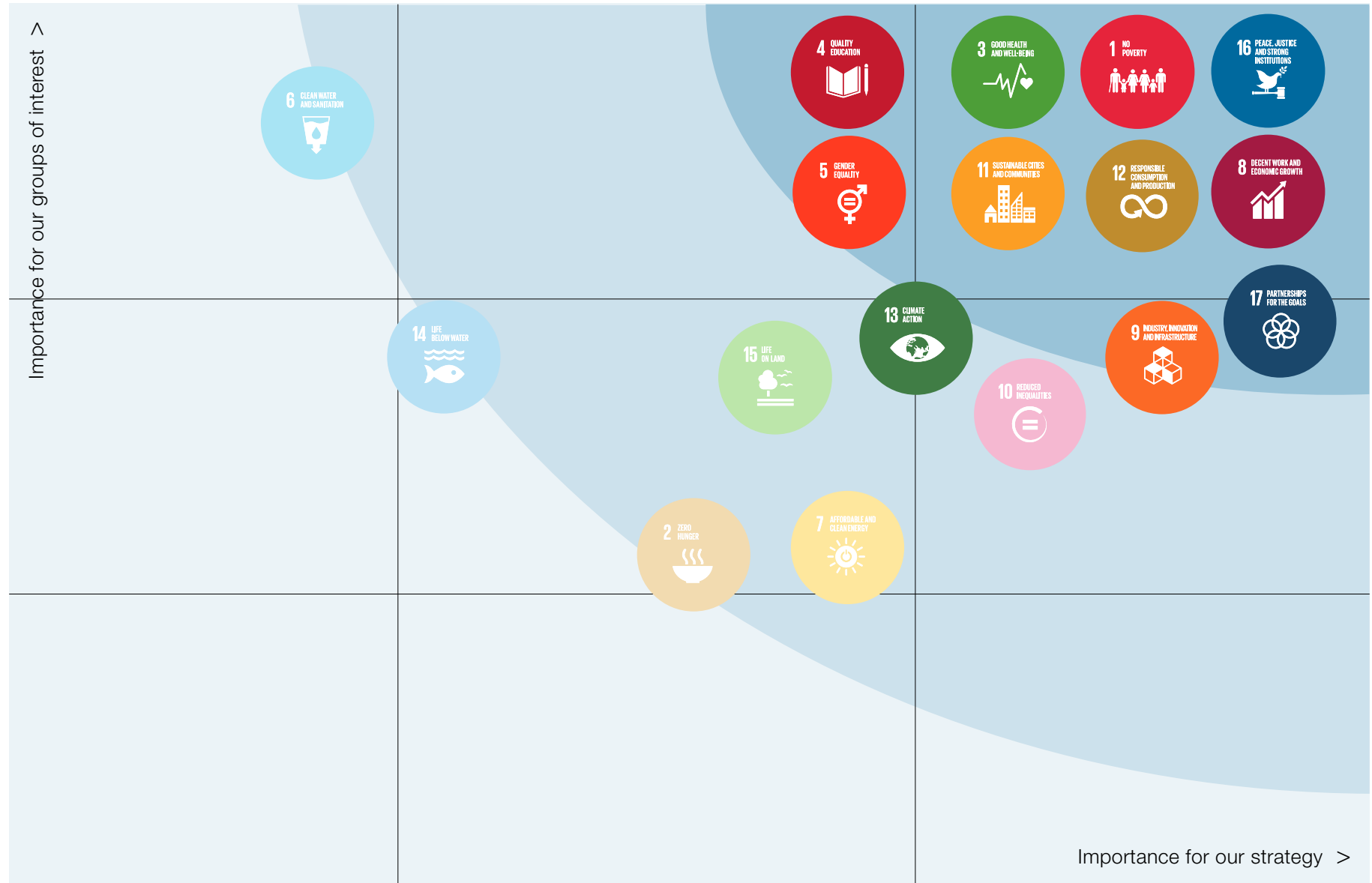
1. Inclusion of groups of interest
2. Context sustainability
3. Materiality reasons
4. Thoroughness

Principles related to quality

- |                |                  |
|----------------|------------------|
| 1. Precision   | 4. Comparability |
| 2. Equilibrium | 5. Reliability   |
| 3. Clarity     | 6. Punctuality   |

## ANALYSIS OF MATERIALITY

Following are the result of the analysis of materiality:



## DETAIL OF EACH SDG AND THE CONTENTS OF THE SUSTAINABILITY REPORT WITH THE ACTIVITIES THAT HAVE BEEN CARRIED OUT



### 1. Eradicate world poverty in all its forms

- Financial Inclusion
- Community Banking



### 2. Eradicate hunger, achieve, food security, improve nutrition and promote sustainable agriculture

- Agreement with the Panama Canal to support coffee producers in the basin area.
  - Agricultural Banking
- Though this SDG is not indicated in the prioritized SDGs, we are aware of the importance of contributing in achieving this goal and avoid actions that may go against its compliance.



### 3. Ensure healthy lives and promote well-being for all at all ages

- Benefit to collaborators
  - “Huella Banesco” program (Well-being)
  - Participation in well-being activities
  - Facilitate acquisition of decent homes with preferential interest
  - Maternity and Paternity Leave
  - Flexible schedule program and teleworking
  - Banesco Summer
  - Wellness Space “EL PISO”
  - Lactancy Room
  - Activities promoting health and Occupational safety
  - Medical assistance for our collaborators
  - Alliances regarding to health and welfare
  - Fund-raising for the ones affected by cronical diseases or natural disasters
  - Support to preventing campaign against breast cancer
  - Health and safety at the workplace
  - Register and analysis of accidents



### 4. Ensure quality and equitable education and promote lifelong learning opportunities for all

- Commitment to quality education
  - Education as main topic of our 10th Anniversary
  - Education for our collaborators
    - Banesco Corporate University (UCB in Sp.)
      - Advanced Leadership Program
      - Performance evaluation
- Programs and initiatives to strengthen education and training
  - Internship program
  - Foundation for the Promotion of Educational Excellence
  - Education through Banesco Entrepreneurship Program



### 5. Achieve gender equality and empowering all women and girls

- Diversity and equal opportunities
  - Empowerment of Women
  - Inclusive employment



**6. Ensure the access and sustainable management of water**

Though this SDG is not included as material topic or within our priorities we are aware of the importance of contributing in achieving this goal and avoid actions that may go against its compliance.



**7. Ensure access to affordable, secure, sustainable and modern energy**

Though this SDG is not included as material, or within our priorities we are aware of the importance of contributing in achieving this goal and avoid actions that may go against its compliance.



**8. Good Jobs and Economic Growth**

- Employment
  - Hire Locally
  - Contracts with local providers
- Soundness and financial solvency
  - Ratings in the sector
- Boost prosperity with “Emprendedores Banesco”



**9. Promote inclusive and sustainable industrialization and promote innovation**

- Commitment to innovation, industry and infrastructure
  - Innovation strategy
  - Innovation center
  - Improving our processes
- Boosting entrepreneurship in Panama
  - Sponsorship of SME Week
  - Sponsorship of Global Entrepreneurship Week
  - Signing of the National Entrepreneurship Pact
  - Patronage of CSR Week
  - Responsible Business Program
  - Entrepreneurship 2017 Forum invited by MICI (Ministry of Commerce and Industry)
  - Participation in the XVIII Investors Forum
  - Participation in “Ethical Leadership for Entrepreneurs of the Future”









**10. Reduce inequality in and between countries**

- Though this SDG is not material, we have corporate volunteering, concerning economic inclusion, the social and cultural, which makes us aware of the importance of contributing to its achievement.
- Our corporate volunteer work.



**11. Making cities and human settlements inclusive safe, resilient and sustainable**

- The promotion of culture
  - Cultural program “Africa in America”
  - Supporting the National Concerts Association
  - Promotion of cultural fellowship Panama-Venezuela
  - Acompañing program for Cultural Entrepreneurship

 <p><b>12. Ensure guidelines for sustainable consumption and production</b></p>	<ul style="list-style-type: none"> <li>• Environmental and social risk               <ul style="list-style-type: none"> <li>• Environmental and social criteria in order to confer financing</li> </ul> </li> <li>• Efficient use of resources in our operations               <ul style="list-style-type: none"> <li>• EL PISO: with recycled materials, LED lights</li> <li>• Donation of recycled computers to the Ngabe Bugle indigenous region in alliance with APEDE, USMA and CAF</li> </ul> </li> <li>• Support to external initiatives for sustainable consumption               <ul style="list-style-type: none"> <li>• Supporting the #YOMERECICLO initiative</li> </ul> </li> </ul>
 <p><b>13. Adopt urgent measures to combat climate change and its impact</b></p>	<ul style="list-style-type: none"> <li>• Commitment to actions for climate               <ul style="list-style-type: none"> <li>• Actions for the climate</li> <li>• Energy consumption</li> <li>• Support for the program "Alianza por un Millón de Hectáreas"</li> </ul> </li> </ul>
 <p><b>14. Conserve and use in a sustainable manner, and marine resources</b></p>	<p>Though this SDG has not been included as material topic and its Boundary in our priorities, we are aware of the importance of contributing with achieving this goal and avoid actions that may go against their compliance.</p>
 <p><b>15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainable management of forests, combat desertification, stop and revert degradation of land and stop loss of biodiversity</b></p>	<p>Though this SDG has not been included as material topic or in our priorities, we are aware of the importance of contributing with achieving this goal and avoid actions that may go against its compliance.</p>
 <p><b>16. Promote peaceful and inclusive societies for sustainable development, facilitate access to justice for all and build effective, responsible and inclusive institutions at all levels</b></p>	<ul style="list-style-type: none"> <li>• Transperancy and responsibility               <ul style="list-style-type: none"> <li>• Risk management</li> <li>• Fight against legitimizing capitals and financing terrorism</li> <li>• Mechanisms to tend to requests and resolution of claims</li> <li>• Financial education</li> <li>• Information security, confidentiality</li> </ul> </li> </ul>
 <p><b>17. Facilitate means and revitalize collaborations for sustainable development</b></p>	<ul style="list-style-type: none"> <li>• Alliances               <ul style="list-style-type: none"> <li>• Our corporate volunteer work</li> </ul> </li> </ul>



GRI 102-47  
List of material issues

GRI material indicators, as well as the SDGs and related Principles follow:

Category	Material Topic	GRI Standard	SDG	Principle
<b>Economic Performance</b>	Economic Performance	201-1, 2, 3	8,13,15,16	1, 2,10
	Market Presence	202-2	8	
	Indirect Economic Impacts	203-1,2	1,2,4,5,8,10,11	
	Socioeconomic compliance	419	1,2,10	
	Procurement practices	204-1	1,2	
	Anti-corruption	205-1,2,3	16	
	Product Portfolio	FS1, FS2,FS6	1,2,7,8,9	
	Product and Service Labeling	FS15,FS16		
<b>Environment</b>	Energy	302-1	7,8,12	7, 8, 9
	Significant impacts of activities products, and services on biodiversity	304-2		
	Effluents and waste Waste by type and disposal method	306-2	8,12	
<b>Social Performance</b>	Employment	401-1,2,3	8	4
	Occupational health and safety	403-1,2	8	1,4
	Training and education	404-1,2,3	4	5

Category	Material Topic	GRI Standard	SDG	Principle
	Diversity and equal opportunity	405-1 405-2	5	6
	Non-discrimination	406-1	5	6
	Freedom of Association and collective Bargaining	407-1	8	3
	Child labor	408-1	8, 16	5
	Forced or compulsory labor	409-1	8, 16	4
	Human Rights Assessment	412-1,2,3	16	1, 2
	Local Communities	413-1 FS7,FS13,FS14	1, 2, 4, 5, 8, 10, 17	1, 2
	Customer Health and Safety	416-2	8	1, 2
	Customer Privacy	418	16	1,2,10

**GRI 102-48**  
Restatements of information

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With respect to the previous report, no changes have incurred in our organization that would currently vary. We continue using the SDG content for reporting, updating in this edition to its new version of SDG Standards. Additionally, we included correspondence of the report contents with the Principles of the Global Compact.

**GRI 102-49**  
Changes in reporting

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The structure of the report follows the Sustainable Development Goals and the National Strategic Plan 2030. Included are the commitments with the principles of the Global Compact which we signed in 2017. Also, guidelines of International Standards ISO 26000:2010 have been followed, Social Responsibility Guideline and others such as the SDG Compass, a document that serves as guideline for companies informing them on how to align their strategies and measure and manage their contribution to the SDGs.

**GRI 102-50**  
Reporting period

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This report comprises the period between January 1st and December 31st of 2017.

**GRI 102-51**  
Date of most recent report

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Our last report is from the year 2016.

**GRI 102-52**  
Reporting cycle

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The report is elaborated annually.

GRI 102-53

Contact point for questions regarding the report

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You may forward consultation in relation to the report, or share your opinion on the content, to our Corporate Social Responsibility Manager, Lucia Freites: [lfreites@banesco.com](mailto:lfreites@banesco.com).

GRI 102-54

Claims of reporting in accordance with the GRI Standards

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"This report has been elaborated in accordance to the Essencial option of the GRI Standards, *Global Reporting Initiative*," also taking into consideration the GRI Financial Services Sector Supplement indicators.

GRI 102-56

External assurance

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The present report has been verified by KPMG, there is no existing conflict of interest with any other service. The contents verified in the GRI content listing and, the certification of external verification can be found at the end of this report.

GRI 102-55

GRI content index

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The GRI content is included at the end of the report.

## MANAGEMENT FOCUS

		GRI 103-1	GRI 103-2	GRI 103-3	
		Explanation of material issues and coverage	Management focus and components	Evaluation of management focus	
Category	GRI Standard	Description of where impact is produced	Coverage	Page	Link
<b>Economic Performance</b>	201-1	Direct economic value generated and distributed	We believe that, in order to contribute to sustainability in an economic system, it is necessary to grow with profitability, responsively managing our impacts.	Shareholders Collaborators Customers Providers Community	Directly linked with our activities.
	202-2	Market Presence	We try to hire locally, thus contributing to strengthen the development of the countries where we operate.	Shareholders Collaborators Community	Directly linked with our activities.
	203-2	Direct economic Impacts	We acknowledge the need to contribute to the development and support of small enterprises through access to financial services.	Shareholders Collaborators Customers Community	Indirectly linked with our activities.
	204-1	Procurement Practices	Contracts for providers using criteria aligned with our sustainability strategy is important for our vision.	Collaborators Providers Community	Directly linked with our activities.
	205-1, 2, 3	Anti-corruption	It is of vital importance to ensure a proper supervision of our business in relation to the risk faced by management to prevent that our institution is used, intentionally or not, for criminal endeavours.	Shareholders Collaborators Customers Community	Directly linked with our activities.
<b>Environment</b>	302-1,	Energy consumption within the organization	Our main source of energy is electricity, therefore we consider that consumption practices reduction are absolutely important.	Shareholders Community	Directly linked with our activities.
	304-2	Significant Impacts of activities, products and services on biodiversity	It is substantial to be aware of the more significant impacts in protected areas or high value, and unprotected zones, that derive from our activities and from products and services.	Shareholders Customers Providers	Indirectly through financing and associations.
	306-2	Waste by type and disposal methods	We consider that, as result of our operations, we must make an effort to minimize use of paper and technology products.	Environment	Directly linked with our activities.

		GRI 103-1		GRI 103-2	GRI 103-3	
		Explanation of material topic and coverage		Management focus and components	Evaluation of management focus	
Category	GRI Standard	Description of where impact is produced		Coverage	Page	Link
<b>Social Performance</b>	401-1, 3	New employee hires and employee turnover	We create direct and indirect employment. Likewise, the payment of dignified wages according to national reality.	Collaborators Shareholders		Directly linked with our activities.
	403-1, 2, 3	Occupational and Health Safety	Our most valuable resource is human talent therefore we ensure efficient management in occupational safety and health and, promote a culture for health and wellness, focusing in a healthy lifestyle.	Collaborators Customers Providers		Directly linked with our activities.
	404,1, 3	Training and education	We are conviced that education, training and continued education for our human talent is key factor to our success, which is an added value, for it contributes to the development of professional competence required by the sector and the country.	Collaborators Providers		Directly linked with our activities.
	405-1	Diversity and Equal Opportunity	We believe in the value of keeping a balanced payroll of collaborators, concerning gender and age at different levels.	Collaborators Providers		Directly linked with our activities.
	406-1	Non-discrimination	We consider it capital since it is a commitment or our organization as signataries of the UN Global Compact. These 6 topics follow the principles of the Global Compact in the main concepts of: Human Rights and Labor Practices and, that we must identify potential risks, both for the financing we do, as well as negotiations we carry out with others, including; aquisition practices of products and services.	Shareholder Collaborators Customers Providers Community Environment		Directly linked to our activities and indirectly with financing and aquisitions.
	407-1	Freedom of Association and Collective Bargaining				
	408-1	Child Labor				
	409-1	Forced or Compulsory Labor				
412-3	Human Rights Assessment					

		GRI 103-1 Explanation of material topic and coverage	GRI 103-2 Management focus and components	GRI 103-3 Evaluation of management focus	
Category	GRI Standard	Description of where impact is produced	Coverage	Page	Link
	413-1 Local Communities	In our management, we look forward to the production of positive impact in the communities and countries where we operate: making an effort, mainly, to contribute to education and innovation.	Environment Community		Indirectly in the communities we reach through our alliances, foundation and volunteering work.
	418-1 Customer Privacy	Reliability is a value of Banesco Citizen	Collaborators Customer		Directly linked with our activities
	419-1 Socioeconomic Compliance	We consider it vital to strictly comply with the applicable norm in social-economic issue, as well as any norm that, by the nature of our operations, applies to us.	Shareholders Collaborators Customers Community		Directly linked with our activities
	FS 1, 2,7 Product Portfolio	Our planning considers implementing policies and procedures in social and environmental issues.	Shareholders Collaborators Customers Community		Directly linked with our activities
	FS 13, 14 Community	We look to contribute in creating proper conditions so that our products and services are accessible; supporting economic development of, sectors, groups or individuals.	Customers Community		Directly linked with our activities
	FS 15, 16 Product and Service Labeling	We are aware to promote our products, services and advisory in a just and reasonable manner.	Shareholders Customers		Directly linked with our activities

1 NO  
POVERTY



3 GOOD HEALTH  
AND WELL-BEING



4 QUALITY  
EDUCATION



5 GENDER  
EQUALITY



2 ZERO  
HUNGER



Our Commitment  
to people



## COMMITMENT TO ENDING POVERTY



### FINANCIAL INCLUSION

#### GRI FS14

#### Initiatives to improve access to financial services for disadvantaged people

In Banesco, S.A., we are committed to generating opportunities for the socio-economic improvement of the most disadvantaged sectors of the population, by promoting to small business owners, training programs and banking products.

For two consecutive years we have participated in the regional meetings of the Latin American Committee for Education and Financial Inclusion of FELABAN (CLEIF). Starting on 2018 we will be an active part of it, thanks to the invitation of its president, Hans Landolt Pardo.

### COMMUNITY BANKING

#### GRI FS13

#### Access points in low-populated or economically disadvantaged areas by type

In order to contribute and to improve the quality of life of Panamanians, especially those from traditionally excluded sectors, our Community Banking seeks to provide products and services to this segment of the population, including: credit service, savings accounts and advice to people with little banking access, as well as programs for entrepreneurship, among others. We created the Department of Community Banking, assigned to the Vice Presidency of Sales and Branches.

The Community Banking process can be summarized as follows:

## STEPS IN COMMUNITY BANKING



### 1 Selection of clients eligible for microcredits (USD500 a USD5000)

- a Banesco Entrepreneurs
- b Door to door promotion by Community Banking Advisors
- c Banesco Branches
- d Call centers

### 2 Eligibility analysis

- a Payment capacity
  - i. Revision of APC
  - ii. Validation of documents (identity card, utility bills, invoices, etc.)
  - iii. Personal socio-economic and on-site business evaluation (visit of the advisor to the business)
- b Willingness to pay
  - i. Validation with customers and suppliers
  - ii. Validation with members of the community
  - iii. Validation with family members

### 3 Presentation to the Credit Committee

## STEPS IN COMMUNITY BANKING

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**4** Savings account opening for Entrepreneurs

**5** Granting the loan

**6** Permanent Counsel for monitoring:

- a** Investment verification
  - i. Increase capital or decrease costs (working capital)
  - ii. Fixed assets (improve or increase production yield)
- b** On time payment
- c** Handling of account
- d** Technological tools (Online banking, points of sale, use of debit card)

## FINANCIAL SERVICES OF COMMUNITY BANKING

### GRI FS14

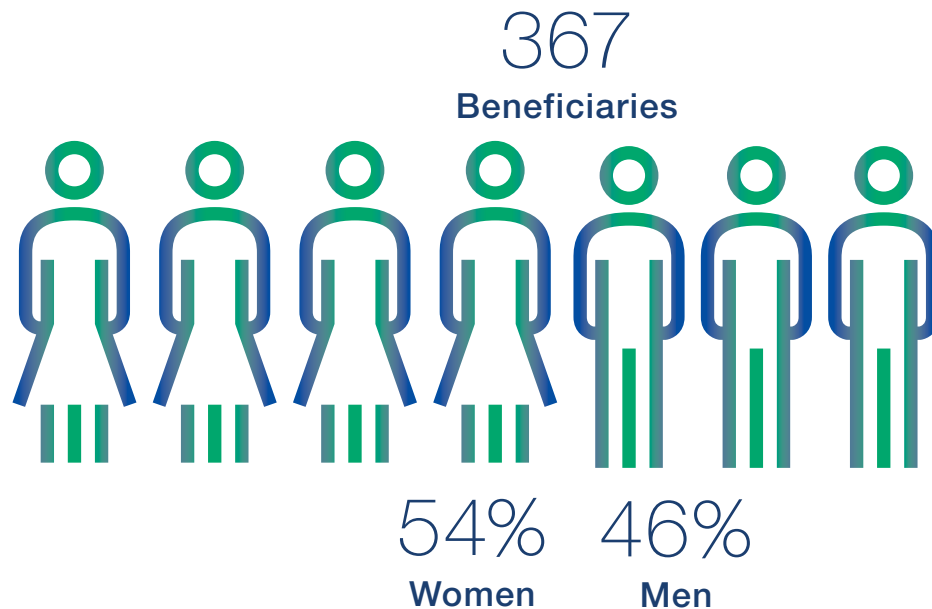
#### Initiatives to improve access to financial services for disadvantaged people

Once the pilot stage is over, we launch our Community Banking, a bank within the reach of all dreams. Among the main products and features offered by our Community Banking, we highlight:

- **Loans for small business owners:** loans aimed at supporting small business owners with formal economic and non-formal economic activities, which allow them to acquire assets or working capital for the growth and development of their business.
- **Entrepreneur Savings Account:** aimed at entrepreneurs who are starting their small business or small business owners who want to increase their money by earning interest on their balances.

As a result of the performance of our Community Banking, we reached the following figures:





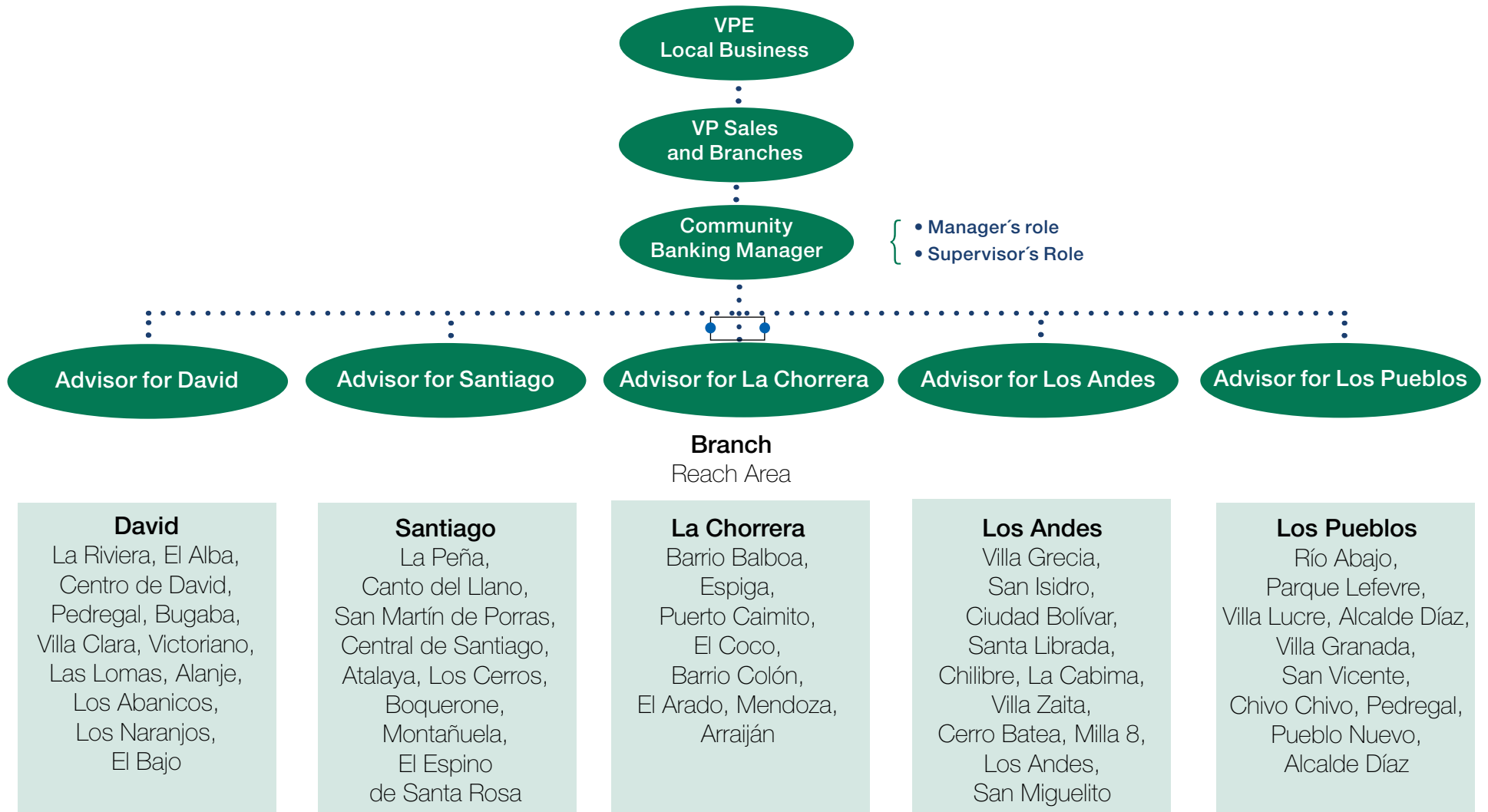
### FUNDAMENTAL PILLARS OF COMMUNITY BANKING

To manage a win-win business relationship with our clients from the small business owner segment and ensure business success, we rely on the following pillars:

- 1. Advisors:** we know small business owner's potential and ability to pay, connecting with the needs of the client, generating proactive commitment in search for solutions and providing the best alternative for your investment.
- 2. Methodology:** it allows us to identify and correctly select clients, minimizing default risk, increasing their loyalty, fully assessing their ability and willingness to pay, which guarantees that the money is invested to generate value for the business.
- 3. Information systems:** we can achieve quality and profitability using information technology, operation and evaluation. In this way, the uncollectable debts and the collection expenses are reduced and sales increase.
- 4. Sustainability:** we offer to promote productive growth, by granting loans and other products, so that the client enhances its investment capacity and is a reference in the Panamanian market.

## GEOGRAPHIC SCOPE OF COMMUNITY BANKING

We have five branches that serve as an access point to areas of low population density or economically disadvantaged. The organizational structure of our Community Banking is the following:



## COMMITMENT TO ENDING HUNGER



The objective 2 of ending hunger, achieving food security and improving nutrition and promoting sustainable agriculture, has not been included as a material issue or within our priorities, but we are aware of its importance. That is why we have initiatives that allow us to address this SDG, in Public-Private Partnerships for Development and promoting sustainable management in Agricultural Banking.

### **AGREEMENT WITH THE PANAMA CANAL IN SUPPORT OF COFFEE PRODUCERS IN THE BASIN**

GRI 203-2

Significant indirect economic impacts

Together with the Panama Canal, we signed a Cooperation Agreement to promote the sustainable development of the Panama Canal Basin and its inhabitants. The Panama Canal has worked for more than ten years with communities of the Basin, promoting the model of "The Coffee Route". Through this outline, 80 farmers joined and founded the Association of Coffee Producers of the Ciri Grande and Trinidad Rivers Sub-basin.

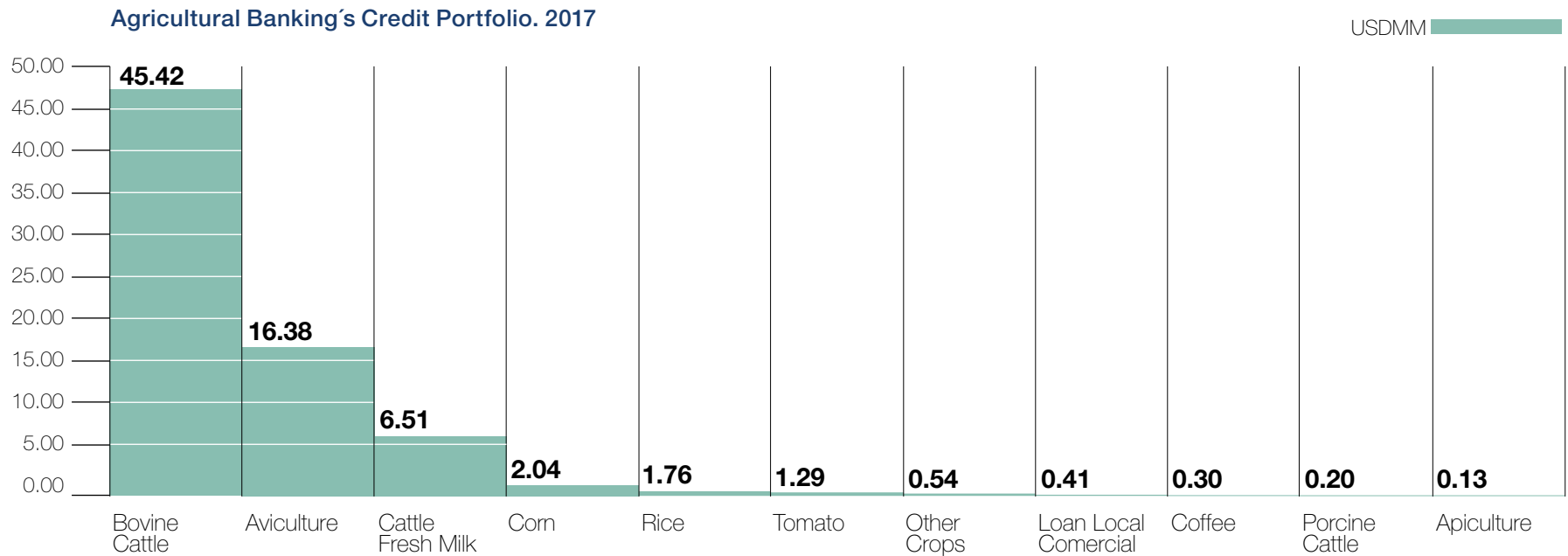
### **AGRICULTURAL BANKING**

Our Agricultural Banking, includes the following products:

- Credit Line for Livestock Working Capital
- Agricultural Credit Lines
- Agro industrial Loans
- Livestock Term Loans
- Agricultural Term Loans

We have 7 Agricultural Banking branches: Chitré, Penonomé, Santiago, David, La Chorrera, La Doña, Colón.

In 2017, our Agricultural Banking loan portfolio reached approximately USD75MM, distributed as follows:



In the medium term, we will incorporate initiatives that contribute to strengthening the agricultural sector and to promote sustainable agriculture, with emphasis on small and medium producers.



## COMMITMENT TO INTEGRAL HEALTH AND WELL-BEING



### BENEFITS FOR EMPLOYEES

GRI 401-2

Benefits provided to full-time employees that are not provided to temporary or part-time employees

#### PROGRAM “HUELLA BANESCO” (WELL-BEING)

We provide our employees with a set of benefits aligned with market trends and long-term sustainability:

Benefits	Nº Employees
Life & health insurance <sup>1</sup>	1,331
Mortgage loans	225
Personal loans	246
PrestaCard	131
Automotive	93
Food vouchers	1,041

<sup>1</sup> Three employees do not apply to coverage for congenital disease conditions.

In accordance with the above, we offered our employees the following bonuses and financial assistance:

Benefits – Economic Support – Emergency Advance	Nº Employees
Bonus for births	54
Bonus for marriage	23
Economic support	14
Cash advance	11

#### PARTICIPATION IN WELL-BEING ACTIVITIES

We carry out health, sports and recreational activities for our employees and their families:

Activity	Nº participants
Palig Talks	15 c/u
Health Day CSS	138
Wellness fair	190
Children's Day Matinee	925
Internal leagues final	150
Eye sight health day	185
Benefits fair	113
Running team	20 w/race
Perfume fair	145
Christmas fair	10

PROGRAM “HUELLA BANESCO” (WELL-BEING)

GRI FS7

Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose

In order to facilitate access for all people to adequate, safe and affordable housing and basic services, we contribute to the acquisition of the main home with resources from the Fund of Mandatory Savings for Housing (FAOV, for its initials in Spanish), with the fundamental objective of facilitating the right to decent housing and habitat.

The disbursement to employees of preferential mortgages in the year 2017 was USD36.6MM, distributed as follows:

Product	N° employees			Amount		
	Total	Women	Men	Total	Women	Men
Preferential up to USD120M	185	93	92	18,696,585	9,302,985	9,393,600
Preferential from USD40M up to USD80M	215	116	99	13,640,627	7,287,401	6,353,226
Preferential employee up to USD120M	29	12	17	2,887,207	1,203,075	1,684,132
Preferential employee USD 40M - USD80M	16	13	3	1,123,335	908,803	214,532
Preferential up to USD 40M	7	4	3	260,312	151,210	109,102
<b>Total</b>	<b>452</b>	<b>238</b>	<b>214</b>	<b>36,608,066</b>	<b>18,853,474</b>	<b>17,754,592</b>

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## MATERNITY AND PATERNITY LEAVE

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### GRI 401-3 Parental leave

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Our employees enjoy maternity leave, as established by national legislation. In addition, we have implemented paternity leave. In 2017, we granted 45 employees their maternity leave and 9 employees, 5 days of paternity leave.

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## FLEXIBLE AND TELECOMMUTING SCHEDULE PROGRAM

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Our employees can fulfill their working day in a flexible way, depending on the profile of the position. This system of work, popularly known as Flextime and Telecommuting, makes it possible to distribute time efficiently and contribute to the balance between work and family life. In 2017, we incorporated 151 employees into Flextime and 9 into Telecommuting. We have also implemented Early Summer Friday and Flexible Saturdays. We apply other programs, according to the work and the conditions that contribute to family life, such as: "Saturday with your family", "Birthday" with your family and "Turn off the light" that they await for you at home.

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## BANESCO SUMMER CAMP

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We offer our collaborators' children a week full of adventures in the Banesco Summer Camp; there they also visited different places of interest. This year 85 children participated, to whom we gave 10 hours of daily attention during a week.

## WELL-BEING SPACE “EL PISO”

We have created in our headquarters a space for active work breaks, called “EL PISO”, with the purpose of promoting a culture of life/work balance. This initiative is part of a process of transformation oriented towards the attitude of service, the promotion of creativity and the physical and mental health of our collaborators.

Activities include karaoke, Champions League broadcast, ping-pong tournaments, happy hours, pool tournament and transmission of the Russia 2018 draw.



In order to facilitate the displacement, in particular for women, children, the elderly and people with disabilities, “EL PISO” spaces have been adapted to ensure accessibility and adaptation to the workplace.

When reconditioning physical environments, as well as for the effects of new projects that contemplate remodeling, the adaptation of inclusive spaces will be taken into account for people with disabilities.

## BREASTFEEDING ROOM

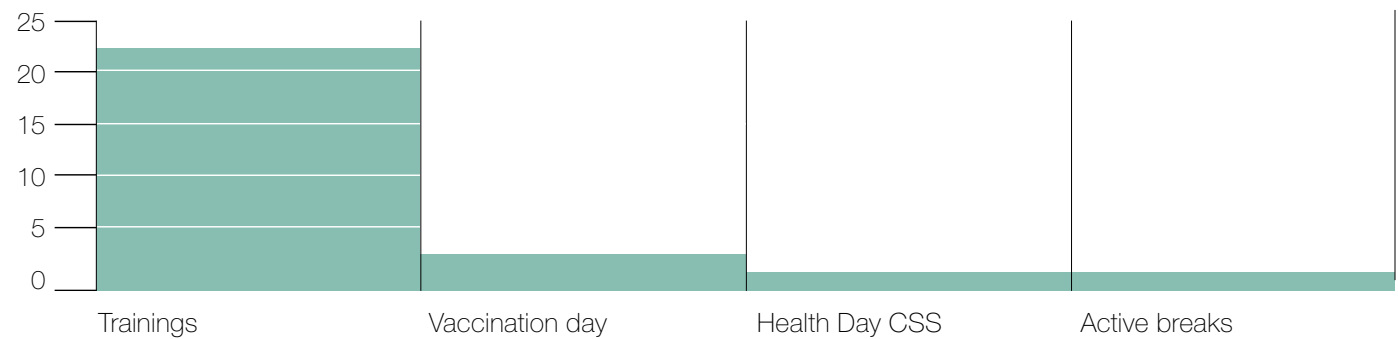
In “EL PISO” we also have our Breastfeeding Room, where we offer mothers a space specially designed for their comfort, safety and discretion, with the hygienic conditions required for the safety of breast milk. This initiative is developed jointly with the company AVENT, in charge of the ideal equipment for the facility. In total, nine (9) mothers benefited.

## ACTIVITIES TO PROMOTE HEALTH AND SAFETY AT WORK

Training on:

- Use of extinguishers
- First aid with CPR and AED for adults and children
- Emergency inside the elevator (forum)
- Emergency plan
- Ergonomics
- What to do in cases of emergency, emergency lamps (how to inspect them), evacuation route and what to do with clients, safety recommendations
- Talks with nutritionist and weight control
- We celebrate International Security Day on April 27th; delivering promotional items to all Banesco Citizens

### N° of occupational health and safety activities



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## MEDICAL CLINIC FOR OUR COLLABORATORS

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The Banesco medical clinic provides primary health care and first aid to our collaborators, with free care from Monday to Friday from 8:00 a.m. at 5:00 p.m.

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## ALLIANCES AND SUPPORT IN HEALTH AND COMPREHENSIVE WELL-BEING

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GRI 102-12

External initiatives

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We develop initiatives and projects that promote the development of a culture of health and well-being, focused on healthy lifestyles.

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## FUNDRAISING FOR PEOPLE AFFECTED BY CHRONIC DISEASES AND NATURAL DISEASES

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We support our work colleagues who have been affected or suffer the consequences of chronic diseases or natural disasters, so we organize the “Banesco Gastronomic Day”, as well as a bake sale. The amount collected was USD 7,574.86.

An evaluation committee administers these funds.

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## SUPPORT OF THE PREVENTIVE CAMPAIGN AGAINST BREAST CANCER

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On the World Day Against Breast Cancer, we unite through social networks, to the campaign of early detection of this type of cancer, in order to raise awareness among the population about the importance of its early detection and improvement of prognosis, as well as the survival of the people affected by this disease.



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## HEALTH AND SAFETY AT WORK

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### GRI 403-1

Workers representation in formal joint management–worker health and safety committees

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Based on Resolution 45,588 of 2011, we maintain a Health, Safety and Hygiene Committee to evaluate and provide actions aimed at promoting, preventing and solving health and safety problems at work.

### RECORD AND ANALYSIS OF ACCIDENTS

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### GRI 403-2

Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

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During 2017, there were 3 accidents due to professional risk without serious incidents. All cases were analyzed to avoid recurrence.



## COMMITMENT TO QUALITY EDUCATION



For Banesco International, supporting education is a priority that is present in each one of the countries where we have operations. There is no greater necessary condition for personal development, social mobility and guarantee of sustainability, than education. We are committed to promote learning opportunities, according to skills and abilities that favor social and economic inclusion in a sustainable way.

### EDUCATION AS A CENTRAL THEME IN OUR 10TH ANNIVERSARY

Our tenth anniversary was the perfect occasion to highlight the value of education and gender equality as strategic priorities to drive development. The invited speakers were outstanding figures in these topics, such as Frederik de Klerk, former president of South Africa and Nobel Peace Prize winner along with Nelson Mandela, leader in the abolition of the segregationist system “Apartheid”; and Ziauddin Yousafzai, educator and Pakistani activist, father of the young Malala Yousafzai, Nobel Peace Prize winner, internationally known for her work in defense of early childhood education and women’s rights. The “Words for Panama” event concluded with the meeting of relevant figures from the educational and business area of Panama; those present benefited from the reflections of Klerk and Yousafzai, as well as expressed their opinions and concerns about the educational situation in the country. This lunch event was held on October 20th at the Hotel Central del Casco Antiguo, it was moderated by Julio Escobar, president of the Foundation for the Promotion of Educational Excellence and concluded with proposals for actions, which we have considered within our strategies and actions in the short and medium term.





## TRAINING AND EDUCATION

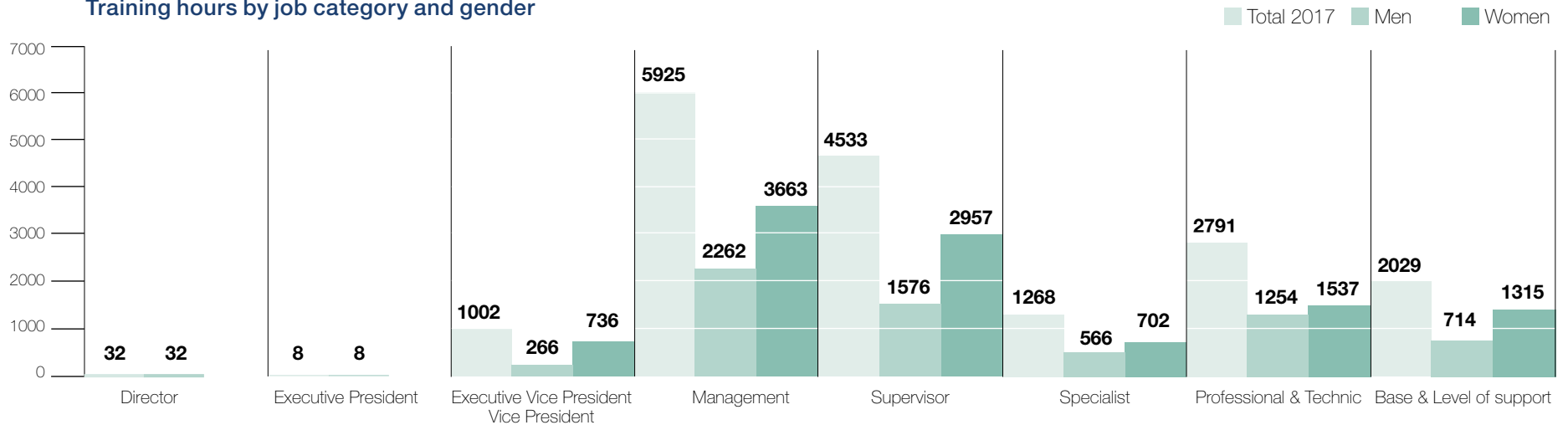
GRI 404-1

Average hours of training per year per employee

We are convinced that the training and updating of our human talent is a key success factor that adds value, since it contributes to the development of professional skills required by the sector and the country. Vocational training represents an essential aspect of decent work and a means to ensure the productivity and competitiveness of companies. We have a set of policies aimed at training and updating our employees. The Vice Presidency of Human Capital is our unit in charge of planning and administering all these programs, taking into consideration the needs of each of the business areas and the career plans of our employees. In 2017, our investment in training reached **USD437,574**.

Below, we present the graphs that summarize our performance:

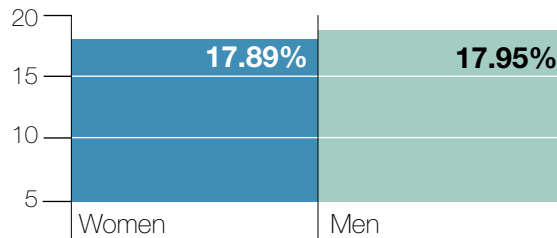
Training hours by job category and gender



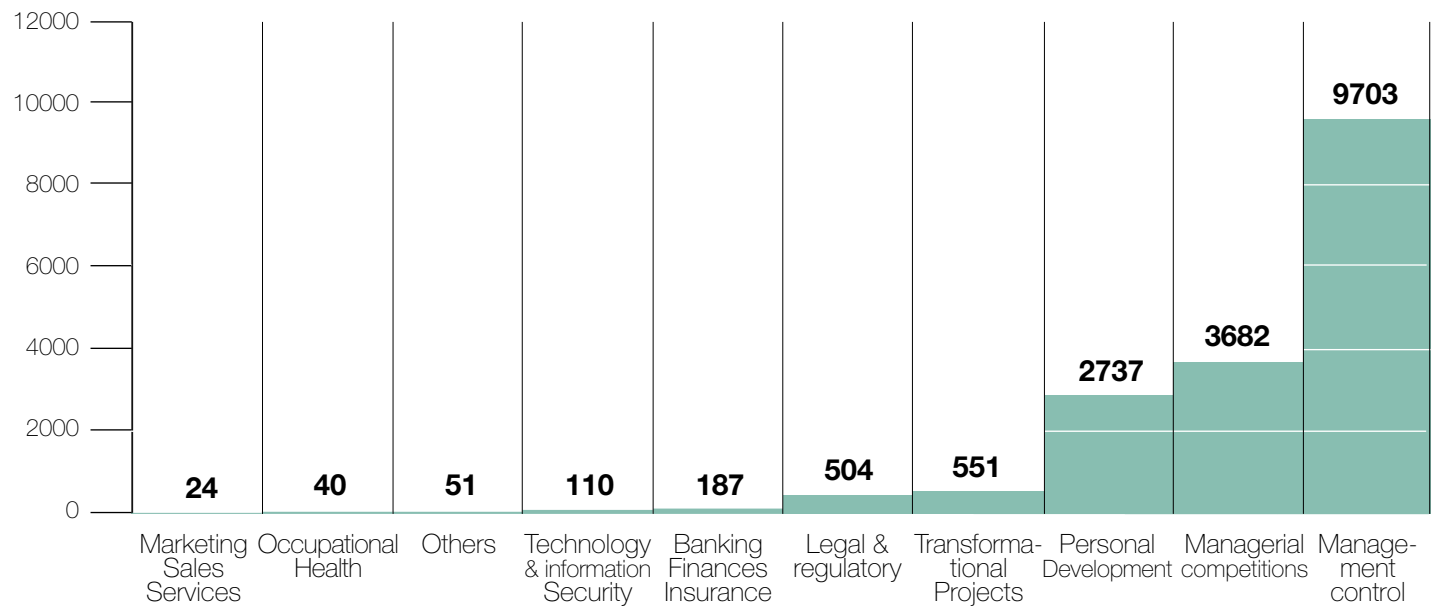
98% of the training hours are concentrated on the following topic:

- Management control
- Managerial competitions
- Personal development
- Transformational projects
- Legal and regulatory

Gender percentage by position



Nº of training hours per topic





## BANESCO CORPORATE UNIVERSITY (UCB)

### GRI 404-2

#### Programs for upgrading employee skills and transition assistance programs

We celebrated the third graduation of the School of Management Program of Banesco Corporate University, which we carried out in partnership with Santa María la Antigua University (USMA). We continue to develop managerial skills in our employees and strengthening our commitment to offer quality service to our clients. In this program, 71 of our employees managed to successfully complete the academic plan that included areas related to: banking / finance / insurance, management skills, management control, marketing / sales / services.

Types of training	Nº of people trained	Total hours
Managerial competitions	64	3,682
Banking/Finances/Insurances	3	72
Management control	1	40
Advertising/Sales/Services	1	24
Other	1	51
<b>Totals</b>	<b>70</b>	<b>3,869</b>

## ADVANCED LEADERSHIP PROGRAM

During 2017, we carried out the Advanced Leadership Program, executed by the IESA, which included the following modules:

- Self-leadership
- Leadership of others
- Strategic leadership

In this program 56 employees participated in a total of 3,168 hours of training.

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## PERFORMANCE EVALUATION

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### GRI 404-3

Percentage of employees receiving regular performance and career development reviews

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In 2017, we executed the evaluation of 1,042 collaborators for the 2016 period, corresponding to 100% of active personnel who have a minimum of three months within the organization.

## VARIABLE REMUNERATION PROGRAM

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We have recognition outlines of our collaborators based on the established goals. In 2017, we have deepened in social responsibility strategies, objectives and goals.

## PROGRAMS AND INITIATIVES TO STRENGTHEN EDUCATION AND TRAINING

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### GRI 413-1

Operations with local community engagement, impact assessments, and development programs

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## INTERNS PROGRAM

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In order to provide a meaningful learning experience that facilitates entry into the labor force, we developed a professional internship program with universities and vocational training institutions for students in careers related to administration, banking and finance. In 2017, we received 16 interns, 7 university students and 9 secondary schools students.

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### FOUNDATION FOR THE PROMOTION OF EDUCATIONAL EXCELLENCE

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We are allies with the Foundation for the Promotion of Educational Excellence, in order to create conditions for the continuous improvement of public education. This foundation is the creator of the Contest for Educational Excellence, which serves more than 280 schools nationwide and has an impact on more than 110,000 students in basic and secondary education. Our annual contribution for three consecutive years has been **USD140,000**.

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### TRAINING THROUGH BANESCO ENTREPRENEURIAL PROGRAM

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It is a free program, that lasts 40 academic hours and contains 9 modules, that cover themes from personal development and leadership, to control of income and expenses, as well as the elaboration of business plans that contribute to the improvement of the productive capacity of the business of the entrepreneurs, maximizing their competitiveness in the market.

We ratify our orientation towards inclusion, as evidenced by the fact that 16% of the participants of the Banesco Entrepreneurs Program come from indigenous districts.

## COMMITMENT TO GENDER EQUALITY



### DIVERSITY AND EQUAL OPPORTUNITIES

GRI 405-2

Ratio of basic salary and remuneration of women to men

The average salary difference by organizational level and gender is as follows:

Men		Levels	Women	
Nº	Salary Difference		Salary Difference	Nº
8	24,2%	Executive	-14,9%	13
43	3,0%	Management	-1,7%	76
106	3,3%	Supervising	-2,1%	169
34	0,1%	Specialist	-0,1%	37
153	4,0%	Professional & Technic	-3,0%	205
189	3,2%	Base & level of support	2,0%	301
533	5,2%	Average	-3,3%	801

Average salary difference by organizational level and gender

In 12 of the bank's 21 areas, the average salary of women is higher than the average for that area:

Male	Female	Equality
8 Areas	12 Areas	1 Area

### Bank Activity Areas

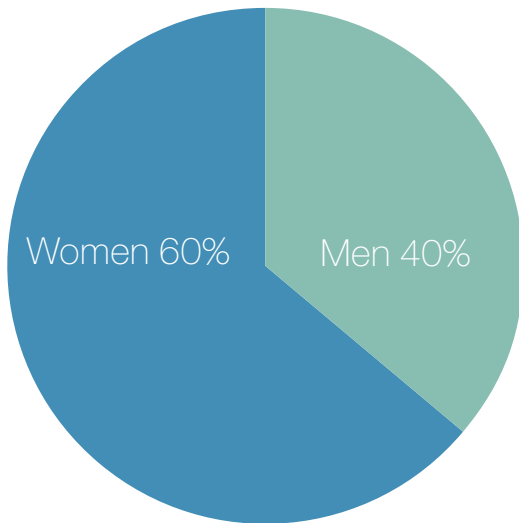
<ul style="list-style-type: none"> <li>International Banking</li> <li>Specialized Banking</li> <li>Alternate Channels</li> <li>Human Capital</li> <li>Strategic management</li> <li>Payment method</li> <li>Collections</li> <li>VPE of local business</li> </ul>	<ul style="list-style-type: none"> <li>Risk Auditing</li> <li>Legal consulting</li> <li>Compliance</li> <li>Finances, Treasury and Accounting</li> <li>GPPCN</li> <li>Marketing and Products</li> <li>Centralized operations</li> <li>Presidency</li> <li>Technology</li> <li>VPE of Control</li> <li>Sales and branches</li> </ul>	<ul style="list-style-type: none"> <li>Credit</li> </ul>
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We promote equal opportunities in all work centers of our organization and in the entrepreneurship initiatives that we develop.

Our payroll is composed of 1,334 employees distributed as follows:

**Percentage of collaborators by gender**



We have a young and balanced payroll in terms of age and position of our collaborators.

<b>Male</b>	<b>44%</b>	<b>37%</b>	<b>38%</b>	<b>47%</b>
<b>Female</b>	<b>56%</b>	<b>63%</b>	<b>62%</b>	<b>53%</b>
	18 - 29	30 - 39	40 - 49	Más de 50

**Gender distribution by age intervals**

Range of age	18-29	30-39	40-49	Over 50
Total Human Capital	481	563	243	47
% Human Capital	36%	42%	18%	4%

Our payroll includes 1,334 collaborators distributed as follows:

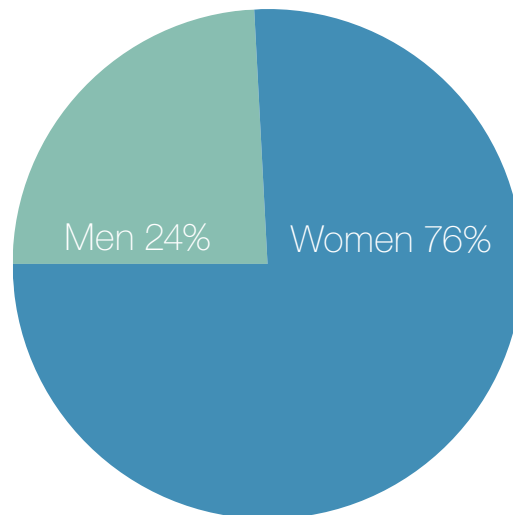
**Gender percentage by position**

<b>Male</b>	<b>38%</b>	<b>36%</b>	<b>39%</b>	<b>48%</b>	<b>43%</b>	<b>39%</b>
<b>Female</b>	<b>62%</b>	<b>64%</b>	<b>61%</b>	<b>52%</b>	<b>57%</b>	<b>61%</b>
Executive	Management	Supervisor	Specialist	Professional & Technic	Base & level of support	

The percentage of men and women in the different organizational levels is proportionally similar.

**EMPOWERMENT OF WOMEN**

We are proud to ratify our orientation to SDG 5 on Gender Equality, since 76% of the participants in our Banesco Entrepreneurs Program are female:



## INCLUSIVE EMPLOYMENT

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In accordance with our Diversity and Labor Inclusion Policy, which aims to:

- Implement diversity and labor inclusion as part of our business strategy, leveraging our pillar of Corporate Social Responsibility.
- Promote principle number 1 of the United Nations Global Compact, in terms of support and respect for the protection of Human Rights.
- Comply with Law 42 of 1999, which establishes equal employment opportunities for people with disabilities.

We execute the following activities:

1. Review of all bank positions, identifying where staff with disabilities could be hired.
2. Awareness sessions aimed at bank VPs and critical areas.
3. Awareness workshop with the Office of National Disability (SENADIS, for its initials in Spanish).
4. Participation in 2 fairs for people with disabilities during the CSR week (SUMARSE, for its initials in Spanish).
5. Survey employees to learn if they have any disability or relatives with any condition.
6. Review the bank's infrastructure to make the respective adjustments.

In order to meet the rule of 2% employment of people with disabilities and with the main objective of law 42 to promote diversity and employment inclusion, we have 2 employees with this condition until reaching the goal, in the coming years, of 26 employees.

## SPONSORSHIP OF THE FOUNDATION “VIDA VERDE INTEGRAL” (FOGÓN DE MIS AMORES PROJECT)

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We promote gender equality with the sponsorship of USD7,000 to build the headquarters for the “Fogón de mis Amores” Project. This initiative, by Chef Patricia Miranda Allen, is a school to support women of the Ngäbe Buglé region improve the level of nutrition, variety and flavor in the preparation of their typical foods. “El Fogón de mis Amores”, serves as headquarters for the preparation of food then sold by Ngäbe Buglé women.

**8** DECENT WORK AND  
ECONOMIC GROWTH



**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



**11** SUSTAINABLE CITIES  
AND COMMUNITIES



Our commitment  
to prosperity

**7** AFFORDABLE AND  
CLEAN ENERGY



**10** REDUCED  
INEQUALITIES



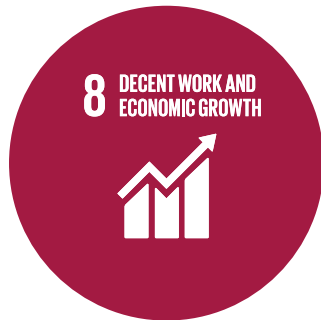
## COMMITMENT TO GUARANTEEING ACCESS TO AFFORDABLE AND NON-POLLUTING ENERGY

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Although this SDG has not been included as material topic and its Boundary or within our priorities, we are aware of the importance of contributing to the achievement of this objective and avoiding actions that may go against compliance, in order to guarantee access to affordable, reliable, sustainable and modern energy for all.

## COMMITMENT TO DECENT WORK AND ECONOMIC GROWTH



### EMPLOYMENT

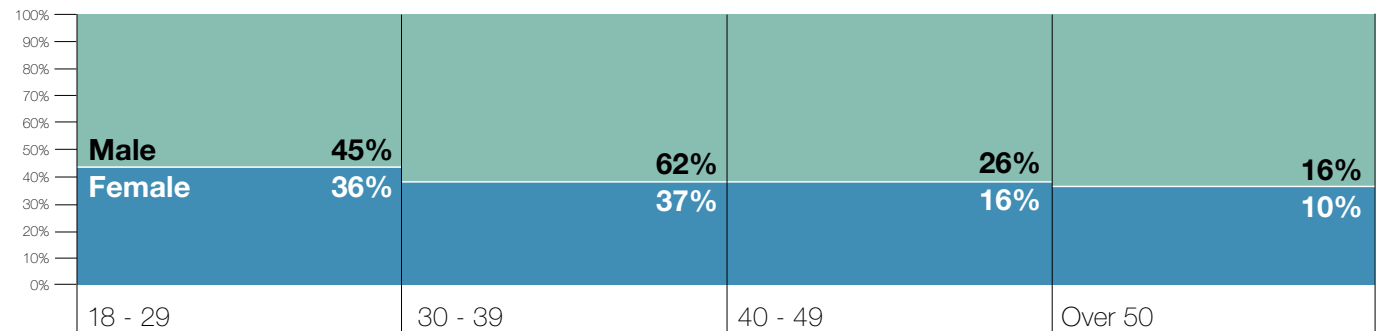
#### GRI 401-1

#### New employee hires and employee turnover

We carry out actions to provide our collaborators with a work environment that promotes a fair and competitive remuneration, career development, health and safety in the activities that are carried out. We respect the national legislation that regulates the minimum wage and we strive to offer a competitive and comprehensive salary package. This ensures the attraction of new talent, motivation and retention of staff, internal equity, external competitiveness with the market and payment for performance. In 2017, we had a total of 290 admissions and 246 departures.

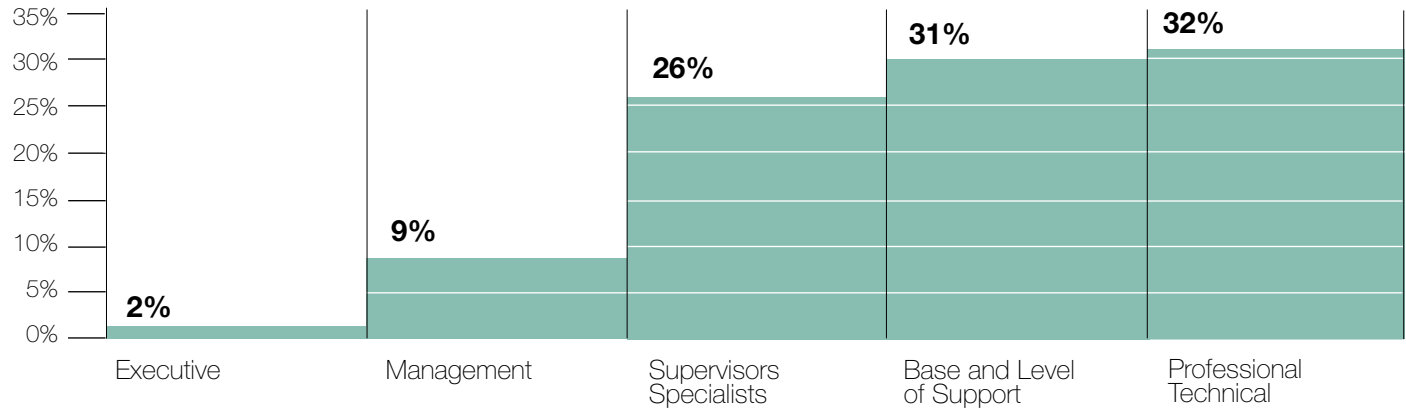
We have a young and balanced payroll in terms of age and position of our employees.

#### Gender distribution by age range

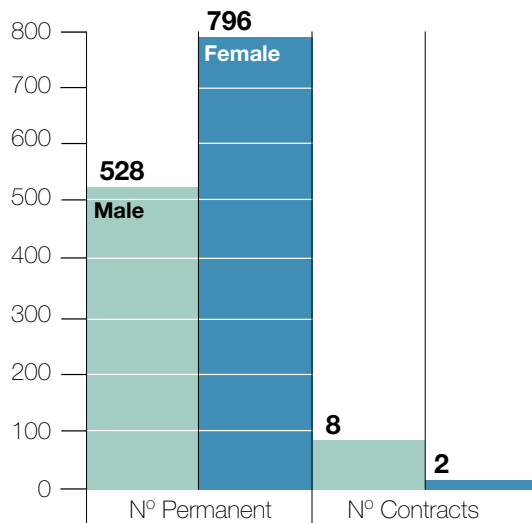


The staff that compose the Supervisor/Specialist, Base and Level of Support, and Professional/ Technical levels represents 89% of the total of the payroll:

**Percentage of collaborators broken down by level**



**Payroll by employment contract by gender**



**HIRING OF LOCAL PERSONNEL**

GRI 202-2

Proportion of senior management hired from the local community

Of the personnel that occupies executive positions, 65% is of local origin.

**HIRING OF LOCAL PROVIDERS**

GRI 204-1

Proportion of spending on local suppliers

We strive to identify suppliers that are aligned with us in supporting sustainability, influencing as much as possible, so that in cases where their practices are not compatible with ours, they can be corrected together. Among the criteria that we have established in the relationships with our suppliers, we include: signing of a framework contract for services and confidentiality, compliance with the Civil Liability Policy and payment of Social Security to his collaborators.

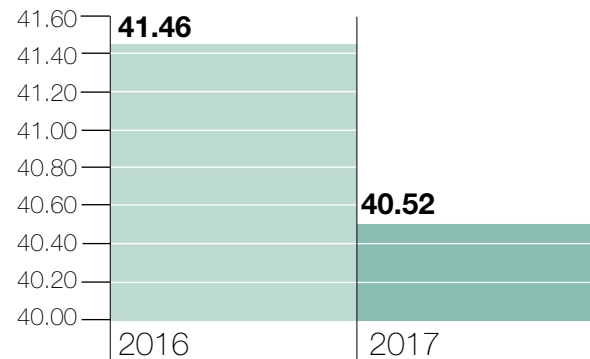
## STABILITY AND FINANCIAL SOLVENCY

### GRI 201-1

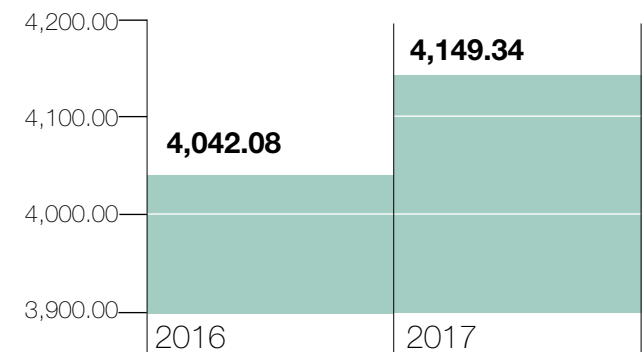
#### Direct economic value generated and distributed

We maintain our commitment to contribute to the development of dynamic, sustainable, and innovative economies, promoting employment and decent work for all. The results of our economic performance in 2017 include:

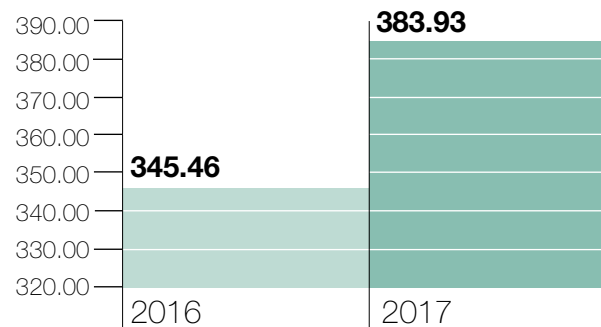
**Net Utility (USDMM)**



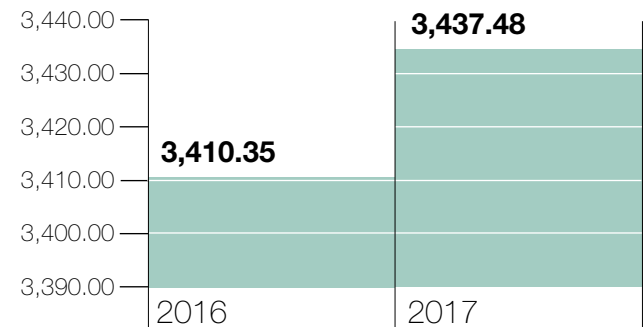
**Total Assets (USDMM)**



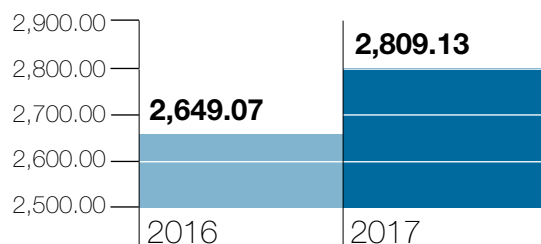
**Wealth (USDMM)**



**Clients' Deposits (USDMM)**



**Net Loans (USDMM)**



Note: Figures of Audited Financial Statements - Not Consolidated, comparative 2016 and 2017.



## RATING IN THE SECTOR

Through a statement, the rating agency Fitch Ratings said that the increase in the rating is based on the improvement of the capitalization levels of the bank and the stability that its deposits have shown. In the same way, it considers favorable to continue increasing the profitability of the institution, its focus to grow in retail banking, balancing its mix of credit portfolio.

Fitch Ratings notes in its report that Banesco has a good funding structure, based on deposits from clients captured in very short terms, which has an important influence on the ratings of the entity, in addition to presenting a moderate risk desire in relation to its history. Fitch Ratings foresees that, in the long term, the entity will increase its local and longer term deposits, improving even more the funding profile.

Our 2017 Consolidated Financial Statements and the rating reports, such as the full report by Fitch Ratings can be found on our website: [www.banesco.com.pa](http://www.banesco.com.pa), and in Fitch Ratings: [www.fitchratings.com](http://www.fitchratings.com).

Rating agency	Rating	Perspective
FitchRatings	BBB (PAN)	STABLE

## PROMOTING PROSPERITY “BANESCO ENTREPRENEURS”

### GRI 413-1

#### Operations with local community engagement, impact assessments, and development programs

Banesco is the result of an enterprise. It is in our DNA to promote an entrepreneurial culture, because we know that it gives results. The first big bet of the CSR management is the Banesco Entrepreneurs program, which is the hallmark that distinguishes our management.

The Banesco Entrepreneurs Program constitutes a fundamental pillar of our commitment towards Social Responsibility. We execute it under the direction and supervision of the Corporate Social Responsibility management and it is provided free of charge, throughout the country

- In 2017, 3,077 women and men were certified, totaling more than 120,000 hours of training. All this with the support of the Social Partners, who are the executing arm of this initiative.

- We are proud to ratify our orientation to SDG 5 on Gender Equality, since 76% of the attendees are women. At the same time, we also ratify our orientation towards inclusion, because 16% of the participants reside in indigenous regions.
- The program is free, with a duration of 40 academic hours and contains 9 modules that range from personal development and leadership, to the control of income and expenses and the preparation of business plans.
- Banesco Volunteering has been an integral part of these educational seminars, offering their knowledge and deepening the identification of our collaborators with this axis. The Banesco Entrepreneurs Program served the following county areas: Llano Tugr , Plan de Chorchua and Soloy in the Ng be Bugl  and Mansucun county, Ustupu and Ogobsucun in the Guna Yala County.

3,077  
People certified

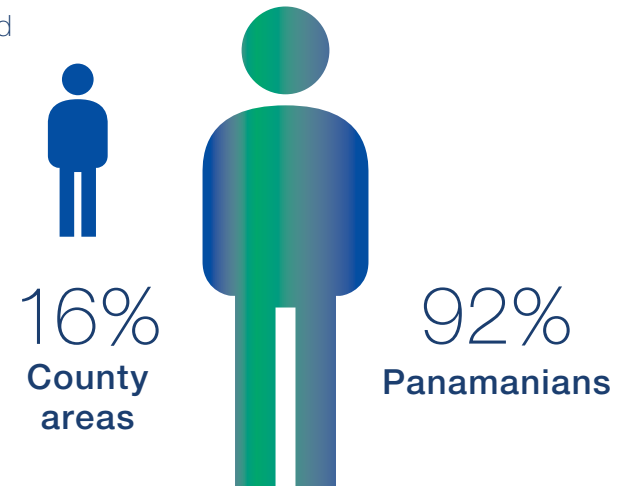


76%  
Women

24%  
Men

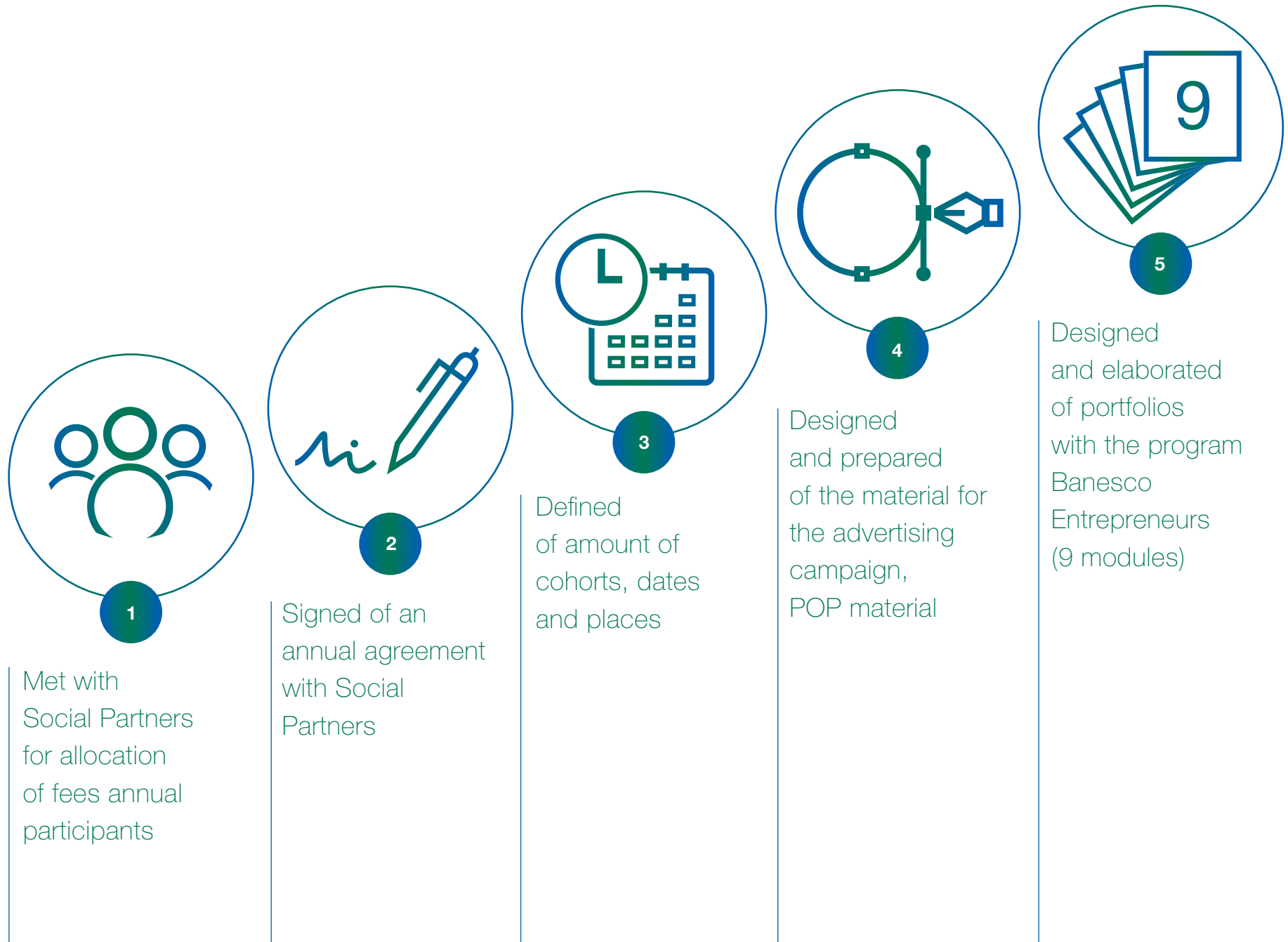
8% of the certified participants was made up of foreign residents.

The geographical coverage was extended to: Chiriqu , Panam , Cocl , Col n, Herrera, Panam  Oeste, San Miguelito, Bocas del Toro, Chepo and San Blas.  
**69% without business and 31% already own a business.**



3,077  
people certified. We surpassed the goal of 3,000 people

## STAGES OF BANESCO ENTREPRENEURS PROGRAM



## STAGES OF BANESCO ENTREPRENEURS PROGRAM



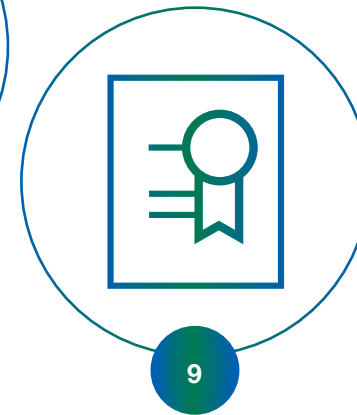
Updated program the enrollment template for Banesco entrepreneurs on the bank's website



Advertising campaign by start of Entrepreneurs program, social networks, road shows



Start of classes



Certifications



Presentation of reports from Social Partners

## COMMITMENT TO INNOVATION, INDUSTRY AND INFRASTRUCTURE

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### INNOVATION STRATEGY

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GRI 203-1

#### Infrastructure investments and services supported

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We continue the innovation strategy to achieve our aspirations for growth and sustainable differentiation. This year, the Innovation team focused on further enhancing the culture of innovation through the SPRINTS, workshops based on the “Design Thinking” methodology and inspired by the design format implemented by IDEO, the global design company from Silicon Valley.

We have positioned ourselves as a benchmark in innovation, giving seminars, conferences and workshops nationally. In 2017, the Innovation area carried out 120 hours of training in 3 sessions, where ideas and solutions were generated around:

1. Deposit and retention of liabilities
2. Collection management
3. Quality of data

Our Innovation team served as support for different areas, including:

- Development of a quote for sales and another for Community Banking
- Experience design for our mobile banking TCMB (“Temenos Connect Mobile Banking”)
- Development of an App “Banesco Refers”, to convert all our employees into “referrers”
- Implementation of ChatBot Banesco (in pilot phase)
- Support to the areas of Collections and Customer Service, using WhatsApp as a communication channel
- Benchmark of Fintechs and trends to keep the Executive Committee updated of new trends and technologies
- Strengthen the bank’s relational capital, interacting daily with the entrepreneurial ecosystem, local and regional innovation and technology



## INNOVATION CENTER

We opened our Innovation Center. A physical space that seeks to deepen the development of solutions under the perspective “human and central customer”, listen and meet the needs of users who interact daily with financial solutions and, also, promote the exchange of ideas aimed at the joint construction of the banking of the future.

It is a mixed working space where collaborators, entrepreneurs, startups, clients and non-clients can interact, discuss ideas, build client-centered solutions, sponsor networking events and favor the exchange of ideas.

Innovation is one of the declared values of Banesco International and has had innovation units dedicated at 100% for more than 3 years.

## IMPROVING OUR PROCESSES

As part of our Transformational Projects, in Banesco Panama we decided to simultaneously face the implementation of three new Cores: Core of Cards, Core Accounting and Core Banking. The implementation of these projects is part of the effort made by the bank, framed in the vision of offering a unique customer experience and changing the way we do banking:

- Core Banking is the system where all the basic and common rules for our operation as a banking institution are centralized

- The purpose of the Core Accounting project is to unify and standardize the processes of accounting management in the multinational area and, therefore, the definition of a new model of work that seeks to benefit all areas.
- For its part, the Core of Cards seeks to improve the customer experience, streamlining processes and providing better tools to the teams involved

Among other activities carried out in 2017, the following were developed:

Activities	Results
<p><b>Improvement of efficiency processes through the use of robots</b> Development of “pilot” application with automation technologies for routine tasks, which do not require expert judgment</p>	<p>Reduction in the duration of the “objective activity” from 2 hours to 25 minutes, directing human talent to activities with greater growth and development potential.</p>
<p><b>Design of remote model for opening accounts</b> “Pilot” model technologically enabled that allows the client to self-manage the opening of an account, incorporating a digital file for International Banking.</p>	<p>Improvement of customer experience preventing displacements to obtain a bank account. Significant reduction in the use of paper and physical space for the storage and safe keeping of files.</p>
<p><b>Freeing operative time of platform personnel</b> Modifications in processes and functionalities in the existing systems to free up the time dedicated to operative activities by platform personnel, improving the time available for interaction with clients.</p>	<p>In 2017, Platform Assistants freed 29 min/day and Platform Officer freed 6 min/day.</p>
<p><b>Compliance with standard time promises in key processes for the client</b> Periodic monitoring of time standards on credit cards, account opening, personal loans and mortgages.</p>	<p>Average compliance of customer service promises at 110% in 2017.</p>

## MOTIVATION TO ENTREPRENEURSHIP IN PANAMA

GRI 413-1

Operations with local community engagement, impact assessments, and development programs

### SPONSORSHIP OF THE WEEK “MIPYMES”

In hand with the initiatives of our business peers in the support and strengthening of SMEs, we participated in Cable Onda Empresarial's 10th Mipymes Week, which had as its motto: “Because once you start ... you take off”.

### SPONSORSHIP OF THE GLOBAL ENTREPRENEURSHIP WEEK

We participated with the Micro, Small and Medium Enterprise Authority (AMPYME, for its initials in Spanish) and the City of Knowledge. This event served as a framework to ratify our support for drafting the Law for Entrepreneurial Culture of Panama.

### SIGNATORIES OF THE NATIONAL PACT FOR ENTREPRENEURSHIP

Banesco is a signatory of the National Pact for Entrepreneurship, a candidate together with other actors of the Panamanian entrepreneurship ecosystem, of the “Entrepreneurship Policy: Panama Grows”. It is also an ally of the Micro and Small Enterprise Authority (AMPYME, for its initials in Spanish), in its corresponding administrative period 2016-2018.

We joined the National Pact for Entrepreneurship led by the Micro, Small and Medium Enterprises Authority (AMPYME, for its initials in Spanish), through the development of programs at all educational levels, in order to help generate a culture of entrepreneurship. The pact, which among its fundamental pillars include education, encouraging the development of public policies, regulations and regulatory frameworks for entrepreneurship and innovation in the country; in order to develop enterprising power, business and personal growth, in the entire population in an inclusive way, through specialized organizations. Thanks to this initiative, Panamanian entrepreneurs have the opportunity to grow and evolve with the new entrepreneurial models generated globally.



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### SPONSORSHIP OF THE CSR WEEK

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We participated in the CSR Week, where we joined leading entrepreneurs, civil society, multilateral institutions and cooperation organizations who met to exchange information and experiences on world trends in sustainability.

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### RESPONSIBLE BUSINESS PROGRAM

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We joined this program to strengthen productivity and competitiveness of SMES (Small and Medium Size Enterprises) in Panama. Over 200 restaurant owners, eateries and other establishments that have less than 50 collaborators received training between May and December of 2017, through Cervercería Nacional's Responsible Business Program, under the umbrella Emprendedores Banesco, as part of an agreement signed between both companies.

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### ENTREPRENEURS' FORUM 2017 BY INVITATION OF MICI

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We participated in the second block of the Ministry of Commerce's (MICI) entrepreneurship event series which featured women like, Keibeth Castillo from Cable Onda and Carolina Dunkersloot from Franklin Covey Panama. Our Corporate Social Responsibility Manager, Lucia Freitas, joined this dissertation on the use of technology, the social role of the entrepreneurship and entrepreneurship culture.

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### PARTICIPATION IN THE 18<sup>TH</sup> INVESTORS' FORUM

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Our Executive President and CEO, Carlos Alberto Escotet, was part of the panel "Challenges and opportunities for Banking", along with representatives of the banking sector.

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### FORUM'S PARTICIPATION: "ETHICAL LEADERSHIP FOR THE FUTURE ENTREPRENEURS"

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"Our essence, our business, is a social business, a business for the people", were the words of our Executive President and CEO in the Tenth Forum for Corporate Responsibility, in an address given to 1,500 Guatemalan youth, themed "Ethical Leadership for Entrepreneurs of the Future," organized by CentraRSE.

## COMMITMENT TO THE REDUCTION OF INEQUALITIES



While this SDG is not material topic and its boundary, we have initiatives within our corporate volunteering for economic, social and cultural inclusion; which makes us aware of the importance of contributing to its compliance.

### OUR CORPORATE VOLUNTEERING

At this point, we wish to emphasize on Banesco's Volunteering through which, since 2015, we continuously participate in activities with the community. Through our corporate volunteering, we promote a culture of solidarity and cooperation. In 2017, the activities participated in were:

Activities	Total hours as per activity
Day of Good Deeds "Canastillón Banesco"	273
Special Olympics	135
National Reforestation Day	150
Blood Bank	111
Beach Clean-up Day	163
CSR Week	31
Education for Entrepreneurs	40
Support for Mexico and Puerto Rico	29
Pink and Blue Ribbon Campaign	80
Words for Panama	88
Blood Bank #2	32
Food Bank	57
<b>Total</b>	<b>1,189</b>

## COMMITMENT TO SUSTAINABLE COMMUNITIES AND CITIES



### PROMOTION OF CULTURE

GRI 413-1

Operations with local community engagement, impact assessments, and development programs

GRI 102-12

External Initiatives

We support cultural and social initiatives that foster social cohesion, to make cities kinder and favorable to the overall well-being of citizens. Within this context, we have organized, promoted, sponsored and achieved events of great significance in the life of the citizens of Panama.

#### “AFRICA EN AMERICA” CULTURAL PROGRAM

For the second consecutive year, we are sponsors of the “Africa in America Festival”, organized by the Municipality of Panama during the month of May, “Black Ethnicity Month.” The program included a series of events, such as concerts, films, stage performances, forums on Human Rights and Afro-Antillean food. This activity is done annually and approximately 7,000 people attend during 10 days of events, in Panama City and surrounding areas.



Opening of the  
“Africa in America Festival”



Musical camp participants

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### SUPPORT FOR THE NATIONAL CONCERTS ASSOCIATION (ANC)

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We supported the 32nd edition of the Musical Youth Camp, organized by the National Concerts Association (ANC for its initials in Spanish), where about 125 school children and youth showed their musical talents during the closing concert, where they masterly performed compositions by Beethoven, Chopin, Bach and Panamanian composer, Eduardo Charpentier.

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### CULTURAL FELLOWSHIP PANAMA-VENEZUELA PROMOTION

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“Noches de Guataca”, an event for a multicultural audience united by their love for music, is an initiative that strengthens the friendship and cultural ties between Panama and Venezuela, as both countries share similar musical roots. These are monthly meetings where artists from both countries offer a broad repertoire that showcases similarities in rhythms and instruments. To the date, we have sponsored 15 editions, with a participation of more than 2,000 attendees.

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### AGREEMENTS WITH INAC AND PNUD, TO SPONSOR “LA RED” ACTIVITIES

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As part of our commitment with cultural development, we signed a strategic alliance with the United Nations' Development Program-UNDP Panama- and the Panamanian Institute of Culture - INAC, for the benefit of hundreds of children of the National Network of Children's and Youth Orchestras and Choruses of Panama.

The signing of the agreement was carried out by Harold Robinson and Banesco Panama's Executive President and CEO, Carlos Alberto Escotet. This initiative provides classical music education for children and youngsters who reside in low income communities; fostering teamwork and creating a culture of peace. The sponsorship bestows an annual figure of USD50,000.

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### MENTORING PROGRAM FOR CULTURAL ENTREPRENEURSHIP

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As part of the alliance with Kernel Community, we have trained 120 entrepreneurs focused on creative industries, or, as they are known Orange Culture. “EL PISO” (THE FLOOR) was the ideal space for the launching of several Startups, as part of the final phase of the “Programa de Acompañamiento al Emprendimiento Cultural, Cultura Naranja PTY,” (Mentoring Program for Cultural Entrepreneurship, Orange Culture PTY) organized by Open Arts PTY.

12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



13 CLIMATE  
ACTION



Our commitment  
to the planet

6 CLEAN WATER  
AND SANITATION



14 LIFE  
BELOW WATER



15 LIFE  
ON LAND



## COMMITMENT TO CLEAN WATER AND SANITATION

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While this SDG has not been included as a material topic and its boundary in our priorities, we are aware of the importance of contributing to achieve this goal and avoid actions that may hinder its compliance, to ensure accessibility and sustainable management of water.

## COMMITMENT TO A RESPONSIBLE CONSUMPTION

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### ENVIRONMENTAL AND SOCIAL RISK

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#### GRI FS1

Policies with specific environmental and social components applied to business lines

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#### GRI FS2

Procedures for assessing and screening environmental and social risks in business lines

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We are committed to creating actions that contribute to mitigate and minimize the negative impacts to society and the environment that result from our activity. The Corporate Social Responsibility Management Unit was appointed as the focal point of Banesco Panama before the German Development Agency (DEG). With DEG, we have committed to apply accepted international top-of-the-line norms, as much for our own operations, as well as those of our customers; therefore we will be offering support in environmental and social risk analysis to credits requested by SMES, to ensure that operations financed by the bank and their own operations, are environmentally and socially sustainable.

### ENVIRONMENTAL AND SOCIAL CRITERIA FOR GRANT FINANCING

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#### GRI 304-2

Significant impacts of activities, products and services on biodiversity

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In Banesco, S.A., we ensure that our financial operations comply with the pertinent national legislation. In 2018, we have planned to review our criteria to grant financing and include the analysis of the environmental and social issues with the greatest rigor.

**EFFICIENT USE OF RESOURCES IN OUR OPERATIONS**

**EL PISO: WITH RECYCLABLE MATERIALS, LED LIGHTS**

GRI 306  
 Effluents and waste

The donation of well-kept materials (ceiling moldings and furniture) from the remodeling done on the 20th floor of our headquarters to our collaborators and a number of churches was another initiative.

**DONATION OF RECYCLED COMPUTERS TO THE NGÄBE BUGLÉ INDIGENOUS COMMUNITY IN ALLIANCE WITH APEDE, USMA AND CAF.**

GRI 306  
 Effluents and waste

With the support from “Nuestra señora del Camino” Foundation and as an initiative of APEDE, USMA and CAF during the development of the Certification Leadership for Transformation, we donated 130 computers to schools located in the Ngäbe Buglé indigenous community, after a comprehensive analysis on the communities revealed where it will produce greater impact for their leaders to do follow-up and support this initiative.

**SUPPORT TO EXTERNAL INICIATIVES FOR SUSTAINABLE CONSUMPTION**

**SUPPORT FOR THE INITIATIVE #YO梅RECICLO**

GRI 102-12  
 External Initiatives

BanESCO’s team of volunteers collaborated in this initiative, creating awareness and sensibility to keep our beaches clean.



## COMMITMENT TO ACTION FOR CLIMATE

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### CLIMATE ACTION

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#### GRI FS1

#### Policies with environmental and social components applied to business lines

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We promote a more sustainable economic activity and more respectful with the environment.

The conservation of the environment is one of the pillars of our new Corporate Social Responsibility strategy, framed in the contribution of the UN's Sustainable Development Goals. In our operations, we include criteria that contributes to this end with actions for climate.

We do corporate volunteering work addressing reforestation of the Panama Canal basin, clean-up of beaches, measuring water and electric light consumption, thus creating awareness concerning the use of water and energy saving.

### ENERGY CONSUMPTION

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#### GRI 302-1

#### Energy Consumption Within the Organization

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As established in our Code of Ethics and Conduct, we in Banesco, S.A., "Are Conscious About the Environment" (Tenemos Conciencia Ecológica). Among our collaborators, we promote best practices in their work areas, through the rational use of resources like paper, electricity and water. We also make sure that the decision-taking regarding supply purchase and services take into consideration the environmental impact.

We support public outreach and educational initiatives, concerning the promotion of sustainable development and respect for the environment.

As part of the actions implemented in 2017, we were able to reduce energy consumption by 11.7%.

Following what is established in the Code of Ethics and Conduct, we incorporated in our internal operations, practices about social and environmental issues in order to:

- Adopt and promote environmental best practices to avoid and minimize adverse, direct impacts due to our operations and installations.
- Promote best practices in environmental and social sustainable issues with our collaborators, suppliers, communities and other interested parties at the bank.



## SUPPORT FOR THE PROGRAM “ALIANZA POR EL MILLÓN DE HECTÁREAS” (MILLION HECTARES TREE-PLANTING ALLIANCE)

GRI 102-12  
External Initiatives

We joined, for the second consecutive year, to Reforest Panama, as part of the “Alianza por el Millón de Hectáreas” (Million Hectares Tree-Planting Alliance). As Banesco Volunteers, our mission is to participate in activities which promote our solidarity commitment to the community, alliances and the planet. We signed the “Alianza por el Millón de Hectáreas” with the National Association for Conservation of Nature (ANCON in Sp.) and as of 2018, we will be partners of this important foundation, whose goal is to mitigate the effects of climate change and create awareness on the importance of the conservation of natural resources, contributing with the Life of Terrestrial Ecosystems, reforesting one million hectares for the next 20 years.

Our contribution  
as Partners is  
**USD3,000.00**  
for three  
consecutive  
years as of  
2018.

**150**  
Hours of dedication  
of our volunteers  
who participated, along  
with their families in  
Nation Conservation  
Day

## COMMITMENT TO SUBMARINE LIFE

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While this SDG has not been included as a material topic and its boundary in our priorities, we are aware of the importance of contributing to achieve this goal and avoid actions that may hinder its compliance, ensuring conservation and use of the oceans, seas and marine resources in a sustainable manner.

## COMMITMENT TO THE LIFE OF TERRESTRIAL ECOSYSTEMS

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While this SDG has not been included as material topic and its Boundary, or within our priorities, we are aware of the importance of contributing to the achievement of this objective and avoiding actions that may go against compliance, avoiding impacts on the Life On Land and supporting their conservation, as well as the sustainable management of forests, combating desertification, halting and reversing land degradation and loss of biodiversity.

16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



Our commitment  
to peace

## COMMITTED TO PEACE AND JUSTICE

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### TRANSPARENCY AND RESPONSABILITY

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#### GRI 205-1

#### Operations assessed for risks related to corruption

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We have different instances of Corporate Government that have the responsibility of ensuring compliance with these guidelines, which in turn will be the pillars of an adequate system of internal control according to the nature, complexity and risks involved in our activities.

Likewise, it ensures adequate supervision at a consolidated level of our company's financial situation, in relation to the risks faced by management and the adequate capital and liquidity coverage.

#### GRI 205-2

#### Communication and training about anti-corruption policies and procedures

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To guarantee the transparency of our management, we have established a set of guidelines considering the incorporation of the corporate values, strategic objectives, Code of Ethics and Conduct of the Banesco Citizen and a clear allocation of responsibilities, establishing the mission, vision and ethical values in conjunction with the balanced integral strategic planning process, which includes the participation of shareholders, Board of Directors and executive levels.

#### GRI 205-3

#### Confirmed incidents of corruption and actions taken

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There were no reports of corruption in 2017.

#### GRI 419-1

#### Non-compliance with laws and regulations in the social and economic area

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We strictly comply with the regulations of the Superintendence of Banks of the Republic of Panama (SBP) and the Superintendence of the Securities Market of the Republic of Panama (SMV). Our Corporate Government structure, defined and approved by the Board of Directors, integrates schemes of Directors, Executives and Control Committees.

## RISK MANAGEMENT

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At Banesco, S.A, we manage risk comprehensively, through policies, methodologies and rigorous procedures, framed in the best international practices, which are approved by the Risk Committee and ratified by the Board of Directors.

Being this a company that offers financial services, the risks to which we are exposed and that are managed, both by the unit of risk, as by the rest of the units of the organization, are: financial risks (credit, market and liquidity), operational risks (including legal, reputational, strategic and operational risks) and technological risks.

The Integral Risk Management Unit is responsible for investigating, analyzing, designing, evaluating, proposing, documenting, safeguarding and applying the models and methodologies for risk management of Banesco, S.A., as well as carrying out and safeguarding estimates and projections of the Key Risk Indicators (KRI's), associated with the performance of the models and the expected losses due to the different types of risks, adjusted with the guidelines approved by the Risk Committee, and in accordance with the norms established by the regulating entities, contributing to guarantee an adequate and opportune handling thereof.

The managements that make up the operational structure: Financial Risk Management and Management of Operational Risk, will have as objective in their functions the measurement, monitoring and follow-up of each of the credit, market, liquidity, interest rate, operational, legal and reputational risks.

The Models and Methodologies Management will be in charge of designing, developing and proposing for approval from the Risk Committee, the models and methodologies used for the bank's risk management, as well as carrying out the monitoring of the quality of said models.

The proceedings carried out in Banesco, S.A. by type of risk, is as mentioned below:

- **Market Risk:** its management is based, on the one hand, on the segregation of duties between the risk-taking areas and those responsible for their measurement and control, and on the other, in the establishment of limits regarding permitted activities and risks to be assumed in terms of positions, results of potential losses (using the VaR method, CVaR), duration and concentration of losses on capital funds.
- **Credit Risk:** the control of credit risk is based on the following pillars: i) objectivity, independence and global vision in decision-making; through the development of scoring models for the consumer portfolio and score rate for the portfolio of small and medium-sized companies ii) a decentralized

concession system that combines individualized expert analysis, with the use of systems and statistical models sufficiently validated and supervised according to the policies established by the entity, used for large commercial customer segments. iii) continuous monitoring of the quality of the portfolio by the entity's entire structure, through yield analysis of the credits, follow-up of the models used for admission of credits and review of customer profiles. iv) identification of new business opportunities, through the creation of behavioral models, which allow determining qualifications of existing customers and proactively granting credit operations.

- **Liquidity Risk:** its management is based on the analysis of scenarios; additionally, the mismatch in any period of time between the assets and liabilities of the bank, in hand with the liquidity indicators required by the regulator, is analyzed; it also supports the identification of the alerts that activate the actions defined for the execution of the liquidity contingency plan.
- **Interest Risk:** for its control, models are used to establish limits and determine the sensitivity of the financial margin and the economic value of the entity, due to variations in the interest rate.
- **Currency Risk:** its management is based on the analysis of potential losses for the most relevant net foreign currency positions, through the use of Value at Currency Risk.
- **Operational Risk:** Our Operational Risk Management Model consists of four phases: identification and analysis of risks; assessment; definition of management and monitoring strategies, which allows the continuous improvement of the processes that support the products and services, in order to maintain a positive risk - return relationship.

We are governed by the regulations of the Superintendence of Banks of Panama (SBP) and the Superintendence of the Securities Market of Panama (SMV), with regard to the integral management of risks and concentrations of liquidity and capitalization, among others.

We have defined for each of the types of risk inherent to the exercise of our financial activity, global policies and limits, included in the internal management manuals of the entity, as well as a scheme of delegations and attributions, whose objective is to streamline the decisions taken by the Risk Committee, the Integral Risk Management Unit (AIR) and the Risk Unit.

On our website [www.banESCO.com.pa](http://www.banESCO.com.pa) and in the 2017 Consolidated Financial Statements, you will find complete and detailed information about our Risk Management.



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## FIGHT AGAINST LEGITIMACY OF CAPITAL AND FINANCING OF TERRORISM

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We promote high level ethical and professional standards to prevent our institution from being used, intentionally or not, for criminal purposes. As part of our commitment in the fight against money laundering and financing of terrorism, the Code of Ethics and Conduct of the Banesco Citizen govern us. We promote among our employees the need to:

- Obtain all the necessary information from our clients
- Maintain a proactive attitude in crime prevention
- Identify and timely report any suspicious activity

This year the Compliance, Corporate Government and Ethics Committee approved the Anticorruption and Transparency Policy of Banesco, S.A. and Subsidiaries; whose main objective is to establish guidelines that allow guiding the bank's behavior in situations that may represent acts of corruption, both internally and externally of the organization, and also manage the prevention thereof, through levels of transparency that meet the highest standards of best practices at the international level. We adopt the necessary measures to prevent operations and/or transactions from being carried out with funds, or funds coming from activities related to the crimes of Money Laundering, Financing of Terrorism or Financing the Proliferation of Weapons of Mass Destruction, for which we have corporate policies, manuals and procedures of due diligence and other requirements.

Our structure ensures the correct application of the policies and regulations that govern this matter, also considering the risk levels of our clients, their geographical location, activity, profession, products or services, among others. The structure is made up by: the Compliance and Corporate Government Committee and the Vice Presidency for Compliance and Corporate Government.

### Clients

Telephone line 282-2999

etica\_pa@banesco.com

buzóndeingresosextraordinarios\_pa@banesco.com

### Employees

Internal Email: Direct line

Voicemail: Direct line

Intranet's mailbox

The activities carried out during the year were the following:

- **Adaptation of policies, rules, procedures and methodologies:** in the year policies, rules and procedures were updated to adapt them to the requirements of the regulatory framework and best practices. It highlights the effort made to update the methodology of Risk Assessment.
- **Training in issues of prevention:** the established goal was exceeded in the annual plan, emphasizing the business areas. In our Vice Presidency, we strengthened internal knowledge by certifying internationally, in terms of prevention, a group of collaborators.
- **Strengthening of technological enablers:** important investments were made for the modernization of the technological infrastructure that supports daily management of the Vice Presidency, including the development of pilot procedures for the automation of processes.
- **Monitoring, control of risks and attention of Correspondents:** activities of monitoring and control of risks, evaluation of operations and investigation of cases, are fundamental activities for the bank. This year, we worked hard to strengthen the structure, expanding the number of collaborators exclusively dedicated to this activity.
- **Take advantage of the opportunities for improvements identified in audits, inspections and evaluations to strengthen our management;** proof of this is that, in the results of the last independent evaluation, we reached a level of maturity in the compliance function of 4.6 / 5, well above the market average. The audit findings and bank inspections have been corrected and / or incorporated into our action plans for 2018.

In terms of trainings held in the fight against money laundering and financing of terrorism, in accordance with the provisions of Law 23-2015 and Agreement 10-2015 issued by the Superintendence of Banks of the Republic of Panama, at Banesco, S.A., we carry out continuous and specific training for all the collaborators in the organization, paying special attention to those who execute positions related to handling, communication and management of relations with clients / suppliers, reception of money, transaction processing, product and services design and other personnel that perform work in sensitive areas, such as Compliance, Risk, Human Resources, Technology and Internal Auditing, providing updates on the different types, cases and regulations at the local and international level in the area of money laundering, financing of terrorism and financing the proliferation of weapons of mass destruction.

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We have an annual training plan, in order to keep all staff informed and updated on internal policy issues, procedures, and internal controls to prevent the improper use of the services provided; as well as the various criminal modalities used for money laundering, financing of terrorism and financing the proliferation of weapons of mass destruction.

## **COSTUMER SERVICE MECHANISMS FOR THE REQUEST AND SOLUTION OF CLAIMS**

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### **GRI FS15**

#### **Policies for the fair design and sale of financial products and services**

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We continue strengthening our customer service, updating our technological platform, expanding our communication channels and training our collaborators.

Our clients have at their disposal the following channels for inquiries or claims:

- BanescOnline
- Interactive call center
- Email
- Social networks
- Whatsapp
- We created Chatbot (artificial intelligence)
- **Web Chat** - During 2017, the new Web Chat channel was enabled which, added to the other channels, allows customers to channel and track their requests and claims.

In May 2017, we enabled the “SARA” tool (Automated Claims Attention System, SARA in Spanish), as a new platform for managing requests and claims cases, allowing consultation and the follow-up of each case from any channel of attention.

The customer service management is led by the Customer Experience Management, where we have a work team dedicated to the management of the Customer Case Management model. Their job is to ensure that requests and claims are entered and attended in a timely manner and with the appropriate quality.

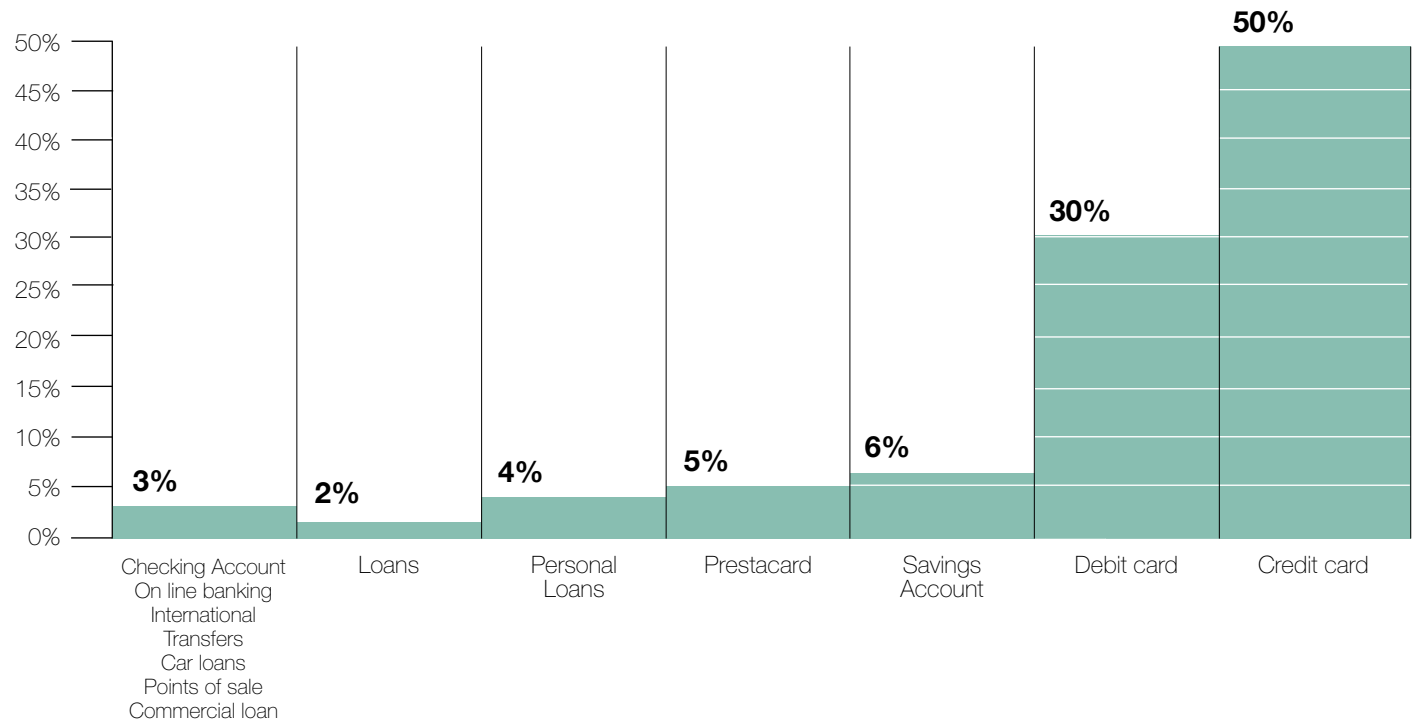
We have punctuality indicators of case management and we monitor them weekly and monthly, as they are part of our Indicators Report.

Each case category has a solution time. The average time of solution of the total volume of cases is 1.4 days: Requests 1.2 days and Claims 2.6 days.

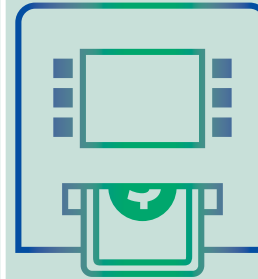
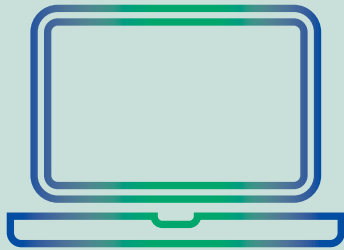
### N° OF CLAIMS, ANALYZED AND SOLVED IN THE PERIOD

During 2017, we received and managed 5,235 evaluation cases for claims, with 2,465 being classified as effective claims. 100% of cases were attended and closed.

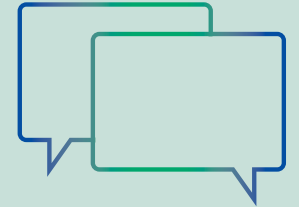
#### Percentage of complaints by type of service of attention of requests and solution of claims



Our Vision 2018 also ratifies a fundamental element of our personality as an organization: we are a central customer bank, which places us as a differentiated competitor in the market, reorienting all our structure, operations and culture around the client; increasing in the first instance their satisfaction and fidelity, and the contribution to profitability through the development of integral and packaged financial solutions. We hope to continue strengthening our omnichannel quality to facilitate the daily transactions of our clients.



VIRTUAL BANESCO



## FINANCIAL EDUCATION

### GRI FS16

#### Product and Service Labeling -Initiatives to enhance financial literacy by type of beneficiary

As an initiative to improve literacy and financial education, in the Banesco Entrepreneurs program, we seek to strengthen financial education activities, which are the core of our CSR program, supporting and promoting entrepreneurship through financial inclusion, creating business models that generate social innovation. This initiative is part of the vision of our Corporate Social Responsibility.

## SECURITY AND CONFIDENTIALITY OF THE INFORMATION

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### GRI 418-1

#### Substantiated complaints concerning breaches of customer privacy and losses of customer data

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Reliability is a value of the Banesco Citizen. In this regard, our Code of Ethics and Conduct includes, in a detailed manner, the expected behaviors to ensure confidentiality of our clients' information, protecting and preserving the integrity and availability of their data and operations.

We have a set of policies and procedures aimed at protecting all information relating to our customers, striving to incorporate new mechanisms and devices to ensure their confidentiality. We continually update information through our social networks and website, in order to raise awareness about the safe use of our products and services, and to avoid possible forms of financial fraud.

In 2017, no reports or fines were reported for cases of data leakage or violation of confidentiality.

17 PARTNERSHIPS  
FOR THE GOALS



Our commitment  
to the alliances

## COMMITMENT TO ESTABLISHING ALLIANCES TO ACHIEVE GOALS

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### ALLIANCES

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#### GRI 102-12 External initiatives

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We are convinced of the need to establish alliances with organizations, both public and private, to achieve the objectives we have set for sustainability.



We have established different alliances and partnerships with the following organizations:

N°	Start	Ally	What we do together?
1.	2017	<b>DEG Deutsche Investitions und Entwicklungsgesellschaft (DEG)</b>	We share objectives, since the goal of DEG is to promote the development of the private sector in developing and in transition countries, to achieve sustainable growth and quality of life.
2.	2017	<b>United Nations Global Compact</b>	We are signatories of this important initiative, committed to the implementation of its 10 principles in the field of Human Rights, Labor Practices, Environment and Anti-corruption.
3.	2017	<b>Cervecería Nacional</b>	We create synergy to train 1,000 clients within the framework of the program Responsible Businesses of Cervecería Nacional, under the umbrella of Banesco Entrepreneurs Program.
4.	2017	<b>Agricultural Marketing Institute (Instituto de Mercadeo Agropecuario –IMA, in Spanish)</b>	Together with AMPYME, we promoted a workshop for Banesco Entrepreneurs, aimed especially at horticulturists in Capira (West Panama).
5.	2017	<b>PNUD / INAC</b>	We promote actions to strengthen and provide sustainability strategies to the Network of Youth and Children's Choirs and Orchestras of Panama.
6.	2017	<b>Fe y Alegría / MIDA Comarcal</b>	We offered workshops from the Banesco Entrepreneurs Program in Llano Tugrí, of the Ngäbe Buglé county.
7.	2016	<b>Micro, Small and Medium Enterprise Authority (AMPYME, for its initials in Spanish)</b>	We continue to develop our partnership with AMPYME.
8.	2016	<b>National Conservation Association (Asociación</b>	We keep the agreement, "Alliance for the Million", in effect.
9.	2018	<b>Nacional de la Conservación - ANCON, in Spanish)</b>	In 2018, in addition to supporting their initiatives, we will be active partners of this NGO.

N°	Start	Ally	What we do together?
10.	2016	<b>AVENT</b>	The synergy with AVENT allowed us to remodel and equip our breastfeeding room, helping to harmonize the work and family life of our employees.
11.	2016	<b>National Agreement</b>	We continue aligned with the 2030 National Strategic Plan, led by the National Agreement for Development.
12.	2015	<b>American Chamber of Commerce and Industry of Panama (Cámara Americana de Comercio e Industrias de Panamá - AMCHAM, in Spanish)</b>	Promote sustainable business practices with other member companies of AmCham.
13.	2015	<b>Fe y Alegría</b>	Social Partners of the Banesco Entrepreneurs Program.
14.	2016	<b>Foundation for the Integral Development of Women and the Family (Fundación para el Desarrollo Integral de la Mujer y la Familia -FUNDADER, in Spanish)</b>	They are our allies and executing arm to facilitate the Banesco Entrepreneurs Program throughout the panamanian territory, establishing direct contact with the program's beneficiaries and basic community organizations.
15.	2016	<b>Solidarity and Development Foundation of Panama (Fundación Solidaridad y Desarrollo de Panamá -FUSODEP, in Spanish)</b>	
16.	2015	<b>University Institute of Management and Technology (Instituto Universitario de Gerencia y Tecnología - IUGT, in Spanish)</b>	
17.	2014	<b>SUMARSE</b>	We join efforts to achieve a collective impact that makes more sustainable the development of Panama. We have been sponsors of the CSR Week since 2015, participating in the discussion tables, workshops and forums.
18.	2010	<b>Latin American Federation of Banks (FELABAN)</b>	We are members of this non-profit institution, which groups, through its respective associations in 19 countries of the continent, more than 623 banks and financial institutions in Latin America to encourage and facilitate contact, understanding and direct relationships between financial institutions from Latin America.



## GRI Contents Index

Content 102-55 GRI content index

GRI Standard	Content (number and title)		Page	Omission	External Verification	
GRI 102: 2016 General Disclosures	Profile of the Organization	102-1	Name of the Organization	8		✓✓
		102-2	Activities, brands, products and services	8		✓✓
		102-3	Location of headquarters	8		✓✓
		102-4	Location of operations	8		✓✓
		102-5	Ownership and legal form	9		✓✓
		102-6	Markets served	9		✓✓
		102-7	Scale of the organization	10		✓✓
		102-8	Information on employees and other workers	10		✓✓
		102-9	Supply chain	11		✓✓
		102-10	Significant changes in the organization and its supply chain	11		✓✓
		102-11	Precautionary Principle or approach	13		✓✓

GRI Standard	Content (number and title)		Page	Omission	External Verification
		102-12	External initiatives	13, 55, 83, 88, 90, 104	✓✓
		102-13	Afiliación a asociaciones	14	✓✓
	Strategy	102-14	Statement from senior decision-maker	4	✓✓
	Ethics and Integrity	102-16	Values, principles, standards and rules of conduct	15	✓✓
	Government	102-18	Governance structure	17	✓✓
	Participation of interest groups	102-40	List of stakeholder groups	24	✓✓
		102-41	Collective bargaining agreements	24	✓✓
		102-42	Identifying and selecting stakeholder	24	✓✓
		102-43	Approach to stakeholder engagement	24	✓✓
		102-44	Key topics and concerns raised	24	✓✓
	Practices for the preparation of Reports	102-45	Entities included in consolidated financial statements	26	✓✓

GRI Standard	Content (number and title)	Page	Omission	External Verification
	102-46 Defining report content and topic Boundaries	26		✓✓
	102-47 List of material topics	33		✓✓
	102-48 Restatements of information	35		✓✓
	102-49 Changes in reporting	35		✓✓
	102-50 Reporting period	35		✓✓
	102-51 Date of most recent report	35		✓✓
	102-52 Reporting cycle	35		✓✓
	102-53 Contact point for questions regarding the report	36		✓✓
	102-54 Claims of reporting in accordance with the GRI Standards	36		✓✓
	102-55 GRI content index	36		✓✓
	102-56 External assurance	36		✓✓

GRI Standard	Content (number and title)	Page	Omission	External Verification
GRI 103: Management Approach 2016	103-1 Explanation of material topic and its Boundary	37		√√
	103-2 The management approach and its components	38		√√
	103-3 Evaluation of the management approach	39		√√
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	72		√√
GRI 202: Market presence 2016	202-2 Proportion of senior management hired from the local community	71		√√
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	77		√√
	203-2 Significant indirect economic impacts	47		√√

GRI Standard	Content (number and title)	Page	Omission	External Verification
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	71		✓✓
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	94		✓✓
	205-2 Communication and training about anti-corruption policies and procedures	94		✓✓
	205-3 Confirmed incidents of corruption and actions taken	94		✓✓
GRI 302: Energy 2016	302-1 Energy consumption within the organization	89		✓✓
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	87		✓✓
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method	88	Has not been quantified by type and method of disposal	✓✓



GRI Standard	Content (number and title)	Page	Omission	External Verification
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	71	Criteria exists, but the number of new providers is not quantified	✓✓
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	70		✓✓
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	49		✓✓
	401-3 Parental leave	52		✓✓
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management–worker health and safety committees	56		✓✓
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	56		✓✓

GRI Standard	Content (number and title)	Page	Omission	External Verification
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	58		✓✓
	404-2 Programs for upgrading employee skills and transition assistance programs	60		✓✓
	404-3 Percentage of employees receiving regular performance and career development reviews	61		✓✓
GRI 405: Diversity and Equal Opportunities 2016	405-2 Ratio of basic salary and remuneration of women to men	63		✓✓
GRI 407 Freedom of association and collective bargaining 2016	407-1 Freedom of association and collective bargaining	34, 38		✓✓
GRI 408 Child labor 2016	408-1 Child labor	34, 38		✓✓
GRI 409 Forced or Compulsory Labor 2016	409-1 Forced or compulsory labor	34, 38		✓✓

GRI Standard	Content (number and title)	Page	Omission	External Verification
GRI 413 Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	61, 73, 80, 83		✓✓
418 Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	102		✓✓
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	94		✓✓
GRI FS1: Product Portfolio	FS1 Policies with specific environmental and social components applied to business lines	87, 89		✓✓
GRI FS2: Product Portfolio	FS2 Procedures for assessing and screening environmental and social risks in business lines	87		✓✓
GRI FS7: Product Portfolio	FS7 Monetary Value of Products and services designed to deliver a specific social benefit for each business line broken down by purpose	51		✓✓

GRI Standard	Content (number and title)	Page	Omission	External Verification
GRI FS13: Local Communities	FS13 Monetary Value of Products and services designed to deliver a specific social benefit for each business line broken down by purpose	41		✓✓
GRI FS14: Local Communities	FS14 Initiatives to improve access to financial services for disadvantaged people	41, 44		✓✓
GRI FS15: Product and Service Labeling	FS15 Policies for the fair design and sale of financial products and services	99		✓✓
GRI FS16: Product and Service Labeling	FS16 Initiatives to enhance financial literacy by type of beneficiary	101		✓✓



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## Carta de Verificación

A los lectores de este Informe:

Hemos realizado una revisión de la información no financiera contenida en el "Informe de Sostenibilidad Banesco, S.A. 2017" de Banesco, S.A., en adelante "Banesco", por el ejercicio comprendido del 1º de enero al 31 de Diciembre de 2017 (en adelante "el Informe"). En cuanto a la información financiera incluida en dicho Informe, nuestra labor se ha limitado a comprobar que proviene de los estados financieros auditados incluidos en el reporte anual de Banesco S.A.

Banesco, a través de su "Gerencia de Responsabilidad Social Empresarial" (en adelante La Gerencia), es responsable de la preparación y presentación del Informe de conformidad con los Estándares GRI de la *Global Reporting Initiative* (GRI). Banesco también es responsable de la información y las afirmaciones contenidas en el mismo, de la determinación de sus objetivos en lo referente a la selección y presentación de información sobre el desempeño en materia de desarrollo sustentable y del establecimiento y mantenimiento de los sistemas de control y gestión del desempeño de los que se obtiene la información.

Nuestra responsabilidad es llevar a cabo una revisión limitada y, con base en el trabajo desarrollado, emitir una Carta de Verificación referida exclusivamente a la información correspondiente a nuestro alcance y por el Informe relativo al ejercicio comprendido del 1º de enero al 31 de Diciembre de 2017.

Nuestro trabajo ha sido realizado de acuerdo con la Norma ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, emitida por el *International Auditing and Assurance Standard Board* (IAASB) de la *International Federation of Accountants* (IFAC) y, de acuerdo con la Norma de Aseguramiento de Sostenibilidad AA1000 AS (2008). Estas normas y nuestra metodología de verificación exigen que planifiquemos y realicemos nuestro trabajo de forma que obtengamos una seguridad limitada sobre si el Informe está exento de errores materiales y que cumplamos las exigencias éticas, incluidas las de independencia establecidas en el Código Ético del *International Ethics Standards Board for Accountants*.

El alcance de los procedimientos de recopilación de evidencias realizados en un trabajo de revisión limitada, es inferior al de un trabajo de seguridad razonable y por ello también el nivel de seguridad que proporciona. El presente Informe en ningún caso puede entenderse como un Informe de auditoría.

La información revisada se circunscribe a los contenidos identificados como verificados en la sección denominada "Índice de contenidos GRI" del Informe, los cuales se señalan a continuación:

102-1	102-10	102-41	102-50	103-3	302-1	404-1	419-1
102-2	102-11	102-42	102-51	201-1	304-2	404-2	FS1
102-3	102-12	102-43	102-52	202-2	306-2	404-3	FS2
102-4	102-12	102-44	102-53	203-1	308-1	405-2	FS7
102-5	102-13	102-45	102-54	203-2	401-1	407	FS13
102-6	102-14	102-46	102-55	204-1	401-2	408	FS14
102-7	102-16	102-47	102-56	205-1	401-3	409	FS15
102-8	102-18	102-48	103-1	205-2	403-1	413-1	FS16
102-9	102-40	102-49	103-2	205-3	403-2	418-1	

103-1	Enfoque de Gestión de Desempeño Economico
103-2	Enfoque de Gestión de Presencia en el Mercado
103-3	Enfoque de Gestión de Impactos Económicos Indirectos
	Enfoque de Gestión Prácticas de Adquisición
	Enfoque de Gestión en Anticorrupción
	Enfoque de Gestión en Energía
	Enfoque de Gestión en Biodiversidad
	Enfoque de Gestión en Aguas Residuales y Residuos
	Enfoque de Gestión en Evaluación Ambiental del Proveedor
	Enfoque de Gestión en Empleo
	Enfoque de Gestión en Seguridad y Salud Ocupacional
	Enfoque de Gestión en Educación y Entrenamiento
	Enfoque de Gestión de Diversidad e Igualdad de Oportunidades

	Enfoque de Gestión de Libertad de Asociación y Negociación Colectiva
103-1	Enfoque de Gestión en Trabajo Infantil
103-2	Enfoque de Gestión en Trabajo Forzoso u Obligatorio
103-3	Enfoque de Gestión en Comunidades Locales
	Enfoque de Gestión en Privacidad del Cliente
	Enfoque de Gestión en Cumplimiento Socioeconomico

Hemos aplicado los siguientes procedimientos dirigidos a recopilar evidencias para el desarrollo de nuestro trabajo:

- Verificar la consistencia de la información proveniente de los sistemas y/o la documentación interna.
- Analizar asuntos materiales en sustentabilidad, a través mecanismos tanto internos como externos, para identificar temas relevantes durante el ejercicio cubierto por el Informe.
- Identificar mecanismos de comunicación y participación, por parte de Banesco, con sus distintos grupos de interés.
- Entrevistar al personal pertinente sobre la aplicación de las políticas y la estrategia en materia de sustentabilidad.
- Entrevistar al personal pertinente responsable de proporcionar la información contenida en el Informe.
- Analizar los procesos de recopilación y de control interno relacionados a los datos cuantitativos reflejados en el Informe.
- Revisar la aplicación de lo requerido de conformidad con los Estándares GRI de la *Global Reporting Initiative* (GRI).
- Revisar por muestreo de la información y contenidos en alcance e incluidos en el Informe. Dicha revisión se realizó a nivel Corporativo, con selección y revisión documental de información gestionada por Banesco.

Con base en los procedimientos realizados y previamente descritos, no se ha puesto de manifiesto ningún aspecto que nos haga creer que los datos recopilados en el "Informe de Sostenibilidad Banesco, S.A. 2017" de Banesco S.A. del ejercicio comprendido del 1º de enero al 31 de Diciembre de 2017, no hayan sido obtenidos de manera fiable, que la información no esté presentada de manera adecuada, ni que existan desviaciones u omisiones significativas. Tampoco se ha puesto en manifiesto que el Informe no haya sido preparado, en los aspectos significativos, de conformidad con los Estándares GRI de la *Global Reporting Initiative* (GRI).

Como resultado de nuestro trabajo y por medio de un reporte interno, hemos revelado diversos hallazgos, observaciones y sugerencias a Banesco.

Sin perjuicio de las conclusiones del presente documento, compartimos un sumario de las observaciones y sugerencias más significativas:

- Establecer claramente el alcance de la información a reportar y comunicarlo efectivamente al proveedor de información.
- Fortalecer los procesos de conciliación entre el archivo fuente y el dato reportado con el fin de asegurar la trazabilidad de la información.
- Establecer responsables y controles mínimos para la captura, consolidación y reporte de los indicadores.
- Mejorar el proceso de consolidación a través de actividades de control complementario, que en caso de desviación, aseguren alertas y acciones de aclaración previas a la definición de información final
- Robustecer los procedimientos utilizados para el vaciado de los indicadores en los documentos de reporte.

Atentamente,

KPMG

25 de abril de 2018  
Panamá, República de Panamá



## EXTERNAL VERIFICATION LETTER

This 2017 Sustainability Report can be consulted in digital format on the web pages of:

- Banesco [www.banesco.com.pa](http://www.banesco.com.pa)
- Global Compact [www.globalcompact.com](http://www.globalcompact.com)
- Global Reporting Initiative [www.globalreporting.org](http://www.globalreporting.org)

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