



Sustainability Report

Banesco (Panamá), S.A.

Taking new steps
With you

Message from our Executive Chairman and CEO

"Like every year, it is a pleasure to present our 2020 Sustainability Report, hoping that it will be of value to our interest groups."

This document reflects the balance of our actions in the three dimensions of sustainable development defined by the Global Reporting Initiative (GRI): economic, social and environmental, with the objective of complying and reaffirming our commitment to remain aligned with the 2030 Agenda for Sustainable Development.

Talking about 2020 is a challenging task, especially because of the debated opinions; it was a year for learning, a year for rearranging things, for being grateful for basic and fundamental things that had been losing the value they deserved; this year became a milestone in the future of humanity, because it has touched every part of our ordinary, everyday lives. The pandemic caused by COVID-19, became the planet's unwanted guest, greatly impacting health, economics and society; sadly, increasing already existing inequalities.

This complex situation for the world led us to rethink the role of Banesco Panama in the face of its clients and society and allowed us to adapt to the new needs of the world. Our first step was to strengthen our systems to be able to make collections more flexible and reach out to those who needed

ALFONSO PRIETO
Executive Chairman and CEO,
Banesco (Panamá), S.A.



it most, taking advantage of the first period of deferral of payments, decreed by Panama's Executive Government until June 30th, and the subsequent decrees that extended the moratorium periods until June 2021. Likewise, being consistent with our shareholders and employees, we redoubled our efforts by diversifying alternative sources of income to the brokerage business and reduced operating expenses, to somehow offset the effects that this situation was having on short-term profitability.

Even with this challenging scene, we contemplated all the pertinent actions towards our human capital: immediate measures were promoted to adopt teleworking, our physical spaces were reconditioned to keep social distancing and emphasis was placed on the preventative measures determined by the Minister of Health (MINSa) in biosafety matters; as well as immediate attention to our employees who were infected with COVID-19, and the adoption of the necessary measures to prevent its spread in our work environment.

In terms of social responsibility, the pandemic did not stop our purpose as a responsible bank committed to Panama; We continue to encourage entrepreneurship with our training programs for Entrepreneurs, e-learning and face-to-face, supporting culture with La Red and the National Theater, reaffirming our commitment to education, through the contributions made to the Foundation for the Promotion of Educational Excellence; honoring the commitment to seek and maintain a more sustainable portfolio, based on existing policies and methodologies for the identification of socio-environmental risks during the granting of loans, under a general framework of legal, responsible and ethical action.

Likewise, we offer our collaboration to initiatives such as #TodoPanamá, #TodoChiriquí, #TodoColón and Héroes de Blanco, as well as to

INDICASAT AIP (Instituto de Investigaciones Científicas y Servicios de Alta Tecnología de Panamá), for the preparation of reagents for COVID-19 tests. Contributions were also given to unions and business associations like the Chamber of Commerce of Chiriquí, the Chamber of Commerce of Colón and the Chamber of Venezuelan- Panamanian Entrepreneurs (CEPAVEN).

The pandemic brought with it important initiatives for our bank, as it compelled us to accelerate the adoption of a digital ecosystem that enable interactions with and amongst customers, in an environment marked by social distancing; this is how new channels such as VideoBanking, P2P and P2C payment services emerged in 2020, in addition to deepening the use of digital channels and media contactless payments.

In 2020, we set ourselves the goal of making the customer experience the key element of long-term strategy at Banesco Panama, thus ensuring our customers' preference and loyalty; creating an increasingly efficient organization model, based on digital transformation, a process in which Banesco has been involved for several years, and identifying new opportunities for accessing a growing customer base from all segments; with emphasis on people, businesses and companies, through value proposals clearly geared to meet their needs.

That is why in 2021, although growth expectations are far from what is required to bring the country close to its potential productivity, we are ready to face new challenges, to continue working for Panama, for our stakeholders, always betting on the local communities we serve, to continue honoring our value promise to "Always be with you," as part of our permanent emblematic accompaniment.

ALFONSO PRIETO GONZÁLEZ

Executive Chairman and CEO, Banesco (Panamá), S.A.



About This Report

(GRI 101, 102-12, 32, 45, 48, 49, 50, 51, 52, 53, 54, 55, 56)

In this report on social responsibility, we present our stakeholders the most relevant programs, activities and initiatives on economic, social, and environmental matters managed by Banesco (Panama), S. A. from January 1st to December 31st, 2020, and the goal proposals for the next few years. The report is prepared annually, the latest corresponding to the 2019 period and published in July 2020. The figures that apply to the economic values produced and distributed are available at the following link of the regulatory entity: www.superbancos.gob.pa.

The global landscape experienced during 2020 made a new materiality study necessary, to establish the priorities on which Banesco Panamá will be able to guide its sustainability management, facing the most relevant aspects of economic, social and environmental impact (positive or negative). As a result of the analysis carried out, twelve (12) material issues were identified that align with the United Nation's Sustainable Development Goals (SDGs) and will be detailed in chapter 2.

This report has been prepared in accordance with the Essential option of the GRI Standards, additionally including the GRI Indicators of the Financial Sector Supplement, the list of contents and omissions in this report is listed in the GRI content index. The 2020 Sustainability Report has been approved by Alfonso Prieto, Executive Chairman and CEO. The external verification has been carried out by the firm KPMG, there being no existing conflicts of interest with other services. The list of verified GRI contents and the communications issued are included at the end of the report as a checklist.

We are a signatory company of the United Nations' Global Compact since 2017, a member of the Financial Initiative of the United Nations' Environment Program (UNEP FI) since 2017 and we are subscribed to the Principles for the Empowerment of Women (WEPs) since 2018. For questions regarding the report or opinions about its content, you can contact the Corporate Affairs manager, Lucía Freites: (lfreites@banesco.com).



INFORMATION PERIMETER

For the purposes of this report, the following denominations are defined as:

- "Banesco Panamá" or "Banesco," a Banesco (Panamá), S. A. company
- "Banesco (Panamá), S. A. and Subsidiaries" which holds the subsidiaries: Banesco Seguros, S. A. (Panamá), Banesco Banco Múltiple, S. A. (Dominican Republic) and Banesco N.V. (Curaçao).

- "Grupo" a Banesco Holding Latinoamérica, S. A. and the group of companies that make up the Banesco Holding Latinoamérica Group, can be consulted in the **Group's Consolidated Annual Accounts**.

- "Banesco Internacional" is used to identify all Banesco companies whether or not they are part of the same accounting / commercial group

“Banesco for me means: a door to opportunities, growth, experience, adaptability; It is to allow yourself to take an introspective look and see the potential of just how able and great we can be.”

Jorge Cedeño, Compliance Specialist, VP of Compliance and Corporate Government. Banesco volunteer.



About us

[GRI 102-1, 2, 3,4, 5, 6,7, 8, 9, 45, 201-1]

Banesco (Panamá), SA holds a general license that enables it to carry out the banking business in any part of the Republic of Panama, as well as carry out transactions that are perfected, used or take effect abroad and carry out those other activities authorized by the Superintendency of Banks of Panama.

To fulfill that purpose, Banesco Panama features a business model organized by customer segments, to meet their specific needs with an offer of products and services especially designed for them.

This community banking is aimed to serve the micro-business and entrepreneur segments; a personalized banking oriented to serve natural

persons residing in Panama, including people with a premium profile for whom there is also a specific value proposition, a SME banking system focused on serving the needs of small and medium-sized businesses, a section for Specialized Banking in which companies and corporations are served, including a specialization in agricultural companies; and an International banking platform focused on serving the needs of all natural persons and non-resident, legal entities in Panama. For each one of these segments, we have products and services that cover four main business lines: liability products, credit products, means of payment products, banking and insurance products.

STRATEGIC ARCHITECTURE Segments, Customer Service Model and Lines of Business

Client Segment	Customer Service Model	LINES OF BUSINESS			
		Liability Products	Credit Products	Means of Payment	Banking and Insurance
Entrepreneur	Community Banking	✓	✓		
Natural Persons (residents)	Personal Banking (includes: Premium and China banking)	✓	✓	✓	✓
Premium Natural Persons					
SMEs	Banking SMEs	✓	✓	✓	✓
Agricultural Companies	Specialized Banking (Business and Agro Banking)				
Businesses		✓	✓	✓	
Corporations					
Non-resident, natural and legal persons	International Banking	✓	✓	✓	✓



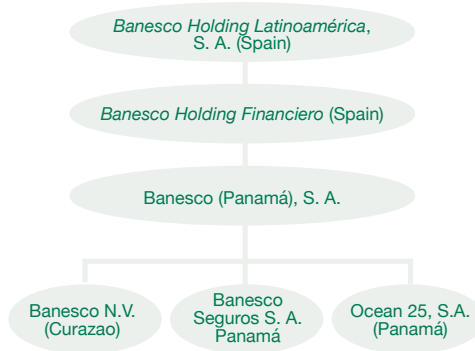
Banesco Panama is part of Banesco International, with a presence in 14 countries: Panama, Venezuela, the United States, the Dominican Republic, Puerto Rico, Curaçao. **ABANCA**: Spain, Portugal, United Kingdom, France, Germany, Switzerland, United States, Mexico, Panama, Brazil and Venezuela.



We have 22 branches in Panama: Headquarters, Albrook Mall, Altos de Panamá, Brisas del Golf, Calle 50, Costa del Este, October 12, El Dorado, La Doña, Los Andes, Los Pueblos, Metromall, Multiplaza, Vía España, Westland Mall, La Chorrera, Colón, Coronado, Chitré, David, Penonomé, Santiago.



Banesco (Panamá) features a financially autonomous, operational, and legally constituted structure that competes in the Panamanian market and whose entire share capital is owned by Banesco Holding Latinoamérica, S. A. We are part of Banesco Holding Financiero, S.L., established and formed in Spain.

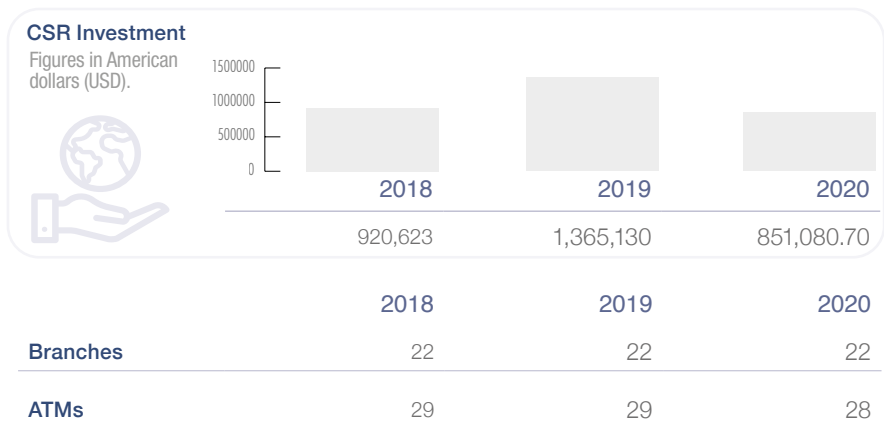


ORGANIZATION SIZE*

Indicator	2018	2019	2020
Net Income	31,000,958	25,131,258	5,019,625
Total Assets	4,195,490,515	4,254,344,680	4,286,856,023
Total Deposits	3,495,364,968	3,394,506,265	3,456,483,950
Equity	404,086,043	434,494,930	376,386,587
Net Loans	2,788,189,463	2,907,128,745	2,966,642,684

Indicator	2018	2019	2020
Directly generated Economic Value (VEDG) Income	248,346,612.00	252,936,930.00	235,426,581.00
Distributed Economic Value (VED)	178,850,025.00	184,644,491.00	185,698,904.00
Operating Costs	58,016,736.00	57,096,558.00	57,324,003.00
Employee Salaries and Benefits	53,701,006.00	50,325,621.00	45,692,273.00
Capital Suppliers Payments	63,403,379.00	73,194,675.00	78,255,287.00
Payments to Government	2,808,281.00	2,662,507.00	3,576,260.00
Environmental and Social Investments	920,623.00	1,365,130.00	851,081.00
Economic Value Detained (VEDG-VED)	69,496,587.00	68,292,439.00	49,727,677.00

* Figures from Audited Financial Statements, Banesco (Panamá), SA as of December 31, 2020. For information with the required breakdown in the GRI 102-7 content, including: assets, capital, costs, and property, you can consult the Superintendency of Banks of Panama. If you require information on the Consolidated Financial Statements of Banesco (Panamá), S. A. and Subsidiaries as of December 31, 2020, [click here](#). Figures in US dollars (USD).



Products and Services



Products and Services	Line of Business Banking		Banking	
	Retail Banking	Commercial Banking	Local	International
Fixed Deposit	✓		✓	✓
Regular Savings Accounts & Simplified Procedure	✓		✓	✓
Current Account with Interests	✓		✓	✓
Current Account without Interests	✓		✓	✓
Fixed Deposit		✓	✓	✓
Savings Accounts		✓	✓	✓
Current Account with Interests		✓	✓	✓
Current Account without Interests		✓	✓	✓
Personal loans	✓		✓	✓
Pledge Loans	✓		✓	✓
Mortgage loans	✓		✓	✓
Authorized Overdraft lines	✓		✓	✓
Auto loan	✓		✓	
Credit card	✓		✓	✓
Pledge o Secured Loans		✓	✓	✓
Commercial Mortgage loans		✓	✓	
Credit lines		✓	✓	✓
Authorized Overdraft lines		✓	✓	✓
Credit Letters		✓	✓	✓
Commercial Auto Loans		✓	✓	
Business Credit Card		✓	✓	✓
Commercial Loan		✓	✓	✓
Night-drop Deposits		✓	✓	
Commercial Payroll		✓	✓	✓

Products and Services	Line of Business Banking		Banking	
	Retail Banking	Commercial Banking	Local	International
Payroll		✓	✓	✓
Certified Cheques	✓	✓	✓	
Cashiers Cheques	✓	✓	✓	
Collections	✓	✓	✓	✓
Bank Transfer	✓	✓	✓	
International Transfers	✓	✓	✓	✓
Acquisition (Point of Sale)	✓	✓	✓	
Debit Cards	✓		✓	✓
Prepaid Cards	✓	✓	✓	✓
Treasury operations, purchase and sale of securities, currencies	✓	✓	✓	✓
Supplier Payment Service - Confirming		✓	✓	✓
Trusts	✓	✓	✓	✓

● Electronic Channels

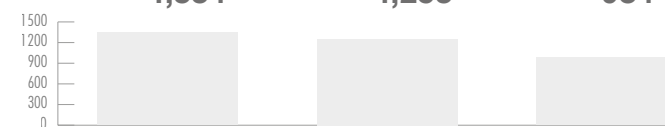


Products and Services	Line of Business Banking		Banking	
	Retail Banking	Commercial Banking	Local	International
Online Banking	✓	✓	✓	✓
Mobile Banking	✓		✓	✓
ATM Network	✓		✓	
Video Banking	✓		✓	
Wally	✓		✓	✓

● Information about employees and other workers

The make-up of our payroll is as follows:

	2018	2019	2020
Total permanent employees	1,339	1,252	983
Temporary employees	5	1	1
Total	1,344	1,253	984



TOTAL EQUITY:
USD **376,386,587**



TOTAL NUMBER OF CLIENTS:
201,324



TOTAL NUMBER OF EMPLOYEES
984



SUPPLIERS:
677




INVESTMENT IN CSR:
USD **851,080.70**

Looking ahead to 2020, in the face of uncertainty


[GRI 102-10,13]




RELEVANT FACTS

- Fitch Ratings announced the improvement in the long-term national rating for Banesco Panama to an A-(pan), maintaining a stable perspective. 

- The Vice Presidency of Marketing and Corporate Affairs was created under the leadership of Vivian Prieto. The Vice Presidency incorporates the management of Corporate Communications; Corporate Marketing and Image; Digital Marketing and Corporate Affairs.


-  In the month of December 2020, the 2021-2023 Banesco Panama Strategic Plan was presented to the Board of Directors and to each one of its Vice-Presidencies. It is expected to be approved in February 2021.

- The new P2P payment option with enabled Wally Payments. This service offers an easy, fast, and safe way to send and receive money between Banesco Panama's accounts using only the cellphone number. 

- Incorporation of teleworking as a response to the risks associated with the pandemic to keep pace with operations, while protecting staff health.



- The Banesco Corporate Academy is implemented. This is a seven (7) month training program that benefits 57 high-potential employees for the development and future of the organization.

- The Launch of VideoBanking in the month of June. This new and innovative service, the first of its kind in Panama, provides 100% digital, virtual customer service where clients can schedule their appointment and speak face-to-face with Digital Banking Officers, from any mobile device or computer. 

- The "Taking New Steps with You" image campaign was featured in the month of July as a way for clients and the general community to reflect. It focused on inviting us all to walk together in the face of this new reality, regardless of the many during- and- post pandemic challenges.

THE COVID-19 CHALLENGE

While in general, the strategic approach observed by the organization in 2020 respected the master lines of the 2020-2022 Plan approved by the Board of Directors, the reality imposed by the situational effects resulting from the emergence of COVID-19 as global pandemic, led to an adjustment of that strategic approach, incorporating some additional lines of action to achieve it.

Therefore, the focus was to make the customer experience a key element in the long-term strategy, thereby ensuring the customer's loyalty and; creating a more efficient organizational model, taking advantage of the benefits it offers including a wide digital transformation program in which Banesco has undergone for a few years, and identifying new opportunities to access to a growing customer base of all segments; while emphasizing on people, businesses and companies, through value propositions clearly oriented to satisfying the customer's needs.

After the COVID-19 outbreak, understanding the effects it would have in the business-as-usual context, the adoption of a digital ecosystem had to be

streamlined faster to enable interaction with customers and amongst them, in an environment where social distancing set the pace (new channels such as VideoBanking, P2P and P2C payments, in addition to fully delving into digital channels and contactless means of payment), strengthened our capacity to manage the effects of the pandemic. From the first moment the payment deferral period was decreed by Panama's Executive government until June 30th, and the subsequent decrees that availed people of moratorium deadlines until December 2020, later extended until June 2021, to customers with loans who could show any negative impact on their economic situation in the wake of the pandemic, and redoubling efforts in diversifying sources of alternative income to the business intermediation while reducing operating expenses, to somehow compensate for the effects that this crisis was having on short-term profitability.

Internally, even though digitization and changes in

the workforce have been impacting the traditional way of doing business in the financial sector worldwide, this change intensified due to the impact on global health which radically changed the business world, as well as the lives of customers, employees and associates. Being aware of this, Banesco focused on its digital transformation, the customer and employee experience, which becomes ever more important as a strategic lever to achieve customer and employee loyalty and impact the growth of a much more efficient and profitable operation in the long run, with strategic leadership and teams highly committed to the values and organizational culture.

The partial telework modality grew, starting with an average of 49% of the total workforce, going from being a benefit to a permanent work scheme in the organization, defining teleworker competencies, promoting healthy telework habits, measuring the experience in its modality

and how the inclusion of some specific benefits for this group of employees adjusted to their needs.

For those jobs that required to be physically present to daily operations to insure Banesco's management continuity, all biosafety standards were observed; protection, hygiene and social distancing norms, all based on the Ministry of Health's (MINSa) provisions while integrating the work of the Security, Infrastructure and Human Capital teams. A Solidarity Fund was created for employees who were affected by the reduction of their spouse or family's income. It is important to note that there was no salary reduction. In the public sphere, Banesco was faithful to its social purpose, as it joined the initiatives of # TodoPanamá, Héroes de Blanco, The Bankers Wives' Association, #TodoChiriquí, #TodoColón and supported NDICASAT AIP for the production of reagents for COVID-19 testing.

ACKNOWLEDGMENTS AND CERTIFICATIONS

Each recognition represents the opportunity to be thankful and the ideal motivation to continue working.

The International Silver Conch Award (Premio Caracol de Plata), in the category of "Productions for Digital Media" for the "Equality" (#contigoenlaigualdad) campaign. The Silver Conch Award aims to motivate companies in Latin America, Spain, Portugal, as well as the countries of the world where Ibero-American communities live, to have greater participation in the creation, production, sponsorship and dissemination of messages for social benefit. Caracol de Plata is part of the Social Responsibility Program (SRP) directed by the Mexican Center for Philanthropy, AC (CEMEFI).



Caracol de Plata

Principles, Agreements, Statutes, Alliances and Externally Developed Initiatives

[GRI 102-10,13]

Sustainability is built amongst everyone (businesses, governments, civil society, NGOs, unions). This is a maxim that does not escape Banesco's actions, so our programs and those we support are always developed in social partnership. Thus, we can comply with all the initiatives that make up our four lines of action. **For details on alliances, agreements and active initiatives during 2020, click here.**



Alliance, Agreements and Active Initiatives during 2020:

This is how our partnership actions and sponsorships, investments and donations were summarized during 2020:

Ally	Initiatives	Concept	Monetary Value 2020	Does the organization participate in a government branch?	Specify if the previous answer was yes
Chiriquí Chamber of Commerce	Sponsorship agreement for different activities during the year.	Sponsorship Actions	10,000.00	Yes	Sustainability Committee
Colón Chamber of Commerce	"Colón fighting COVID-19". Initiative to collect funds for the purchase of antigen tests. #TodoColon	Sponsorship Actions	1,000.00	No	N/A



Panama's National Theatre

Ally	Iniciatives	Concept	Monetary Value 2020	Does the organization participate in a government branch?	Specify if the previous answer was yes
Panama's Chamber of Commerce Foundation	Support for the purchase of supplies delivered in COVID-19 at risk areas. #AllPanama	Sponsorship Actions	5,000.00	No	N/A
Banker's Wives Association	Initiative to collect funds for the purchase of supplies (masks, gowns, hats, gloves, etc.), for medical personnel throughout the country due to COVID-19.	Sponsorship Actions	1,000.00	No	N/A
INDICASAT-AIP	Contribution for the production of thousands of tubes of Viral Transport Media/ Swabs.	Sponsorship Actions	15,000.00	No	N/A
Meze	White Coat Hero's Initiative. 10 days of food contribution for doctors, nurses and health personnel due to COVID-19.	Sponsorship Actions	3,700.00	No	N/A
Chiriqui's Chamber of Commerce	Contribution for victims of ETA in Chiriquí.	Sponsorship Actions	1,501.20	Yes	Sustainability Committee

Ally	Iniciatives	Concept	Monetary Value 2020	Does the organization participate in a government branch?	Specify if the previous answer was yes
Nuestra Señora del Camino Foundation	"Training, production and marketing of handicraft products for women in the Ngäbe Buglé region" Project.	Sponsorship Actions	10,000.00	No	N/A
Vida Verde Integral Foundation	"My love's bonfire" Project	Sponsorship Actions	10,000.00	No	N/A
Panama Canal and Youth United for Education Foundation	Citizen Action Latin American Laboratory	Sponsorship Actions	20,000.00	No	N/A
National Theatre's Foundation Board	National Theater's donor	Sponsorship Actions	50,000.00	Yes	Board of Directors member
Ministry of Culture and UNDP	Panama's Youth Orchestras and Choirs Network.	Sponsorship Actions	50,000.00	No	N/A
Foundation for Educational Excellence	Educational Excellence National Competition.	Sponsorship Actions	140,000.00	No	N/A

“ Good Corporate Governance manages to line up the decisions made within a company with its objectives and those of its shareholders; it leads the company towards its long-term survival and creates value for its shareholders and stakeholders alike.”

Corporate Governance Institute of Panama



1 Corporate Governance, Ethics and Transparency

(GRI 102-16, 17, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29; 205-1,2, 3; 419,1)

OUR CULTURE, ETHICS AND INTEGRITY

As part of Banesco International, we continue to strengthen Corporate Governance management, which results in better practices, as well as the incorporation of regulatory requirements, issued by the different regulatory entities.

During the production of this report, we worked on different topics:

- The Corporate Governance Manual was updated to the **Good Corporate Governance Code**.
- We developed a Communications Campaign on the content and relevance of **the Corporate Anti-Corruption Policy**.
- Annual update of Corporate Governance. It included section and corporate policies (among them, the Corporate Transparency Policy), Directors' policies managed from the governance section, as well as the regulations and conformations of the different instances of Corporate Governance.
- Follow-up to the management of Subsidiaries.
- Virtual sessions of Corporate Governance Instances.

2020 left behind some challenges and opportunities in terms of Corporate Governance, Ethics and Transparency, among them:

- Implementation and adequate use of the Corporate Governance tool to allow swifter processes and management.
- Corporate Governance Structure trained at all levels.
- Efficient and strategic use of time in Governance instances.
- The establishment of corporate DNA.
- To have complete and updated policies on best practices for the entire organization.
- Documentation of Corporate Governance processes.
- Ensuring compliance with government standards.
- Maintaining the Maturity Level of a "Differentiated" Corporate Governance
- Strengthening of Corporate Governance Management.

BANESCO CORPORATE VALUES

RESPONSIBILITY

- We fulfill our commitments to clients, our teams and society.
- We practice what we preach.
- We are focused on exceeding customer expectations.
- We respect valuable ideas, even if they are different from ours.

We have the following channels to handle any complaints received:

Customers

- Phone line 282-2999
- etica_pa@banesco.com
- buzondeingresosextraordinarios_pa@banesco.com

Employees

- Internal mail: **direct line**
- Voicemail: **direct line**
- Intranet Mailbox



INNOVATION

- We encourage entrepreneurship and experimentation from the simplest; we are tolerant of failures and we learn from them.
- We build a vision of the future and transversality for our organization.
- We know the best technological and non-technological solutions and we incorporate them in a timely and efficient manner.



RELIABILITY

- We defend the interests of clients and the organization above our own.
- We act generously and consider the impact of our decisions, prioritizing collaborative work.
- We talk openly about risks and limitations; we acknowledge our failures and we accept our mistakes.



QUALITY

- Passion drives our work and helps us provide the customer with the best solution, using time and resources optimally.
- We equip ourselves with agile, simple, and scalable processes that allow us to do things right from the beginning.
- We share best practices and question ourselves.



GUIDELINES FOR THE BANESCO LEADER

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

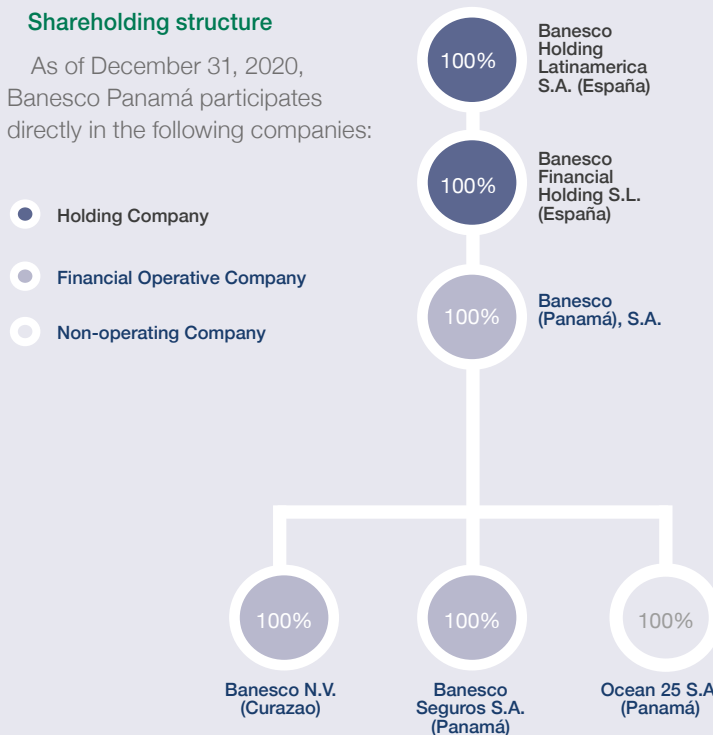
Our values, standards and norms of conduct are included in the 58 articles of the Code of Ethics and Conduct of the Banesco Citizen, serving as a guide for employees, business partners and other stakeholders. The **Code of Ethics** is a living document, whose purpose is to promote our values and the ethical behaviors expected of Banesco Citizens, reinforcing the commitment to equity and equality of gender and of opportunities; rejecting any practice of workplace or sexual harassment. Every employee, upon joining, receives this Code and training on its application.

It should be noted that during 2020 a revision of the Code was conducted, reinforcing article 38 ("We practice fairness"); and bringing with it, refreshing the design and image and it's respective internal communications. **Banesco's Vision and Mission** are available on our website: www.banesco.com.pa.

CORPORATE GOVERNMENT AND GOVERNANCE STRUCTURE

Shareholding structure

As of December 31, 2020, Banesco Panamá participates directly in the following companies:



Corporate Governance Structure

Our Corporate Governance structure is defined and approved by the Board of Directors, integrating the framework of Control Committees, Steering Committees, Executive Committee and Executive Boards.



BOARD OF DIRECTORS

It is the highest body of Corporate Governance with powers and attributions of administration and disposition in accordance with what is established in the Bank's Corporate Charter and the Board of Directors' Internal Regulations. However, the functions established in these documents are not limited, so the management of the Board also includes any other function that is required by banking regulations or by the organization's ordinary course of business. The Board of Directors' Internal Regulations establish that the Board is responsible for approving associated risk strategies. Similarly, the **Good Corporate Governance Code** establishes that the Board of Directors is responsible for approving the strategies in accordance with Corporate Values and, for reporting to shareholders (which are informed at its Shareholders Meetings by Banesco Panamá's management to the Board of Directors). Its mission is to promote social interest, representing the company and its shareholders in the administration of assets, control of business management and direction of business administration.

The Shareholders Assembly appoints the Board of Directors, who in turn executes the provisions or guidelines delegated to them, in compliance with the regulatory provisions and best practices of Corporate Governance. The criteria for the selection and appointment of Board of Directors' membership are subject to the shareholders' decision (in accordance with the Corporate Charter) and the Directors' profile as established by banking regulations, according to their knowledge, moral solvency and experience in financial matters.

The members of the Board of Directors can be selected internally or externally of the organization, considering the criteria established in the Corporate Charter and the applicable regulations. The Directors receive a specific salary as stated in their Services Agreement, based on the responsibilities assigned, which is subject to taxes and tax deductions that are applicable in the Republic of Panamá and / or in the jurisdiction where the organization is present. This salary may consist of a fixed or variable amount and may be determined based on their

attendance at meetings of the different Corporate Governance Instances in which they participate. In addition, they participate and attend evaluation and self-evaluation processes. In the same way, they are aware of their evaluation results.

The bank prevents and manages possible conflicts of interest by attending to the organization's internal regulations on possible scenarios in these aspects. These provisions are based on Panamanian regulations. In this sense, the bank has established provisions on aspects of Conflicts of Interest in its **Code of Ethics and Conduct of the Banesco Citizen, Bank and Subsidiaries' Good Corporate Governance Code, Bank and Subsidiaries Directors' Code of Ethics** and the Board of Directors' Internal Regulations.

Under no circumstances may the Director carry out activities that may constitute a conflict of interest in the terms established in the **Director's Code of Ethics**. This information is also extensively detailed in the **Directors' Policy**.

Characteristics

The Board of Directors delegates some functions to the Steering Committee Instances in accordance with what is established by banking regulations. This must be aligned with the bank's strategy.

The consultation processes between stakeholders and the highest governance body on economic, environmental, and social issues must be validated and reviewed by the Human Capital, Finance, Risk and Corporate Affairs areas. Based on what is established by Panamanian banking

regulations, the Board of Directors' Chairman does not hold any executive position in the organization.

Collective Knowledge of the Highest Governance Body

From a training point of view, a Training Plan for the Board of Directors is approved annually, which includes aspects on Cybersecurity, Corporate Governance, Prevention, Strategic Planning, among other topics. The training that Board members receive can be organized internally or by external speakers. Corporate conducts and leads the annual Board of Directors' end-to-end, 360 performance evaluation process. It is important to note that the performance evaluation process for this level is different from the rest of the employees.

In addition to this, the Board of Directors is periodically informed of the operation of the Corporate Governance and the management of the bank's different areas. Critical concerns are reported to the Board of Directors through the Critical Point Report of the Bank's Steering Committees, as well as through subsidiaries' quarterly reports and the points that are presented by each area of the bank according to the monthly schedule.

A constant relationship is maintained with our stakeholders. In this sense, the committees that evaluate environmental and social issues are Risk and Credit. In addition, matters related to social responsibility are reviewed quarterly, through the Executive Control for Strategic Planning, known as CEPE. As for economic issues, they are reviewed by the ALCO-Investments and the Credit Steering Committees.

BANESCO PANAMÁ'S BOARD OF DIRECTORS' COMPOSITION, as of December 31, 2020

Name								
Independent yes/no	No	No	Yes	No	Yes	No	Yes	Yes
Corporate Employment	BanESCO Internacional - Banca América	BanESCO America Corporation	INDESA	Alfaro, Ferrer & Ramírez (AFRA)	FC & Asociados	Independiente	BanESCO Internacional	Tecnasa
Job Title	Board of Director's Chair	CEO	Partner	Partner	Chair	Independent	Director	Firm Partner
Executive - Non Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Years as Board Member	3	5	13	4	4	3	2	7 months
Board Committee(s) he/she belong to	ALCO-Investments Auditing Appointment and Remuneration Credit Risk	ALCO-Appointment and Remuneration Credit Risk	ALCO-Investments Compliance, Corporate Governance and Ethics Prevention CreditRisk	Audit Appointment and Remuneration Compliance, Corporate Governance and Ethics Prevention	ALCO-Investments Risk Credit	ALCO-Investments Credit	Audit Compliance, Corporate Governance and Ethics Prevention	Risk Credit
Companies where they participate as a member of the Board of Directors	BanESCO Banco Múltiple, S.A. BanESCO Seguros (Panama and the Dominican Republic) BanESCO Banco Universal C.A. (Venezuela)	BanESCO Banco Múltiple, S.A. (Dominican Republic) BanESCO Seguros, S.A. (Panamá)	Pérez Corporate Group	N/A	FC & Asociados	N/A	BanESCO Banco Múltiple, S.A. (Dominican Republic) BanESCO Banco Universal C.A. (Venezuela)	<i>Chairman- Steering Committee - The College of William & Mary</i>
Competencies related to Sustainability Issues	No	Yes	No	Yes	Yes	No	No	Yes (social management, dialogue mechanisms and community inclusion)
Gender	Male	Male	Male	Male	Male	Female	Male	Female
Age Group (Under 30 years old, between 30 and 50 years old)	50+	between 30 & 50	50+	50+	50+	50+	50+	50+
Belongs to a minority or vulnerable group	No	No	No	No	No	No	No	No

DIGNATARIES

1. Miguel Ángel Marcano - Board of Directors' Chair
2. Carlos A. Escotet - Board Treasurer
3. Amabel Vargas - Board Secretary
4. Mónica De León - Board Vice Secretary

MAIN EXECUTIVE

1. Alfonso Prieto González
Executive Chairman and CEO

*Each Board members' professional profile can be consulted here

CORPORATE POLICIES



- **Anti-corruption:** establishes guidelines that help the bank's conduct in situations that may represent acts of corruption, both internal and external, and also managing their prevention.



- **Transparency:** establishes guidelines based on the timely management of transparency in accordance with the best Corporate Governance practices.



- **Environmental and Social Management:** ensures the sustainable performance of the bank and its subsidiaries, based on the integration of the environmental and social dimensions in their strategy.



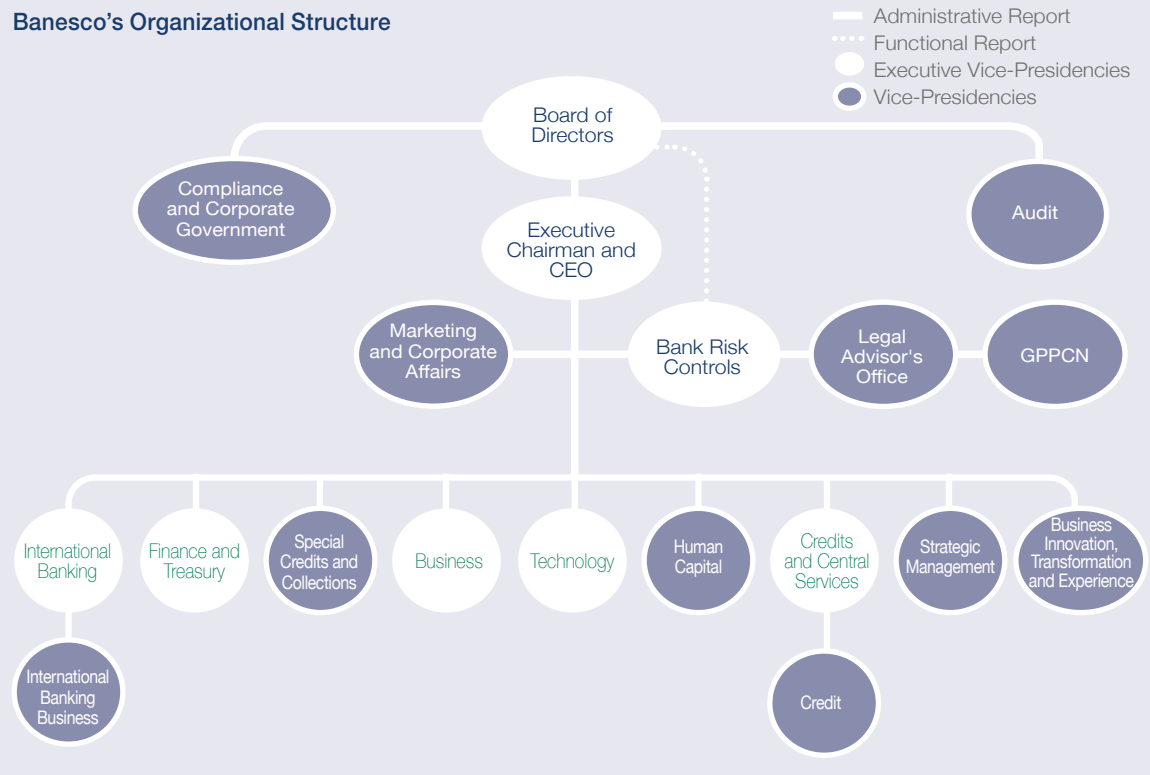
- **Reputational Management:** establishes guidelines for the administration and management of the reputational management of the bank and its subsidiaries under the highest standards, both internally and externally of the organization and in relations with its stakeholders.



- **Cybersecurity:** establishes general guidelines that serve as a reference framework for managing cybersecurity matters; that, in turn, allow to prevent or mitigate possible events. It is aligned with the strategy and business objectives that seek to protect customers and third parties that interact in the Group's environment, taking best practices.

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

Banesco's Organizational Structure



Senior management is responsible for implementing the strategy, policies and practices approved by the Board of Directors, consequently, it is also responsible for the implementation and application of the structured and comprehensive system of credit risk management and credit administration.

For its part, the Executive Committee is made up of sixteen vice-presidencies and the CEO. This committee's main responsibility is to administer and manage economic, environmental and social affairs.

Legal and / or regulatory compliance

Banesco Panamá, in the exercise of the banking business develops its functions under the regulatory framework of the country's banking laws, the agreements issued by the Superintendency of Banks and all applicable laws. Banesco (Panamá), S. A. monitors that legal and regulatory compliance is given in each service and product offered to customers, to avoid sanctions and fines, as well as to generate a degree of satisfaction in the care received by each customer. This year in particular, by virtue of the state of emergency decreed as a result of the coronavirus, laws and decrees were issued that provided specific actions on the bank's business, which is why Banesco Panama

followed them up and carried out the corresponding analyses, with the purpose of fully complying with them, avoiding damage to the bank or its customers.

Transparency and Accountability

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

As part of the commitment in the fight against money laundering and terrorist financing, the **Code of Ethics and Conduct of Banesco citizens** is the connecting thread. The need to:

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

The necessary measures are also adopted to prevent operations and / or transactions from being carried out with funds or on funds from activities related to the crimes of Money Laundering (BC), Terrorism Financing (FT) or Proliferation Financing. Weapons of Mass Destruction (FPADM), for which there are group policies, manuals and due diligence procedures and other requirements. The Financial Crime Mitigation (FCM) tool is used to monitor customer operations. From the analysis carried out on the clients' operations, reports are made to the Financial Analysis Unit (UAF) for allegedly being involved in money laundering cases, according to the warning signs established in the different regulatory agreements.

The governance structure ensures the correct application of the policies and regulations that govern this matter, also considering the risk levels of customers, their geographic location, activity, profession, products or services, among others. It is made up of: the Corporate Governance and Compliance Committee and the Corporate Governance and Compliance Vice-presidency.

During 2020, there were no cases of issues related to corruption and bribery activities, nor is there a judicial process brought by virtue of acts of

corruption against Banesco Panama. Likewise, during this period, no fines or sanctions were recorded for non-compliance with social and / or economic (administrative) regulations.

Fight against the legitimization of money laundering and terrorist financing

Within the framework of the Prevention of Money Laundering, there are Prevention Manuals, Policies of Know your Client, Know your Employee and Know your Supplier; due diligence management and other related documentation, which allows managing prevention activities and ensuring compliance with the standards and principles established on ethics and conduct issues.

Our **Anti-Corruption Policy** complement to the **Code of Ethics**, establishes the guidelines for situations that may represent acts of corruption, both internal and external to the organization and also manages the prevention of these. This policy has an annual review period, corresponding to an update due to internal guidelines and best corporate governance practices in April 2020. The **Anti-Corruption Policy** includes reporting channels, both web and telephone. The cases (in the event of having them), are managed through the Human Capital area, who are in charge of the investigations and escalate the results to the Compliance, Corporate Governance and Ethics Committee. All reports are anonymous.

The guidelines of the **Code of Ethics and Conduct** are public, in order to maintain the greatest possible transparency. We comply with the provisions of the Superintendency of Banks of the Republic of Panama (SBP) and the Superintendency of the Securities Market of the Republic of Panama (SMV). Detailed information on the types of Risk is included in the published **Consolidated Financial Statements of Banesco (Panamá), S.A. and Subsidiaries**.

On the other hand, the annual training plan on the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction is carried out annually, complying with the regulatory requirement established in Law 23-2015 of the Republic of Panama, which is regulated in Agreement 10-2015 issued by the Superintendency of Banks of Panama; where banks are required to train their employees at least once a year. To define the annual number of employees to be trained, the number of FTE's at the end of the previous year is used and 90% of the population is declared as a goal (not 100% of the bank's HC).

The plan and schedule is presented to the Prevention Committee for its corresponding approval; as well as its progress and closure.

The program divides the training sessions into two groups: Front, which includes employees who make up the first line of defense (customer service), and Back, which involves operational personnel who are not part of the first line of defense. The training sessions can be carried out in person and / or virtual; and extraordinary sessions can be called to reinforce specific issues or when there are regulatory changes that impact the operations of employees.

The plan includes the following topics established in Article 28 of Agreement 10-2015:

- a. General concepts of the prevention of money laundering.
- b. Current regulations on the prevention of money laundering.
- c. Content of the Compliance Manual.
- d. Procedures of due diligence and knowledge of the client.

- e. Warning signs.
- f. Criminal, administrative and internal responsibilities and sanctions.
- g. Procedures adopted by the entities to comply with the provisions contained in this Agreement.
- h. Analysis of current regulations including the implications for the obliged subject and his employees.
- i. Responsibilities of the Audit, Compliance, business areas.
- j. Recommendations of international organizations.
- k. Analysis and development of current cases related to the type of money laundering of capitals.

Through corporate communication channels, an awareness campaign “The Hero is You” was socialized with the employees in order to make them aware of the importance of their role in the fight against BC / FT / FPADM. Additionally, during 2020 anti-corruption actions and the content of the Corporate Anti-Corruption Policy were reinforced, through the internal campaign.

Total number and percentage of employees to whom anti-corruption policies and procedures were communicated, broken down by job category.

	2018					2019					2020				
	Total employees	Informed employees	% Informed employees	Trained employees	% Employees trained	Total employees	Informed employees	% Informed employees	Trained employees	% Employees trained	Total employees	Informed employees	% Informed employees	Trained employees	% Employees trained
In management positions	20	20	100%	20	100%	22	22	100%	22	100%	25	25	100%	25	100%
In Technical positions	894	894	100%	894	100%	1001	1001	100%	1001	100%	287	287	100%	287	100%
In Administrative positions and others	316	316	100%	316	100%	267	267	100%	267	100%	850	850	100%	850	100%
Total	1230	1230	100%	1230	100%	1290	1290	100%	1290	100%	1162	1162	100%	1162	100%

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



2

Our Contribution to Sustainable Development

[GRI 102-40,42,43,44,46,47]

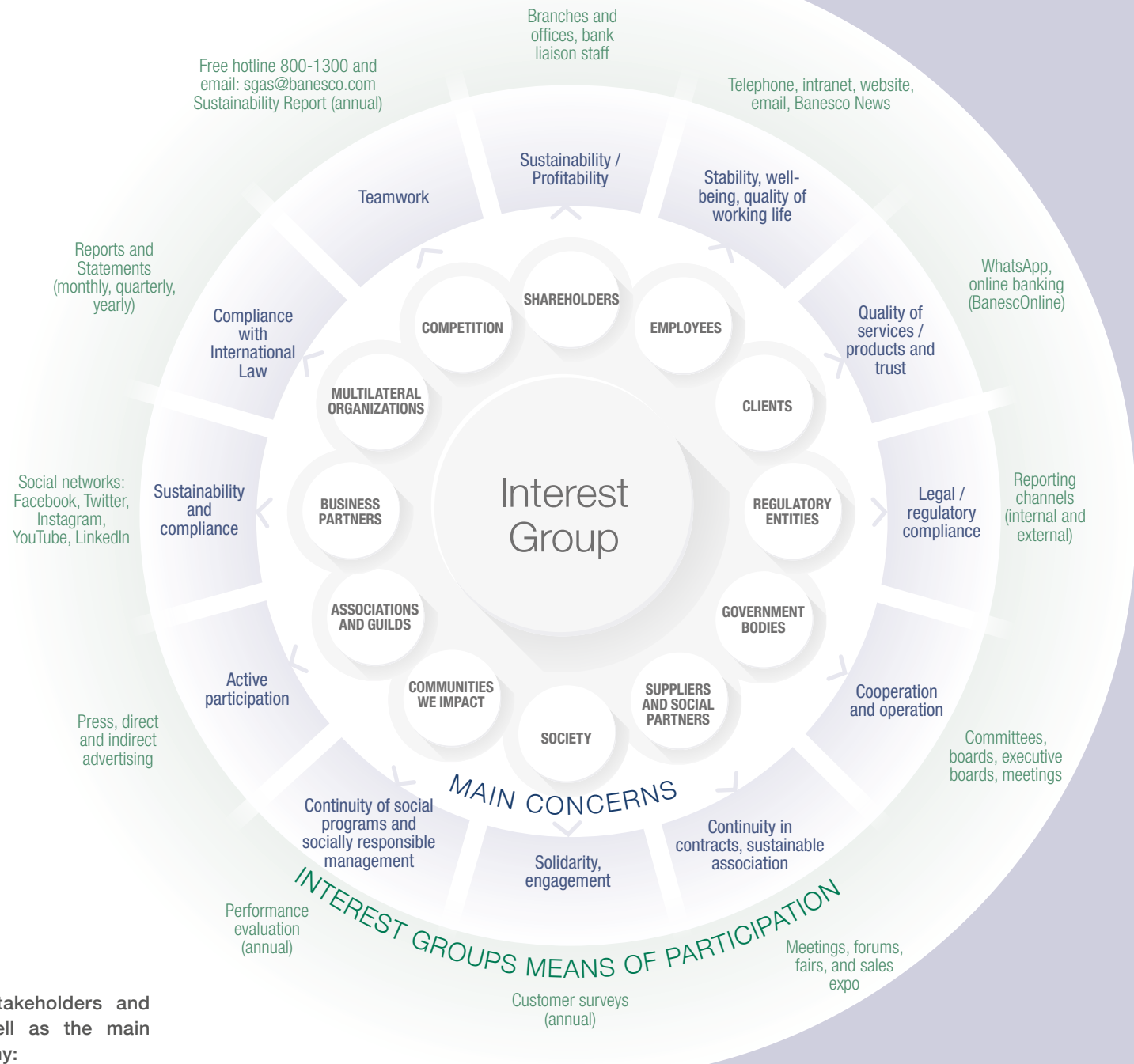


CONNECTION WITH OUR STAKEHOLDERS

During 2020 and in the face of the contingency due to COVID-19, a new materiality study that included the review and update of the interest groups was carried out:

- Shareholders
- Employees
- Customers
- Regulatory Bodies
- Government Bodies
- Suppliers
- Society
- Communities we impact
- Associations, Unions and Guilds
- Business partners
- Multilateral Organizations
- Competition

The following graph shows these stakeholders and their key concerns transmitted, as well as the main communication channels with the company:

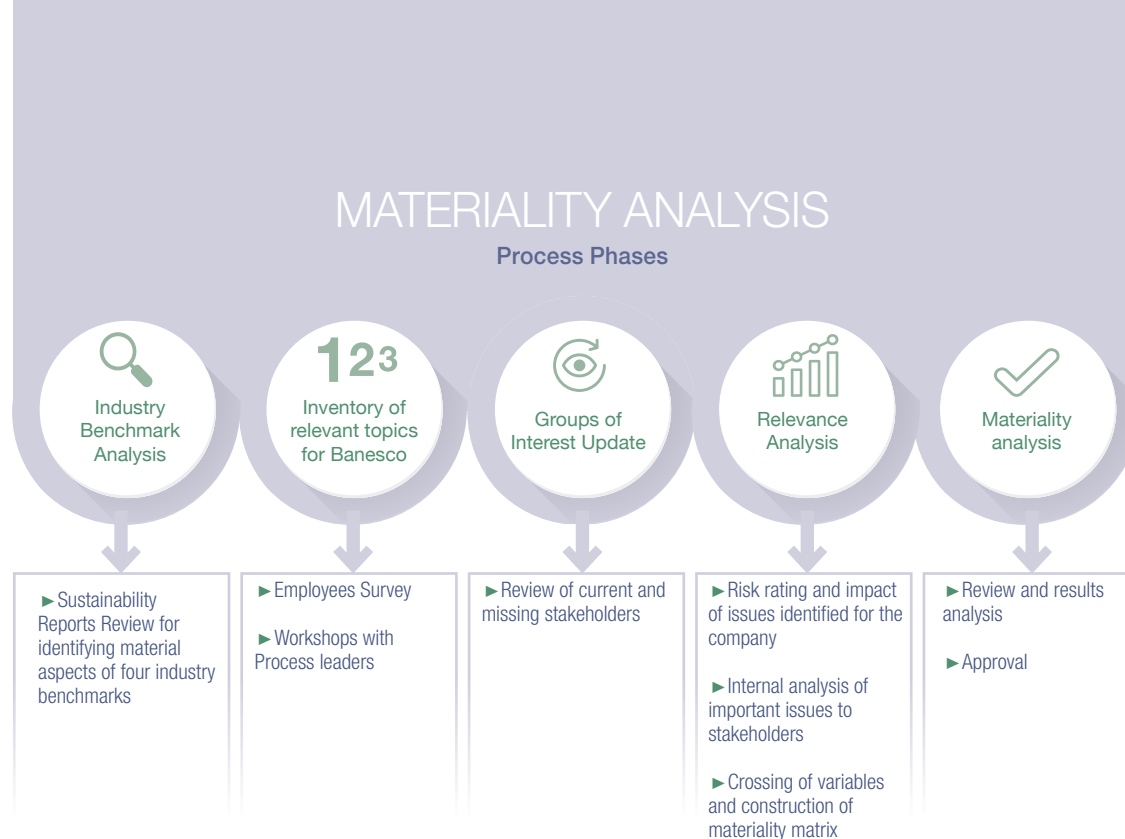


Each of the activities carried out by Banesco Panama has a legitimate spokesperson for each of the interest groups with which it interacts. Thus, it features several communication customer-channels, from face-to-face, like in bank branches or offices, to digital formats through online, mobile banking and the call center, whose operation runs permanently. Besides the face-to-face communication with each of their supervisors, employees have several channels at their disposal, such as Banesco News (electronic newsletter), surveys, performance evaluation process and various activities associated with well-being and personnel assistance for staff. The Procurement Department contacts suppliers directly, where they are served and the payment conditions for their services or products are defined. Regarding community services, all of this is reflected in the relationships that exist through Corporate Affairs, from alliances with government entities, NGOs and companies; to the support of the social responsibility program beneficiaries, highlighting initiatives associated with the established lines of action.

MATERIALITY

The materiality analysis is carried out to establish priorities on which Banesco Panama will be able to position its sustainability management. According to the GRI-101 standard: Fundamentals, the materiality criterion defines material issues, that is, relevant, as those that can reasonably be considered when reflecting the economic, environmental and social impacts of the organization or that influence stakeholder decisions. In this context, "impact" refers to the effect that an organization has on the economy, the environment and / or society (positive or negative).

The implementation of this process made it possible to identify those aspects that are relevant to the social, environmental, economic and governance impact of the bank's strategy, as well as those that have influence on stakeholder decisions and that therefore must be managed



and reported. In this way, the materiality exercise allows aligning the social responsibility approach and therefore the bank's strategy associated with stakeholders' expectations and, in turn, responding to the current situation based on an analytical exercise.

In the global context 2020, considered an exceptional year due to the health crisis generated by COVID-19, the materiality study was updated, which also included the review and update of stakeholders. Due to the circumstances, the process was carried out internally, through a recognition exercise based on the direct relationship of each area leaders who have direct contact and knowledge of / and with

the different interest groups (identified to date), to determine the relevance, pertinence and potential perspectives of each one.

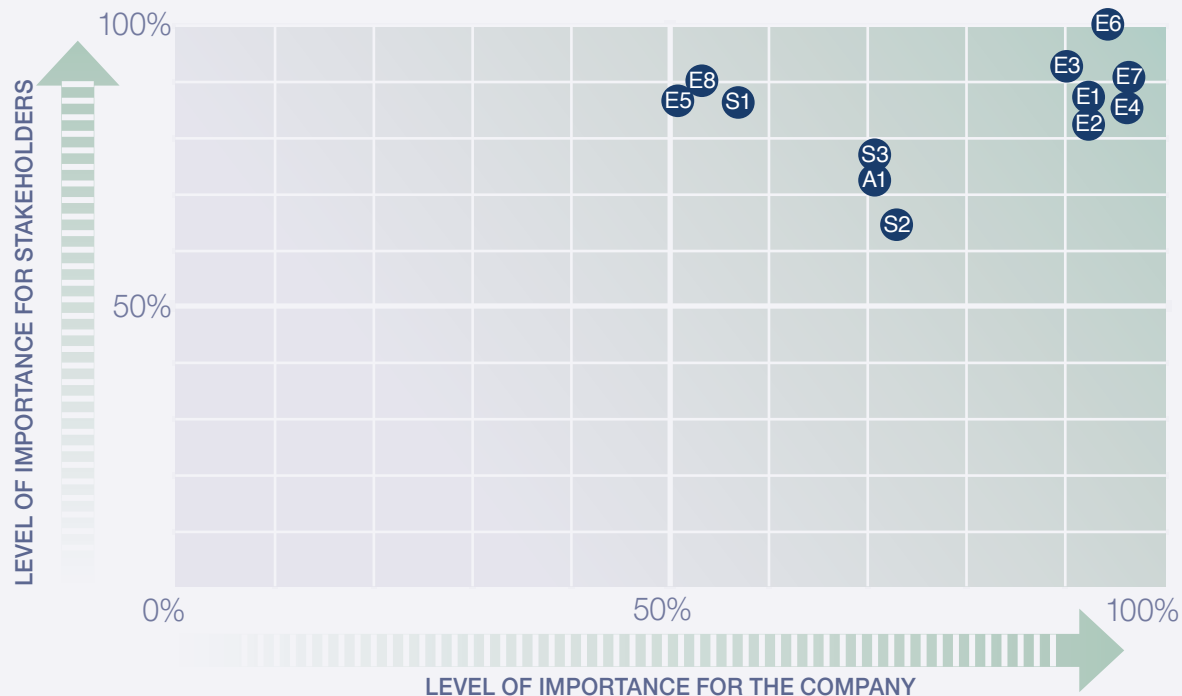
Likewise, some other sources of information from data collected in surveys, NPS measurements, focus groups, among other analysis tools, were consulted.

As a result of the analysis carried out, twelve (12) material issues that were identified are presented throughout this report, where we describe the bank's management, the progress in each one of them and the associated challenges and opportunities in the short, medium and long term.

For each topic, a code was assigned to identify it with the dimension of sustainability to which it belongs as follows: E: Economic; S: Social; A: Environmental.

- **E1** - Growth, profitability and financial sustainability
- **E2** - Comprehensive Risk Management
- **E3** - Corporate Governance, Ethics and Transparency
- **E4** - Customer experience
- **E5** - Brand positioning
- **E6** - Economic Renewal
- **E7** - Legal and / or Regulatory Compliance
- **E8** - Processes and Technology
- **S1** - Human Talent
- **S2** - Supply Chain Management
- **S3** - Socially Responsible Management
- **A1** - Risks and Opportunities of an Environmental Nature

2020 MATERIALITY ANALYSIS BANESCO PANAMA'S



The materiality matrix shows the prioritization of the twelve (12) identified relevant issues and their classification in the heat matrix. All the issues analyzed were placed in the quadrant that indicates they are highly relevant for the company and its stakeholders. The four issues with a rating of importance greater than 90% are: economic renewal, legal and / or regulatory compliance, corporate governance, ethics and transparency, and customer experience.

For Banesco, these issues are addressed across the board within the entire organization and from the framework of organizational strategy

to ensure long-term sustainability, appropriate customer relationship management with stakeholders and accountability strengthening.

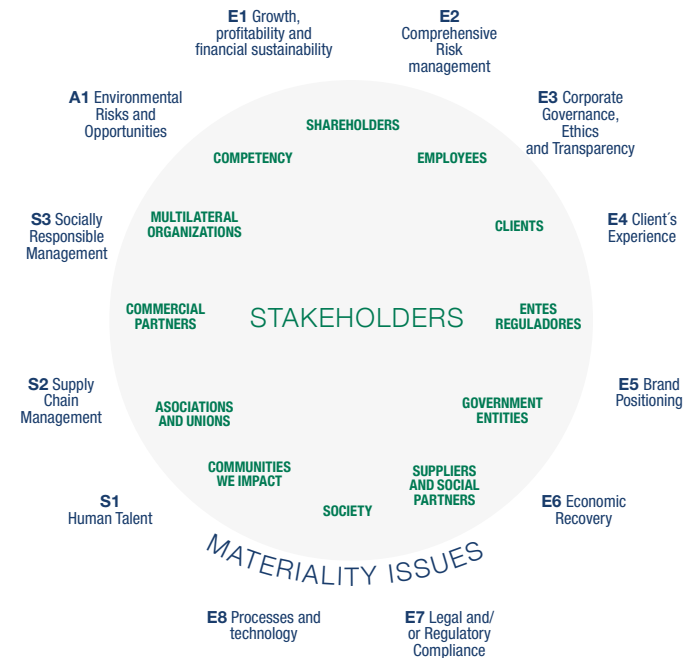
The results obtained in this second materiality analysis are of great value, taking into account that it was meant to update the first exercise carried out in 2018, and that it constitutes a fundamental element to strengthen the organization's accountability mechanisms to be aligned with the standards of the *Global Reporting Initiative* (GRI) as the basis for the Sustainability Report and the Consolidated Non-Financial Information Status Report (EINF).

Alignment with the Global Sustainability Strategy

To find out about the material topics and Banesco's stakeholders, click on each SDG:

Identification of the meaning of material matters

- **E: Economic**
- **S: Social**
- **E: Environmental.**





Our Business

[GRI 102-9,10,15; 103-1,2,3; 204-1; 205-2,3; 207-1; 408-1; 409-1; 410-1; 412-3; 417-2,3; 418-1; FS-6, 7; FS-13,14, 15]

Among the main opportunities that the organization can capitalize on are the "empowerment of digital platforms and remote operation models," since delivery services increased their penetration in the pandemic and post-pandemic period, and therefore, expands the use of POS and MPOS, ECommerce and P2P solutions for payments and transfers.

In the context of the current economic situation, companies will require liquidity injections to maintain their operations or expand them, which gives the bank the opportunity to place loans to these companies. The trend of the population towards saving during the pandemic is pertinent to offer simplified and digital savings-solutions, and intensify our consolidation towards the interior of the country. The agri-food and beverage industry may represent opportunities, given the low impact they have received from the pandemic.

Among the threats and negative impacts that the bank faces are the economic growth projections between 2021 (7.3%) and 2023 (5.0%); after a year of decline of about -13.6% in 2020. Growth projections will have an impact on unemployment, which in turn will impact banks' loan portfolios and will impose adjustment needs to the cost structure of these. Another impact is the approval of Law 156 of June 30, 2020, which declares a moratorium on loans granted by banks, cooperatives and finance companies until December 31, 2020, and subsequently its extension until December 30, 2020. June 2021 with the

agreement 13-2020 of the Superintendency of Banks of Panama. Finally, the projected unemployment rates as a result of the pandemic will have an effect on the ability of banks to place new loans, as well as on the proportion of clients that will be able to honor their debts with the banks.

Growth, Profitability and Financial sustainability

In 2020, despite the difficult circumstances marked by the pandemic, efforts were redoubled to achieve a perceptible connection between financial performance and the execution of the competitive strategy, focusing on cost containment, making operations more efficient and maintaining volumes. business, providing a different experience to customers. In terms of legal liquidity, Banesco maintains a percentage of 47.3%, this represents 17.3% above the 30% legal minimum required by the Superintendency of Banks of Panama. Under this financial environment, the bank presents a healthy capitalization of 13.15% on assets weighted by risk level, 5.15% above the 8% established by regulation. In Banesco's future forecasts, it continues to bet on service differentiation, a human-centric vision to achieve an effective and perceptible connection between financial performance and the execution of the competitive strategy: a clearly superior experience.

This description of economic performance refers to the indicators presented on page 0 of this report, which you can see [here](#).

Rate risk

Fitch Ratings* carried out this process of rating improvement on a national scale in several Latin American countries, such as Costa Rica, El Salvador, Guatemala, Mexico and Panama.

FitchRatings
Investment grade rating for Banesco (Panama), S.A.
Goes Up

Long term A- (PAN)	Perspective ESTABLE
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Banesco's ratings are highly influenced by the operating environment, currently in crisis, by its company profile and by its funding profile. The ratings are moderately influenced by operating profitability that remains under pressure, as well as its capitalization and asset quality.

Fitch believes that the bank's funding and liquidity structure, based largely on external deposits, is a determining factor for its current rating, and the stability shown to date will continue to be tested in the current environment. Also, the bank's wholesale funding lines are good, with room to meet potential liquidity needs to some extent. The indicator of loans

to deposits remains at 90.6%, considered good and in line with its peers in the market. Banesco's funding structure is based on customer deposits, mainly low-cost demand deposits.

For more details you can consult the [Consolidated Financial Statements of Banesco \(Panamá\), SA and Subsidiaries 2020](#), as well as the full [Fitch Ratings report](#) .

** The rating expresses an independent opinion on the capacity of the rated entity to manage risk.*

Fiscal Strategy

The bank has established a tax strategy that complements its business strategy, making the best use of local, foreign and exempt sources of income when the maximum deductible costs and expenses are recognized, as established in the Panamanian Tax Code. On this basis, the costs are assigned to the different sources of income, using a pro rata calculation, in the proportion represented by the income to the different sources of income with respect to the total income and the expenses are distributed by direct allocation, in accordance with the classification of foreign branches and cost centers attributable to local, foreign and non-deductible sources.

Another important aspect in the bank's fiscal strategy is the use of Double Taxation Treaties, this allows the reduction of the tax burden with countries that are commercial allies of the Republic of Panama. Additionally, due to the impact produced by the COVID-19 pandemic on the economy in general and on banking in particular, the bank chose to use the Alternative Calculation of Income Tax or CAIR method. The advantage of applying this method is based on the possibility of submitting the non-payment of tax, as a disadvantageous tax position is sustained for the period in the entity.

Economic Renewal

The organization's approach to managing the economic reactivation includes the following action fronts:

a. Accelerate the digitization of internal and external bank operations: optimization / automation of internal processes, new channels such as Videobanking, P2P and P2C payment services, greater adoption of digital channels, eCommerce services such

as "payment button and payment link "(around 48 customers were enabled the payment button service and 43 customers the payment link service to facilitate their transactions in the midst of the pandemic) and contactless means of payment.

- b.** Diversify alternative sources of income to the brokerage business.
- c.** Reduce operating expenses, to offset the effects that the situation was having on short-term profitability.
- d.** Massification of teleworking to take care of the safety of employees while maintaining operations.
- e.** Support through loans to those sectors of the economy that are operating and require funds to expand their operations.
- f.** Offer clients alternatives to face the current situation, taking care of their experience. At the end of 2020, some 38,579 clients have received financial relief to face the effects of the pandemic and await the due economic reactivation.

For the next few years, the main challenges for the bank will include improving the efficiency levels of the operation, improving the customer's appreciation of their service experience with the bank, and maintaining the risk rating. Also, position ourselves as one of the best places to work; and, maintain and ensure profitability levels according to the expectations of the shareholders.

Comprehensive risk management

At Banesco Panama, the Comprehensive Risk Management system is maintained, focused on the comprehensive analysis that involves both the assessment of financial and non-financial risks, reinforcing the "Risk Management Culture" within the organization, which includes management of the different types of risks. The risk methodology is governed by the provisions of the regulatory entities, as well as the best international market practices. For this purpose, it has comprehensive risk policies and procedures that include, among others, the following aspects:

- The Comprehensive Risk Management Unit is responsible for the adequate implementation of the Risk Management framework in the organization, including the presentation to the Board of Directors, through the Risk Committee, of the suitable structure for its management, appointing those responsible risk management

activities, as well as incident reporting.

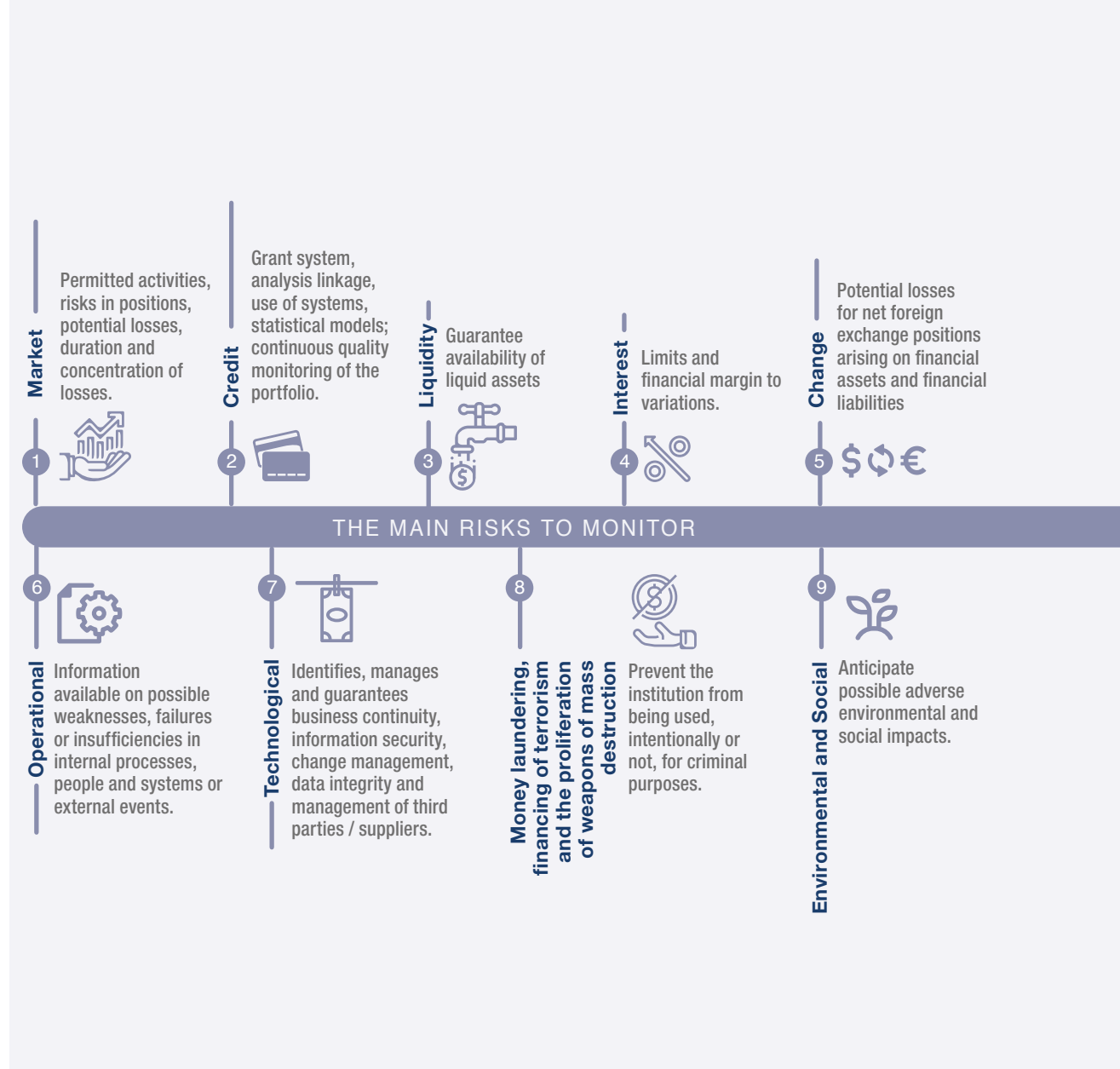
- The business units must identify and assess the risks inherent in all the organization's critical products, services, activities, processes and systems, in accordance with the established methodology. It is necessary to ensure that, before the exit of new products, activities, processes and systems, the risk inherent in them is subject to adequate evaluation and approval procedures by the Risk Committee.

- All employees have the responsibility of adequately managing the risks in their areas, which include reputational and legal risk, acting diligently and proactively in identifying risks and their control and mitigation strategies, generating alerts and timely reporting to higher authorities and to the unit responsible for Comprehensive Risk Management.

Global limits have been defined for each of the types of risk inherent to the exercise of its financial activity, which are approved by the Risk Committee and ratified by the Board of Directors of the Headquarters, which defines the risk appetite of the organization. On a monthly basis, the Comprehensive Risk Management Unit monitors the management of each of the risks to which the organization is exposed before the Risk Committee.

Established Governance Mechanisms

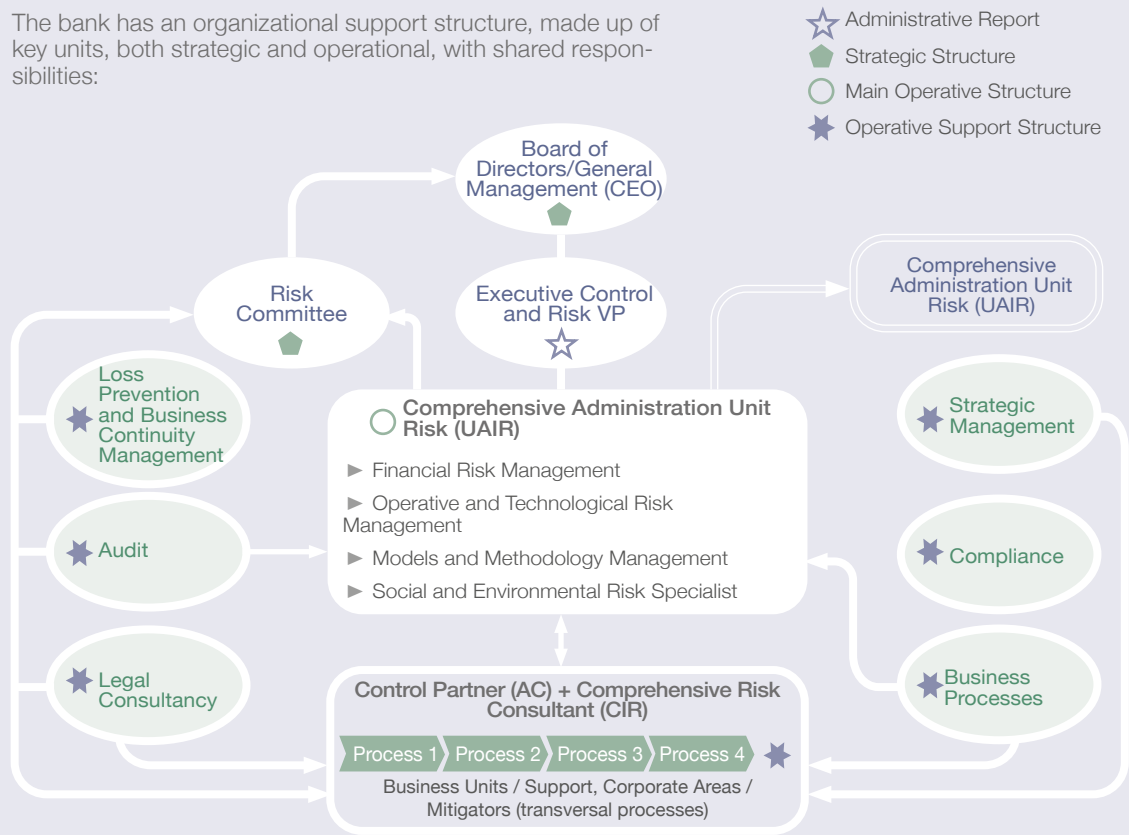
Global limits have been defined for each of the types of risk inherent to the exercise of its financial activity, which are approved by the Risk Committee and ratified by the Board of Directors of the Headquarters, which defines the risk appetite of the organization. On a monthly



basis, the Comprehensive Risk Management Unit monitors the management of each of the risks to which the organization is exposed before the Risk Committee.

ESTABLISHED GOVERNANCE MECHANISMS

The bank has an organizational support structure, made up of key units, both strategic and operational, with shared responsibilities:



Most relevant aspects that the situation derived from COVID-19 has generated on the organization's risk management and strategy

Aware of the economic and regulatory context of planning 2021 - 2023, the role of Financial Risks and Collections has been defined as orchestrators of actions to mitigate the impacts of the current pandemic and be growth enablers for commercial forces:

- Manage portfolios under a constantly changing regulatory context.
- Management of installed capacity to meet the requirement of financial solutions.
- Execution of collection strategy to maximize the rehabilitation of clients with default.

- Anticipate and calibrate risk allocation through portfolio segmentation strategy.
- Exhaustive monitoring of the payment capacity of consumer customers, incorporating information from the credit bureau.
- Identify customer segments to promote placement, maximizing profitability through the Health Situations Contingency Plan. The necessary actions are managed to protect the health and safety of employees, clients and suppliers; coupled with the implementation of business recovery strategies, in close coordination with the health authorities

In this sense, the typification and scope of each phase are briefly described:

- 1. Alert phase:** identification of strain, outbreaks, infectious diseases, alert statement in the media, high number of infected in the country or neighboring countries, potential threat of compromising the health of employees, customers and service providers.
- 2. Pre - Sanitary Situation Phase:** minimal spread is detected, beyond the source of the disease (country of origin), which is why the reactions of national authorities are monitored, as well as the sanitary measures enacted, impact planned for the bank, service providers, clients and employees. In turn, the places of greatest development of the disease are monitored, in order to evaluate the exposure for the organization and determine next steps.
- 3. State of alert declaration phase:** Formalization of alert status by the

authorities of the country with the possibility that the contagion affects the organization, impacting daily operations; which favors the establishment of strict compliance biosafety measures by the State.

4. Transition phase or return to normality: The biosecurity measures previously established by the State are progressively lifted, and at the bank level, the implemented strategies are progressively lifted and post-health monitoring begins.

Main Results

- In 2020, in relation to the culture plan, 88% of the bank's employees received training via e-learning on comprehensive risk management.
- Staff have received technical training to continue strengthening management (risk-based audit, culture plan, facilitator trainer program, cybersecurity, ISO 27001 information security audit, cybersecurity certifications, among others).
- Automations to strengthen the reporting management of the area.
- Implementation of financial risk monitoring tables, where management is constantly evaluated.
- With regard to cybersecurity, a Security Operations Center was implemented, which will strengthen the monitoring of early alerts of cyber intelligence and cyber threats.
- The early detection and management of phishing has been strengthened, in order to minimize that customers are victims of this type of fraud.

Challenges and Opportunities

There are various opportunities and challenges in terms of comprehensive risk management at all levels that, as a result, lead us to increase the level of maturity of risk management by automating processes and methodologies. Additionally, strengthen the organization's security model, taking into consideration:

- **Strengthening the Security Framework:** through actions aimed at reviewing and updating the regulatory framework that defines the organization's security guidelines, policies and standards, as well as the alignment of controls that ensure compliance with standards, norms and laws under which we are subject.
- **Orchestration of the Cybersecurity and Fraud Prevention Ecosystem:** maximize the characteristics and integration capabilities between defense, prevention and response platforms to security events. Application of configurations, intelligence service and integrating new data sources from existing platforms in the infrastructure.
- **Strengthening of controls for teleworking and new systems in the cloud:** recurrent analysis of the risks and threats generated by these emerging scenarios and evolutionary application of the most appropriate controls to safeguard security.
- **Integration with the bank's digitization strategy:** adoption of demanding, less complex and efficient customer authentication and control factors that facilitate the customer experience.
- **Culture in Cybersecurity:** through the formalization and execution of a communication and training plan with a scope to employees, service providers and external clients.

Banesco has always aimed at aligning processes, operations, internal culture and technology to customer-centered service. This with the purpose of better satisfying the needs of clients and generating a long-term relationship with them.

This model, focused on the client, tries to link all the decisions and the development of products and services, with the client's needs, in order to offer them a better value proposition.

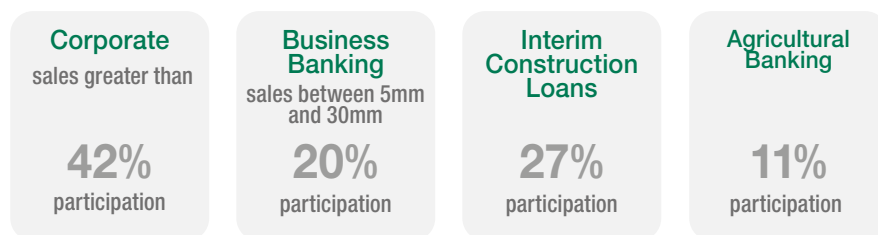
VALUE PROPOSITION FOR OUR CUSTOMERS

The strategic efforts of the business that were part of the 2020 financial year focused on:

1. Promoting the new branch model under a banking concept that aims at a service model beyond the traditional, fostering management focuses in:
 - Facilities for work management and knowledge of the client's situation.
 - Functional ATM solutions to promote self-management.
 - Optimization of documentation for processing the product portfolio.
 - Greater monitoring of sales and service management through interactive platforms.
2. Developing new solutions based on innovation as a mechanism to attract new customers and expand the range of services: VideoBanking, Onboarding for account openings and the new service for transfers between accounts "Wally."
3. Expansion and massification of the offer of services in payment methods: ECommerce, Contactless, MPOS and smart points of sale.
4. Betting on a functional growth of the functionalities in Mobile Banking and Online Banking.
5. Facilitating resolutions at a first level of contact, through an Integrated Service Center to manage the entire chain of customer requests.

Our banking segments

By the end of 2020, the operating portfolio of Specialized Banking amounted to USD714,445,349 in assets, maintaining a diversification in the following business lines:



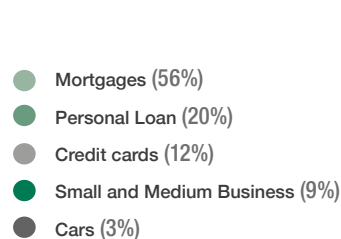
Corporate Banking expanded relationships with businesses mainly in the food sector, such as supermarkets and food distributors; carrying out short-term financing for the importation and distribution of food and basic necessities. For its part, Business Banking increased its portfolio through financing to the health sector, which has played a fundamental role in the developed context. Interim Construction Loans portfolio remained diversified and focused on projects at preferential interest prices mostly. In addition, the financing of several projects located in Panama City and the countryside were successfully concluded. Agricultural Banking maintained a constant accompaniment with the producer sector, closing with a portfolio of USD73,564,997, mainly focused on the production of meat (bovine and poultry, > 75% of it) with an increase in capital for greenhouse food production, which made it possible to preserve the commitment to the country's food security.

87% of the portfolio is concentrated in short, medium and long-term commercial loans for the sum of USD431,219,158 and the construction sector for USD193,382,402.

Regarding liabilities, 88% of the total was focused on checking accounts for an amount of USD126,756,336 and time deposits for USD157,873,788. A decrease in the remuneration of liabilities is projected in the international and local market, so a significant upward percentage change is foreseen.

Composition of Business Lines According to Product Offer in Branches

The participation by volume in:



At the level of distribution by segment, we have more than 100,000 clients in massive segments (Premium, salaried employees, employees, entrepreneurs and others) and more than 4,000 legal (small or medium-sized companies, including foundations). During the 2020 business year, the branch business managed to materialize more than USD 60 million in consumer disbursements, highlighting mortgages with 65%, Personal Loans with 31% and Cars with 4%.

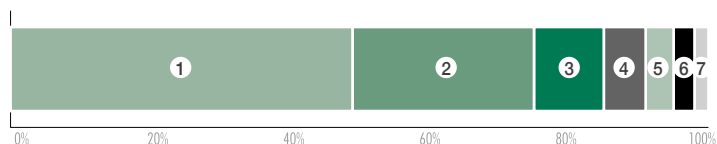
International Banking

During the 2020 business year, International Banking focused its efforts on sustaining financing for companies linked to economic sectors associated with the production of:

- | | |
|--|---------------------------|
| 1. Clothing, footwear, accessories or food | 6. Merchandise |
| 2. Agriculture | 7. Investments |
| 3. Administration | 8. Information Technology |
| 4. Construction | 9. Air or sea transport |
| 5. Electricity or Electronics | 10. Other groups |

In the **composition of business lines according to the legal nature** (segment), we highlight participation by volume of credit in:

- | | |
|--|--|
| 1. Corporations with 49% (631 clients) | 5. Small and Medium Enterprises with 4% (11,738 clients) |
| 2. Businesses with 26% (5,469 clients) | 6. People with Private Banking 3% (1,447 clients) |
| 3. Agricultural Business Sector with 10% (1,193 clients) | 7. People with massive banking 2% (more than 65,000 clients) |
| 4. Energy with 6% (1,083 clients) | |



The main actions of the International Banking management are summarized in:

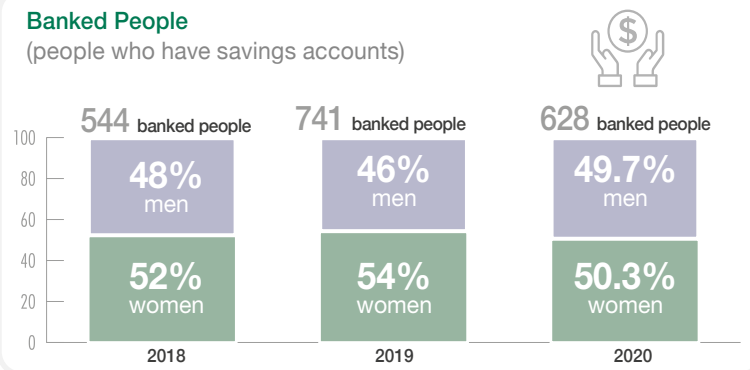
1. Strengthen the operation model by promoting efficient digital platforms to decisively capture a greater participation in non-resident segments, a direct source to sustain flows at low cost.
2. Enable cost / efficient service models, leveraged on new technological enablers that favor self-management in mass markets and promote relationships and loyalty in segments of higher current and potential value.
3. Develop omnichannel management models guaranteeing a quality customer experience and resolution in the first contact from any point, this as an attribute of differentiating service.
4. Position the offer within the ecosystem of payment methods for Non-Resident clients, in response to changes in payment behavior in the current environment.

Community Banking

The Community Banking management model aims to promote bankarization by accompanying the microentrepreneur in their ongoing business, in addition to promoting its formalization, through advice, orientation, training and guidance by the advisors in charge of visiting and learning about their business needs, to give an effective opening to the requirement of their businesses and line of growth of their products and services.

Banked People

(people who have savings accounts)



Amount of credits received (USD)



70,755
Women



56,651
Men

Total amount USD 127,406

Amount of active credits

916,874
Women

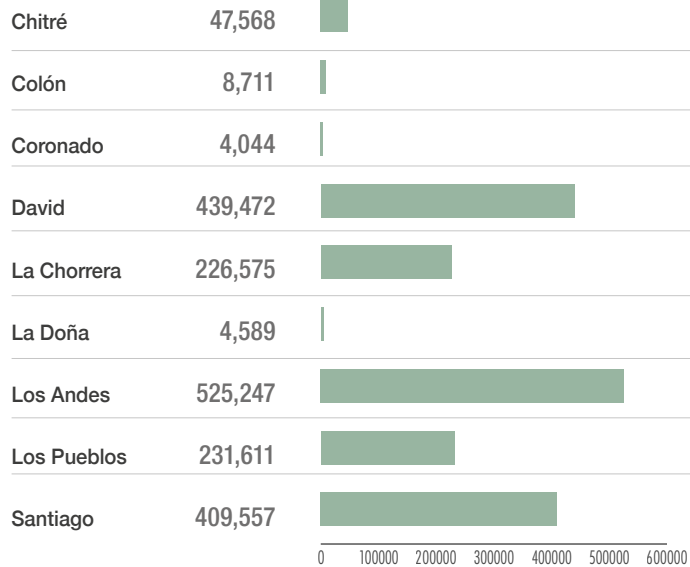


980,503
Men

Total Amount USD 1,897,377

Active Credit Balance

Composition of credits granted by branch USD 1,897,374

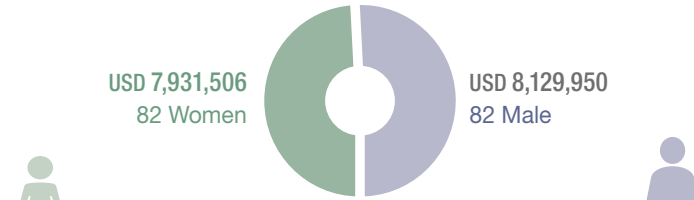


Payment Facilities for Purchasing a Home with Preferential Interests

Payment facilities were granted for the acquisition of the main home, with resources from the Compulsory Savings Fund for Housing (FAOV).

Amount of Credits Received

In 2020, the beneficiaries total 164 clients for an amount of USD16,061,456, broken down as follows:



Of these, 16 are employees who received this benefit in the amount of USD1,561,744.00



Investments in infrastructure [RS-GRI FS-6]

Project	Project Status
Banesco Los Pueblos	DONE ✓
Banesco Coronado	DONE ✓
Banesco La Doña (Nuevo Tocumen)	UNDER WAY
Banesco Chitré	UNDER WAY
Banesco Punta Pacifica	UNDER WAY

These investments represent a general contribution to the economy, since personnel are hired for different processes (labor, local purchase, among others) and the permits have associated costs that affect the management of the municipalities where remodeling is done. These are the main processes:

- Construction (construction company)
- Furniture (purchase of furniture and installation)
- Design, construction and installation of visual merchandising (signs and signage)
- Configuration and installation of security equipment (hiring of security companies)
- Others (purchase of fire extinguishers, emergency and safety signs, etc.)

The Los Pueblos and Coronado branches are to be relocated to a new strategic site to a new strategic site. Banesco La Doña and Chitré are existing branches, but new properties to host them were bought. Banesco Punta Pacífica is a new branch that will be ready for the 2021 period.

CUSTOMER EXPERIENCE, BRAND POSITIONING AND PROCESSES

"Customer experience" has been a fundamental pillar during the period of this report, since we worked to create a culture focused on the client, in all layers of the organization. For the customer service areas (branches, contact center and VideoBanking), the following initiatives were developed:

- Training and induction of "Awakening to Serve".
- Reporting and executing service and complaint protocols for all members of the front office (branches, contact center and VideoBanking).
- Quality audits to guarantee the execution of service protocols. Additionally, the quality management templates of the Customer Service Center were redesigned.
- Reactivation and strengthening of quality evaluations of the services managed through the SARA tool.
- Application and collection of customer voice through satisfaction surveys and NPS from all channels. All the surveys that

we make available to the client were redesigned to guarantee the unified collection of information.

- Feedback to the front areas and continuous monitoring of customer experience in the branch.
- Follow-up the recovery of experience management in case of dissatisfied customers.

In the operational and administrative areas, support was provided through different initiatives at the organizational level, in order to create solutions, services and products focused on the needs of customers. Some of the projects and initiatives were:

- "Awakening to Serve" for areas that provide internal service.
- Accompaniment in the project "New model of branches."
- Crossing of qualitative archetypes with quantitative data.
- New Online Banking and Mobile Banking.
- New contact center service model.

Regarding "brand positioning," a new "Brand Manual" was developed for digital marketing in order to refresh the brand, which included the incorporation of new colors to the graphics. 2 thematic videos on distancing were launched, one under the concept **#the200challenge** () and another under the concept of "Competition," focused on appreciating the rest of the industry and teamwork. All corporate communication was framed under the hashtag **#contigoencasa**.

In June, the image campaign **"Taking new steps with you"** was launched, with the aim of maintaining a presence in the TOM (top of mind) of Panamanians and showing the human face and the accompaniment of Banesco in times of COVID-19.

Regarding "processes," the focus was centered on achieving their efficiency and for this, a process intervention schedule was established taking into account the following criteria:

- Strategic processes for the organization.
- Processes with the highest number of claims and customer requests.
- Processes with higher frequency of audit recommendations.
- More expensive processes for the organization.

The results of these interventions generate a promise of value associated

with changes in the organization model and improvements in the operating model, which are periodically monitored to account for their execution. The results of the implementation of improvements are reported monthly to Senior Management on the following indicators:

1. Compliance with the process intervention schedule.
2. Man-hours reduced by process improvements.

Regarding the policies of the organization for the correct design and offer of financial services / products and making use of best practices, we take as a basis the process of developing new products, models of interviews with clients, needs collected from the recruitment surveys products, NPS measurement feedback as well as market research. An important aspect is the analysis of the legal, regulatory and fiscal viability that is carried out in the creative process to ensure due compliance with local and international regulations. A multidisciplinary team from Business, Control and Support Operations areas participate in this management to ensure a holistic view of the product or service to be implemented.

Attention to Requests and Resolution of Claims

BanESCO Panama makes efforts to plan, design and develop financial and insurance products in a responsible manner. In this sense, attention to claims and requirements is essential to verify their proper implementation, as well as serving as feedback for the improvement of processes. There is a Policy to "Manage customer complaints and requirements".

The case management model seeks to achieve complete management of customer cases through contact channels, allowing greater management, measurement and control of current customer response processes, guiding them to maximize the resolution of cases on first contact, reduce response times and the number of claims.

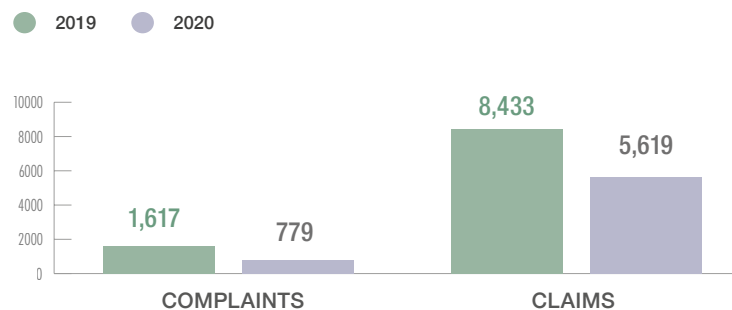
The model is enabled through the case management tool that allows the entry and registration of each customer interaction from the different contact channels, some of the cases will have immediate resolution and closure (inquiries and complaints) and others will be escalated (requests and claims). Additionally, through this tool you can check the service history, monitor and view the traceability of cases from any contact channel, from the request to the response.

To channel and follow up on their requests, queries or claims,



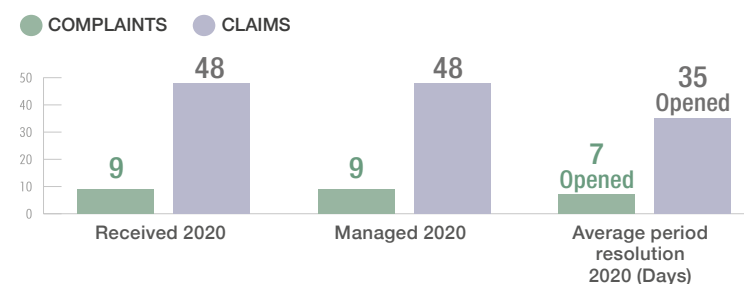
customers have the following channels:

During 2020, BanESCO Panama received 779 complaints and 5,619 claims, where 90% correspond to credit cards, debit cards and savings accounts. The highest percentage of complaints are related to disagreements with an annuity / membership fee, investigation of fraudulent card transactions in transit, unrecognized transfers, and disagreements in applied charges. Compared to 2019, complaints were reduced by 52%. In the case of claims, the reduction was 33%.



Complaints and Claims	Received 2020	Managed 2020	Average period resolution 2020 (Days)
Complaints	779	779	0,92
Credit card	301	100%	0,95
Savings account	190	100%	0,05
Debit	61	100%	0,16
Online bank	38	100%	1,02
<i>General information</i>	38	100%	3,84
Auto loan	28	100%	0,25
International transfers	27	100%	0,22
Personal Loan	26	100%	3,11
Mortgages	23	100%	1,13
Current account	22	100%	0,36
Prestacard	14	100%	2,74
Fixed deposit	4	100%	0,00
Local Transfers	4	100%	0,00
Pledge Loan	2	100%	0,00
IVR	1	100%	0,00
Claims	5.619	5.535	12,31
Debit	2.646	98%	29,20
Credit card	1891	99%	13,41
Savings account	456	98%	8,20
Personal Loan	165	98%	10,12
Prestacard	106	98%	6,86
Current account	100	99%	5,05
Online bank	75	100%	3,90
Mortgages	74	93%	10,02
Points of Sale (POS)	45	98%	7,56
MobilePay	28	100%	6,78
Auto loan	18	94%	8,58
Fixed deposit	10	90%	3,40
Commercial Loan	5	80%	47,00

At the end of 2020, there were no cases of non-compliance related to the information and labeling of products / services. As well, there were no cases of non-compliance with regulations or voluntary codes related to marketing communications (misleading advertising). However, complaints were received before the ACODECO (Authority for Consumer Protection and Defense of Competition) related to the reports made by the bank to the APC (Panamanian Credit Association) and the claims before the Superintendency of Banks of Panama, which are mostly related to fraud through online banking or charges applied to TDCs.



Information security and confidentiality

Protecting and preserving the confidentiality, integrity and availability of our clients' data and operations is a transversal point of the **Code of Ethics and Conduct**.

Regarding privacy violations, there are privacy guidelines, which include the use of the information collected, the prohibition of sharing the information, user options and responsibilities of the users of the applications and of the clients. In addition, the information collected is only used to analyze the traffic in its electronic banking services and adapt its contents to the needs of these information information submissions of products and services offered, subject to the latter, whether or not the user opts to receive such submissions in the future. We publish alerts to raise awareness about the safe use of our products and services and to avoid possible forms of financial fraud.

In addition to this, as of 2020 we have a **Cybersecurity Operations Center**, whose main objective is to detect and respond as early as

possible cybersecurity events that may arise. **Law No. 81 of March 26th, 2019**, on Protection of personal data, will be in force as of the year 2021 and the process of implementation is in progress, which aims to regulate the use of personal data of Panamanian citizens.

It can also be mentioned that during 2020, actions were carried out to strengthen information security and cybersecurity controls, like:

- Compliance with the complete cycle of internal and external security tests.
- Completion of the segmentation of communication networks in critical areas.
- Incorporation into the operational management of the entire process for the Payment Card Industry Data Security Standard (PCI DSS) certification.

No judicial or administrative proceeding has been filed against Banesco Panamá in the period in question based on the breach of the Principle of Banking Confidentiality, as well as no claims regarding customer privacy and/or loss of customer data.

Challenges and Opportunities

Experience

Develop frictionless experiences as a differentiating element, based on simplicity and consistency as guiding attributes of our initiatives.

Brand positioning

New brand positioning pillars projected for 2021.

Processes

Build and test scalable, profitable and efficient end-to-end models, ensuring that internal processes are designed to offer simple and consistent experiences to customers, based on self-management from hiring to post-sales and with robust systems that eliminate manual labor and operational errors.

Technology

The global environment demanded a new form operation that would keep the organization's work flow, so that customers could be served regardless of the mobility restrictions, access, technologies, etc., that the pandemic imposed. This supposed an adaptation of access platforms, cybersecurity measures, personal computers; aspects that were achieved almost immediately:

1. At least 50% of the workforce was able to telecommute.
2. The various platforms were adjusted to support this new demand for resources.
3. Immediate change of the standard desktop equipment, favoring portable computers.

These adaptations not only sought to maintain the bank's operation, but also to address continuity initiatives, new organizational initiatives and especially technology, essential to maintaining the standards of innovation and continuous improvement.

The main challenge for the Technology division has been to adapt the processes, organization and platforms to enable the bank's vision of becoming a 100% digital financial institution. The technology project strategy will be leveraging its actions in three axes:

1. Implementation of the Journey to Cloud
2. Implementation of the Open Banking architecture
3. Consolidation of Data Governance

Supply chain management

The year 2020 was a year full of great challenges for the organization as a result of COVID-19, including the supply chain. It was important to effectively manage the relationship with suppliers.

Some measures were taken to ensure for a reliable supply, depending on the new situation. Some of these actions included:

- New protocols and communications around biosecurity for the delivery of goods and invoices.
- Adjustment in the internal process for the receipt of goods and services, to avoid impacts on the organization's operations.
- Close relationship with suppliers through effective communication through the use of different channels.
- Timely identification due to the imminent closure of some

suppliers and alternate selection to keep the necessary services active (there are suppliers that are considered strategic partners of the business, so there were no impacts due to shortages or non-compliance of services).

- There was no initiative to advance payments, but the commitments acquired and the timely payment of the services or materials delivered were honored.

The management of the supply chain concentrated in three main pillars:

1. Ensuring the timely and sustainable supply of critical goods and services, without interruptions that will impact the operation, which in turn will guarantee the services offered to our client portfolio.
2. Review the portfolio of some delivered services to determine if their continuity was required; evaluate the production closure situation or cessation of certain services to avoid contracts (depending on impacts to operations".
3. Capturing savings in terms of negotiations, given the global economic phenomenon, which allowed supply costs to improve in many of the services, in order to maintain competitiveness in the market.

With these approaches, the non-interruption of services was successfully achieved and the savings and benefit goals established for the year were exceeded. These results, even in an atypical year such as 2020, show that the supply chain in Banesco Panama is robust and effective, as a result of an exercise for continuous improvement in supplier selection processes, which go through a rigorous evaluation and for the development of a lasting business relationship with support and timely communications that that make the operation sustainable.

Suppliers are the vehicle to implement many of the activities that touch the interests of our clients, our staff and the bank's operation; hence the importance of establishing close, solid and lasting relationships that allow us to manage without risks of any kind and safeguarding the necessary confidentiality, the scope of our Mission and Vision.

The supplier catalog is made up of 421 local suppliers that were honored with a payment in 2020. Solid support plans have been developed to have the best quality goods and services at competitive prices around the

market, with solid suppliers that comply with all regulations, tax policies and respect for social, environmental and gender equality issues.

Supplier Type	2018	2019	2020
Service Supplier Number	864	659	677
Goods Suppliers' Numbers			
Total	864	659	677
Purchases from Local Suppliers (\$)	2018	2019	2020
Goods and Services Purchase Value	50,653,884	62,173,563	69,672,651
Local Supplier's Purchases Value	39,088,107	49,096,647	49,738,560
Total	77%	79%	71%

The historical records of 2018 and 2019 of the supply chain was made up of an average of 78% of local suppliers, following the strategy of a supply with less risk by having sources of procurement close to our operation; and 22% of international suppliers, composed mainly of technology service providers that are sources of monopoly. In 2020, 71% of the procurement was made up of local suppliers. Of the suppliers used with recurrence on more than 3 occasions, a total of 398 of them provided services in 2019 and a total of 295 in 2020.

The most important short-term challenges in terms of supplier management are:

1. Continue with the supplier consolidation strategy for some portfolios of goods and services with more efficient scale negotiations.
2. Continue with the process automation line, through the implementation of the "Ariba" tool, which will allow, among other aspects: new saving opportunities and market practices analysis; Complete information on supplier management (strategic topics, from the contracting process to due diligence documentation). Implementation of a module dedicated to the administration of supplier

contracts to improve management with effective controls such as early warnings, as well as their track records, clauses and cost structures.

3. Implementation of the "Top 10" supplier evaluation process by category.

In the medium term, it is expected to:

1. Guarantee the most strategic level of categories and supplier evaluation to have a more reliable supplier chain and convert them into strategic partners.
2. Direct projects to achieve the efficiency of the suppliers that help us lead an optimal profitability model for the business operation.
3. Guarantee a sustainable supply model with vendors that comply with government, fiscal, social and environmental policies

Due to the nature of the business, our portfolio of suppliers does not present risks and cases of child or forced labor. In the 2020 period, no report or complaint related to this issue has been presented.

Anti-corruption Policies and Procedures in the Supply Chain

The criteria established in relations with suppliers include the signing of a framework contract for services and confidentiality, compliance with the civil liability policy and payment of social security to its employees. The Group's Purchasing Policy explicitly obliges suppliers to comply with environmental, social and human rights criteria.

Suppliers must be aware of and comply with the values, principles and behaviors established in the Code of Ethics and Conduct. In relations with them, it is estimated to deepen the promotion of a culture of sustainability that considers social responsibility in the contracting and purchasing processes. Hence, as part of the criteria for selecting and evaluating suppliers are those relating to fundamental human rights, the development of good environmental practices and worker rights, with an emphasis on

the eradication of child labor, non-discrimination, respect for collective bargaining and the rejection of forced or compulsory labor.

Banesco Panama currently does not have an additional supplier supervision system for the initial analysis of social and environmental risks, although its inclusion within the purchasing strategy and policy is expected, and which will be used as a framework for action by the rest of the companies in the Group.

On Human Rights

In the contracts signed by the bank with external suppliers, it is sought to include a clause that guarantees, by the supplier, respect for human rights, environmental standards, preservation of safety and occupational health.

In relation to the security service, it is outsourced; 100% of the staff received formal training on the organization's specific human rights policies or procedures and their application to security. The one-hour training took place in November, with the participation of 24 agents. Among the topics addressed were:

1. The voluntary principles on security and human rights.
2. Banesco policies and procedures relevant to Human Rights and Ethical Conduct.
3. List of private security within the framework of Banesco's internal regulations and the legal framework.
4. Identification of the main areas of conflict between private security and human rights.
5. Learn to distinguish and resolve conflicts that may arise in the activity of security and human rights

“ Today more than ever work is a blessing. Working at Banesco has represented a constant change for me. Banesco is a place that allows you to grow every day, both on a personal, intellectual and professional level. Each challenge that I have faced has allowed me to endow my knowledge, to work as part of a team and it has shown me that as long as you want to make things happen, you can.”

Kathia Padilla, Consumer Legal Documentation Manager, Credit Vice Presidency and Banesco volunteer.

Our People

[GRI 103-1,2,3; 102-8; 202-1,2; 401-1; 401-2,3; 403-2; 404-1, 2,3; 405-1,2]

Digitization and the change of the workforce have been impacting the traditional way of doing business in the financial sector worldwide. This is intensified by the world's greatest unforeseen health shock, which radically changed the business world, the lives of customers, employees and associates. Banesco Panama is focused for the next few years on the digital transformation, the experience of the client and the collaborator, which gains greater strength, becoming strategic levers to achieve their loyalty and impact on the growth of a much more efficient and profitable operation in the long run. term, with an inspiring leadership for the new generations, with highly committed teams and connected with the values and organizational culture.

The trend is to adopt digital and disruptive tools to accompany the business efficiently in its transformation process and incorporate initiatives that ensure adequate talent management, strengthen, develop and retain the best talent, enhance the experience of the collaborator and the service of the internal client, in order to strengthen the organizational culture and position the employer brand.

Relevant aspects of 2020

The organization's most important and comprehensive development and self-



development project, "La Academia Banesco," was started in alliance with the IESA school of management. This program allowed 57 employees to successfully complete this development opportunity, strengthening their leadership skills, strategic thinking, decision-making, collaborative work, technical knowledge related to the business, behaviors expected of a Banesco leader and, above all, empowering them the culture organizational.

In addition, a review of the competencies model was carried out, resulting in the incorporation of new concepts that seek to strengthen the catalog of said competencies, focused on new needs and challenges in terms of talent. As every year, there was an annual training plan, which has the purpose of keeping the different work teams within the organization updated on topics such as: technological, strategic and trend

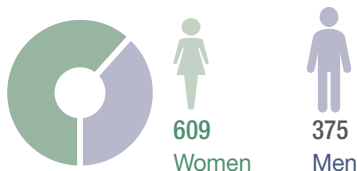
tools, as well as regulatory and regulatory aspects. legal concepts. This detection of needs (DNC) is carried out between Human Capital Training and the requesting area, in order to identify and establish the development actions that will be worked on throughout the year.

As part of the talent development strategies, training programs were implemented to improve the customer experience, focused on remote virtual service.

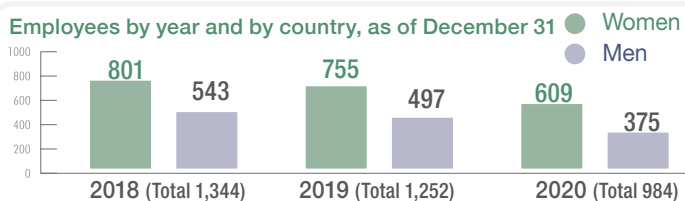
In addition, the partial telework modality was implemented, starting with an average of 49% of the total workforce of employees, going from being a benefit to a permanent work scheme. This led to the definition of teleworker competencies, promoting healthy teleworking habits, measuring the experience in the modality and the inclusion of some specific benefits for this group of employees (according to their needs).

LABOR AFFAIRS

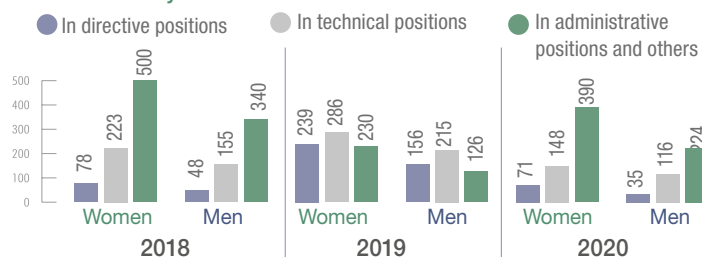
At the end of December 31, 2020, the number of employees is 984.



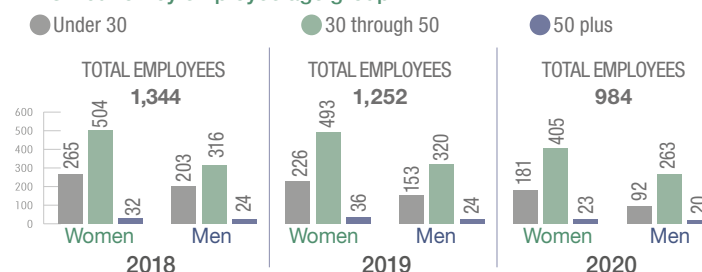
Distribution of employees by gender, country, age and professional classification



Distribution by Professional Classification



Distribution by employee age group



Employees belonging to a minority or vulnerable groups



Total number of employees by type of contract and region where the organization operates

	Panamá	Panamá Oeste (Includes Coronado)	Colón	Coclé (Penonomé)	Herrera (Chitré)	Veraguas (Santiago)	Chiriquí (David)
Temp Full-time	0	0	0	0	1	0	0
Temp Part-time	0	0	0	0	0	0	0
Indefinite Full-time	904	25	10	9	9	11	15
Indefinite Part-time	0	0	0	0	0	0	0

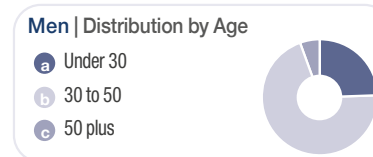
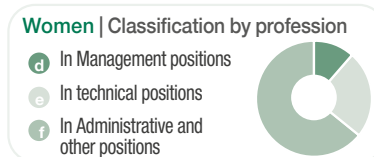
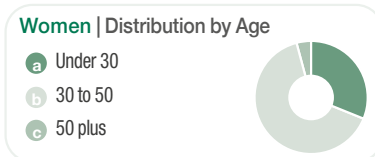
Rotation and hiring

The Human Capital team seeks to attract the best talent, ensuring that they comply with Banesco's skills and cultural fit. For the process of attracting talent, external sources such as Konzerta, LinkedIn or the internal referral program are used. However, for the coverage of vacancies, the main objective is that they be covered by the employees themselves, for this, internal competitions are continuously generated, which thus promote the growth of employees, backed by a "Employee Promotions Policy, Change of Positions and Succession."

In 2020, 227 employees were hired, most of them to replace vacancies. Given the pandemic, its impact and the new regulations, organizational initiatives were implemented to face these changes and in which there was 100% involvement from the attraction management, such as: strengthening of the Collections team, change and evaluation of profiles for the Digital Banking project (100% covered with internal staff). Regarding the rotation, 84 resignations were received (voluntary departures), resulting in 8.48% remaining below the estimated closing as of December 2020 (9.96%). There are no transition assistance programs for employees who retire or are laid off.

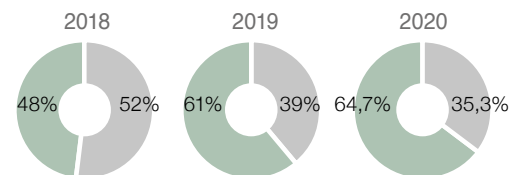
Total number of employees and distribution by age ranges and professional category, gender and types of employment contract

YEARLY AVERAGE	WOMEN					MEN				
	Temporary T. Full	Temporary T. Partial	Indefinite T. Full	Indefinite T. Partial	TOTAL	Temporary T. Full	Temporary T. Partial	Indefinite T. Full	Indefinite T. Partial	TOTAL
Age Distribution	0.00	0.00	609.00	0.00	609.00	1.00	0.00	374.00	0.00	375.00
Under 30	0.00	0.00	181.00	0.00	^a 181.00	0.00	0.00	92.00	0.00	^a 92.00
30 to 50 years old	0.00	0.00	405.00	0.00	^b 405.00	1.00	0.00	262.00	0.00	^b 263.00
50 and up	0.00	0.00	23.00	0.00	^c 23.00	0.00	0.00	20.00	0.00	^c 20.00
Distribution by Professional Classification	0.00	0.00	609.00	0.00	609.00	1.00	0.00	374.00	0.00	375.00
In management positions	0.00	0.00	71.00	0.00	^d 71.00	0.00	0.00	35.00	0.00	^d 35.00
In technical positions	0.00	0.00	148.00	0.00	^e 148.00	1.00	0.00	115.00	0.00	^e 116.00
In administrative and other positions	0.00	0.00	390.00	0.00	^f 390.00	0.00	0.00	224.00	0.00	^f 224.00



Segment of Senior Executives * Hired from Local Community

- National Executives
- Foreign Executives

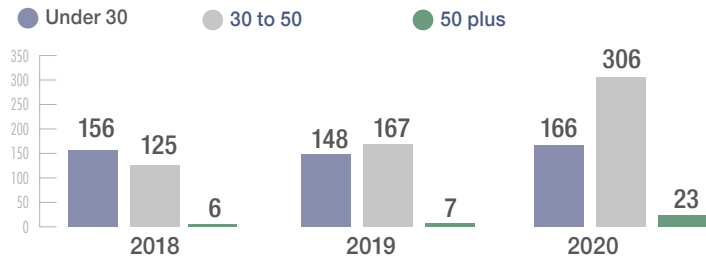


* Senior executives refers to the members of the Executive Committee: CEO, Executive Vice Presidents and Vice Presidents.

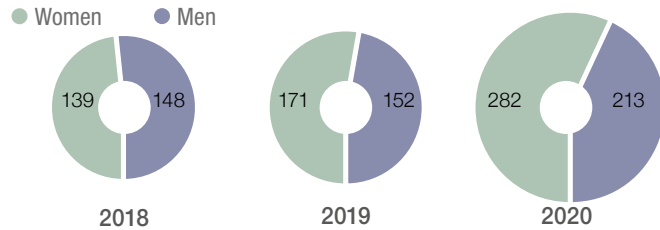
Employee hiring and staff turnover

Turnover	2018	2019	2020	Turnover	2018	2019	2020
Staff turnover rate	21.35	25.79%	50.3%	Retired employees by voluntary resignation	110	124	84
Staff turnover rate due to voluntary resignation	8.18	9.89%	8.54%	Dismissed employees	172	197	407
Deceased employees	0	1	2	Percentage of voluntary withdrawals / total withdrawals	38.32%	38.39%	16.96%
Retired employees due to pension plan or contract expiration	5	1	2				

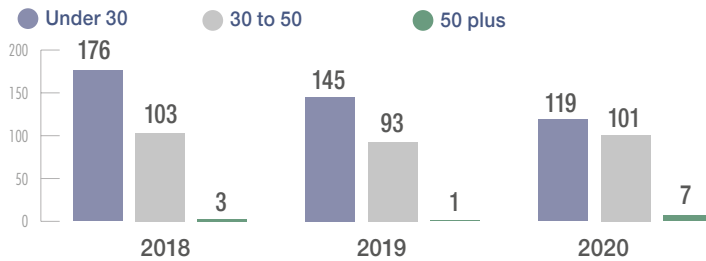
Staff turnover rate, distributed by age



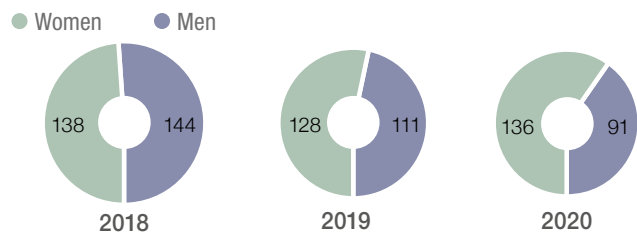
Staff turnover rate, distributed by gender



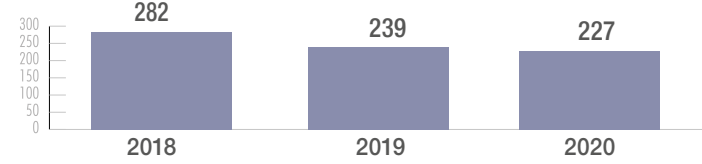
Personnel hiring rate, distributed by age



Personnel hiring rate, distributed by gender



Total number of new employee hires

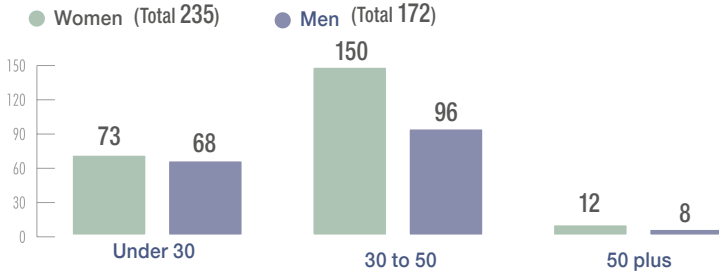


New employee hire rate

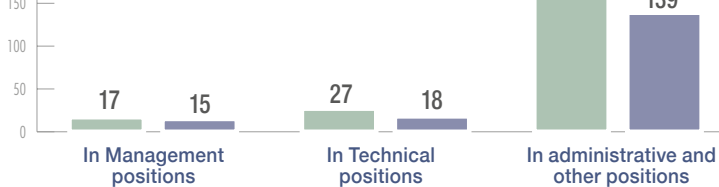


Number of dismissals by age, professional classification and gender

Age distribution



Distribution by Professional Classification



The Recruitment and Selection policies of Grupo Banesco are general, they do not specify the goal of locals and foreigners, but rather that the selection is based on equal opportunities, as well as on the evaluation of skills and cultural fit with the organization. The same applies to contracting suppliers.

Local hiring - Banesco Panama (banking)	2020
Employees	869
Suppliers	505

Remuneration

At Banesco there is a "Reward and Retain Human Capital" policy, which describes salary equity based on the following criteria:

F. Initial determination of salary and changes in the annual salary of employees

a. Annual salary

For all purposes of planning and salary administration, the concept of "COMP2" is used to define the amount of guaranteed payment that the employee receives annually. Typically, it is made up of 13 months of base salary plus fixed amounts or guaranteed payments, whether legal or extra-legal (for example, the "Aguinaldo," "XIII month" or other contractual bonus). In Banesco Panama the "COMP2" is calculated by multiplying the monthly base salary of the employee by the number of months corresponding to the salary package.

b. Salary Assessment at the time of making a new hire

The starting salary of an employee is based on the position (Descriptive Map), IPE grade and market median, following the following guidelines:

- The salary offer for the new income will be set by the Compensation Officer and / or Compensation, Payroll and Budget Manager and is presented by the Talent and Services Attraction Officer to the requesting area.
- Starting salaries will be positioned at the minimum -20% of the position's salary structure range and not at the last salary left by the previous occupant. This may have exceptions, approved by the Compensation Officer (up to the median), Compensation, Payroll and Budget Manager (up to the maximum of the band for Base,

Professional and Third Line Managers), Vice President of Human Capital (up to the maximum of the band for Second Line Managers and Vice Presidents) and Executive President (above the maximum of the band) depending on the seniority or professional trajectory of the new occupant.

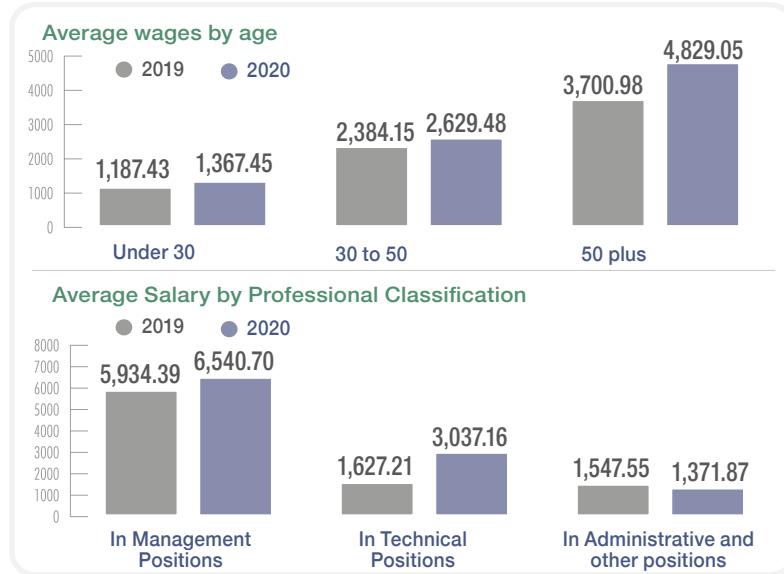
- As a general practice, individuals are brought into a new position close to -20% of the range (the range handled is -20% to + 20%) for the position, giving the opportunity for individuals to demonstrate their skills and grow within the range. Market Stall; however, higher initial ranges could be handled whenever circumstances so determine (availability of talent and demand, special skills, etc.) and with the approval of the Compensation Officer (up to the median), Compensation, Payroll and Budget Manager (up to the maximum of the band for Base, Professional and Third Line Managers), Vice President of Human Capital (up to the maximum of the band for Second Line Managers and Vice Presidents) and Executive President (above the maximum of the band).
- To determine the initial salary of a contract, the following variables will not be considered: gender, race, age, nationality, sexual preference and religion, which guarantees equal pay for equal work.

Minimum wage ratio broken down by gender

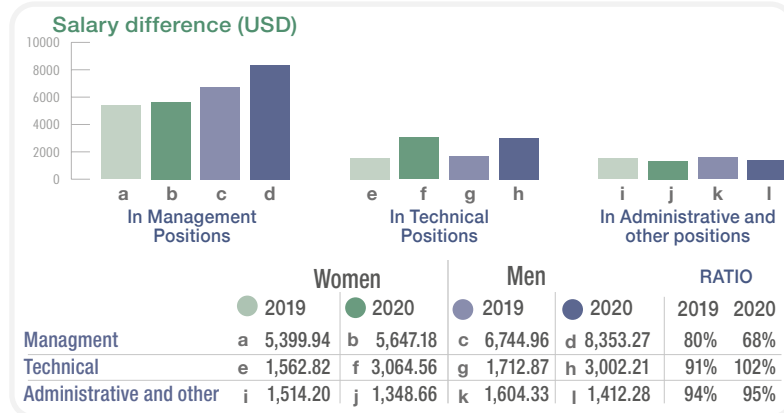
	2019		2020	
	Women	Men	Women	Men
Minimum wage paid in Banesco Panama	660.00	660.00	681.00	681.00
Minimum wage paid in Panama in the financial sector	659.36	659.36	680.16	680.16
% paid above the minimum wage in Panama	100.10%	100.10%	100.12%	100.12%

Average salaries by gender, age range and professional category

	2019		2020	
	Women	Men	Women	Men
By Gender	2,000.97	2,266.80	2,206.67	2,551.93



Wage gap, average wages and their evolution, broken down by gender and professional classification



In order to standardize the position segmentation parameters for accountability, an adjustment was established in the "management" positions, different from what was presented in the 2019 report. This will be the format used from now on, remaining from the Following way:

Position segmentation



"Management" Positions

- CEO
- VPE
- VP
- Managers



"Technical" Positions

- Specialists
- Bank Manager (according to our distribution in the system)



"Administrative" Positions

- Supervisors
- Professionals and technicians
- Base
- Support Level

Banesco Panama strives to maintain equality between women and men, favoring conditions so that gender does not pose an obstacle when it comes to accessing levels of decision or greater responsibility.

Gender equality, inclusion and non-discrimination

Banesco Panama strives to maintain equality between women and men, favoring conditions so that gender does not pose an obstacle when it comes to accessing levels of decision or greater responsibility.

The Code of Ethics and Conduct of the Banesco citizen establishes the equal treatment of all people, which implies a considerate and equitable behavior regardless of ethnic group, nationality, socioeconomic status, state civil, age, physical appearance, disability, political affinity, religious creed (or absence of it), sexual orientation or any other peculiarity of other people. Banesco citizens will not use sexist or racist expressions in their language, nor will they apply or allow any type of discriminatory or intimidating treatment.

Undoubtedly, an achievement that filled us with satisfaction during 2019 was obtaining the Gender Equality Seal, in the Gold category, which

is still in force and which recognizes us as a company that implements and develops experiences based on good practices employment with gender equality, mainly in the dimensions of: recruitment and selection, promotion and professional development, training, remuneration and salary, conciliation between work and family life, prevent / remedy sexual and work harassment, promotion of a good work environment and occupational health, and non-sexist business communications.

During 2020 we reiterate our commitment to gender equality, zero tolerance to workplace and sexual harassment, selection of personnel free of gender bias and respect for human rights, that is why awareness and training sessions were held for leaders and employees on issues related to equality and non-discrimination. Work was carried out on closing the gaps identified to comply with the "Guidelines for the prevention, attention and resolution of discriminatory acts" and with the "Protocol to identify, prevent and address gender violations in the business environment." has planned a second audit for the maintenance of the Seal of Equality.

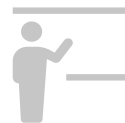
Regarding issues related to accessibility, there is a Diversity and Labor Inclusion Policy. Some spaces have been adapted for accessibility to people with disabilities, in line with Law 42 of 1999. Recruitment processes are open to men and women with disabilities and the selection is based on the technical and soft skills required by position. When selecting people with disabilities, the Welfare and SSO Specialist will ensure that the physical position meets all the requirements and adaptations necessary for the collaborator. At the end of 2020, two (2) employees with physical disabilities who are in the process of their certification are working at Banesco Panama.

Durante el periodo objeto de este informe no se presentaron casos de discriminación.

Training and Career Development

As a Group policy, the training of employees represents one of the strategic levers that reinforces and develops talent, which is why efforts have been made as an organization to identify, develop and train employees with it. purpose of counting and retaining the best talent. Hence, development programs are generated according to the needs of each business area

that allow us to face challenges and new organizational challenges. There is a Training Policy.



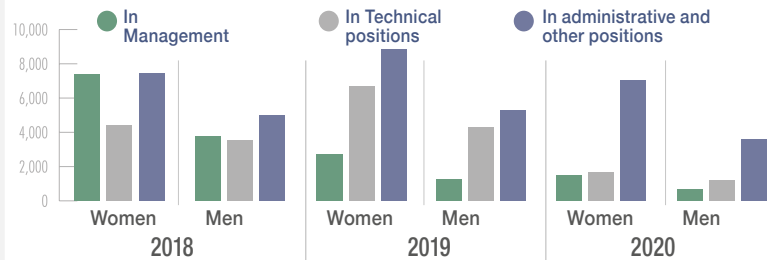
As part of the training programs that were developed, the following can be mentioned:

- **Banesco Academy:** focused on training high-performance talents and potential to strengthen leadership, strategic, Banesco DNA and comprehensive business management skills.
- **Collections Advisor:** strengthening of the new collections profile, evolving from the role of manager to being a "Collections Advisor" with technical and soft skills focused on the new collection reality.
- **VideoBanking:** training of executives with a remote service role developing talent in digital skills.
- **New Branch Model:** strengthening the new profile of branch and call center executives, going from being an agent to "Comprehensive Customer Service Executive," developing skills and complete knowledge of the bank's products and services.



Banesco Academy

Total number of training hours by professional category



Training Hours	2018		2019		2020	
	Women	Men	Women	Men	Women	Men
Management	7,402.50	3,793.50	2,691.50	1,282.00	1,494.00	668.50
Technical	4,420.50	3,534.50	6,666.00	4,276.50	1,658.00	1,203.00
Admin / others	7,430.50	4,965.50	8,831.00	5,268.00	7,055.50	3,610.50
TOTAL	19,253.50	12,293.50	18,188.50	10,826.50	10,207.50	5,482.00



Average training hours

	2018	2019	2020
Average training hours per employee	23.47	24.84	15.94
Average training hours per woman	24.04	25.22	16.76
Average training hours per man	22.64	24.22	14.62
Average hours of training per manager	199.02	58.80	20.40
Average hours of training per technician	38.27	32.51	10.84
Average hours of training per Administrative and others	39.96	27.19	17.37

There is an annual training plan that responds to the training needs identified in the areas, which focus on accompanying the bank's strategy and the development of employees.

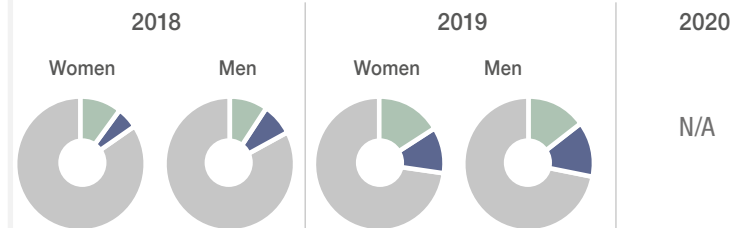
The annual training program includes training topics in:

- Strategic Training
- Legal and Regulatory Training
- Operational and Technical Training
- Transformational Projects

Leadership competencies as a strategic lever for talent were reinforced and development actions were identified in terms of organizational culture, collaborative work, agility, internal and external customer experience, among other competencies.

Number of employees receiving periodic performance and career development reviews

● Management ● Technical ● Administrative and other



	2018		2019	
	Women	Men	Women	Men
Management	10.46%	9.64%	16.25%	14.75%
Technical	5.30%	7.70%	11.08%	13.36%
Administrative and others	84.24%	82.66%	72.67%	71.89%
TOTAL	100.00%	100.00%	100.00%	100.00%

The annual performance evaluation by competencies for the 2019 period was carried out on 1,111 employees. It applies to active employees with seniority in the organization for three (3) months onwards. This evaluation does not include employees with executive levels (President, VPE and VP).

The performance evaluation corresponding to the year 2020 will be applied in the first two months of the year 2021, so the results will be included in the next report.

Well-being and measures to facilitate conciliation

In each of the Group's companies, the implementation of measures is worked on and promoted to facilitate the enjoyment of work-life balance. Among the main benefits that apply to employees can be mentioned:

- **Family conciliation benefits:** flexible hours, day off for birthday, up to three (3) days for seniority, early summer friday (2 hours off on summer Fridays), paternity / maternity leave (birth or adoption).
- **Health benefits:** life and health insurance for employees.
- **Special benefits:** 9 employees benefited from economic support vouchers as an emergency advance; 50 birth certificates; 7 marriage bonds and financial support for death for 9 employees.
- **Learning and growth benefits:** Scholarships for school and college are awarded. However, during 2020 the contest was suspended due to issues inherent to the pandemic (suspension of classes and there was no record of academic grades).
- **Savings benefits:** after 6 months in the bank, all employees can apply at low rates on bank products. Additionally, it has a portfolio of agreements with various businesses for discounts on products or services.
- **Telecommuting:** it is applicable under defined criteria such as good performance and productivity. At the end of December, there were 477 employees in this modality.

Additionally, entrepreneurship is supported and promoted through the "Mercadito Banesco," a space dedicated to publicize the undertakings of employees with the aim of generating opportunities for extra income. 28 employees enrolled in this activity.

Regarding maternity and paternity leave, these were the results, as established by Panamanian legislation:



Maternity and Paternity Leave

Parental leave	2018		2019*		2020	
	Men	Women	Men	Women	Men	Women
Number of employees entitled to parental leave	538	806	755	497	375	609
Number of employees who have taken parental leave		40	11	44	7	35
Total number of employees who have returned to work in the reporting period		40	11	44	7	35
Total number of employees who have returned to work in the reporting period and who continued to be employed 12 months after returning to work	N/A (this was implemented in this year)	33	11	19	7	29
Return to work and retention rates for employees who took the leave		100%	100%	100%	100%	100%

* The number of employees who took advantage of parental leave corresponding to the year 2019, has been corrected and updated.

As every year, health, sports and recreation activities are carried out for employees and their families.

Category	Activity	Number of participants per headquarters
Wellness	Family Day - Banesco Summer	128
	School fair	56
	Children's Day (virtual) - Play	66
	Children's Day - Photography Contest	6
	Patio sale (ergonomic chairs - teleworking)	70
	Patio sale (laptops - telecommuting)	82
	BanESCO Virtual Market	28
Health and Safety at Work	Blood Bank (donation)	7
	Drills and emergency management	10
	Course on the correct use of fire extinguishers	10
	Business Clinic Attention	1469
	Active in-person and virtual breaks	44
	Vaccination Day (influenza)	135
	Skin Care ("Summer Health Prevention")	15
	COVID-19 (accompaniment in health and well-being)	8
	PSA Day (October)	36
	Emotional Support Program	6
Wellness	Halloween Contest	9
	Health Webinar with María E. Espino - Keto Coach	64



Family Day - Banesco Summer



Children's Day - Photography Contest



COVID-19 (accompaniment in health and well-being)



PSA Day (October)

Health and Safety at Work

To preserve the health, safety and occupational hygiene of all stakeholders, there is a policy that guides employees in the matter and the processes established by management to identify, control and mitigate all risks and create a culture of safe work. An SSO mailbox has been created that allows employees to report any associated risk, which is channeled by the specialist in Wellbeing and SSO. The specialist conducts tours of all areas to review the physical work spaces and thus ensure that conditions are safe.

For incidents or accidents there is a form to report them, so that, with the parties involved, unsafe conditions / risks can be mitigated or eliminated. A root cause analysis is carried out to see what originated the event, which includes a physical inspection, with the support of support teams (Physical Security and Infrastructure). The annual risk review then determines if there is anything additional that should be placed in the matrix.

Among the benefits granted to employees is life and health insurance, which covers 984 employees. Additionally, a virtual exercise platform is offered with Power Club, Business Clinic, Lactation Room, health and wellness fairs, talks and workshops associated with health prevention, access to the Blood Bank.



Lactation Room



Accident rate and occupational illnesses by gender

Accident Rate	Women	Men	TOTAL
Work Accidents Without Sick Leave			
Total number of Accidents	2	1	3
Work Accidents With Sick Leave			
Total Number of Accidents	0	1	1
No. of work accidents in itinere	1	0	1
No. of work accidents in the workplace	1	1	2
Total number of days lost due to accident	0	0	0
No. of days lost in itinere accident	0	0	0
No. of days lost accident in the workplace	0	0	0
Accident rates			
Frequency index (No. of work accidents with sick leave / No. of hours worked * 1,000,000)	0.9163148018	1.49	1.13
Severity index (No. of days lost / No. of hours worked * 1,000)	0,00	0,00	0,00
Occupational Illnesses			
Total number of cases	0	0	0

Number of hours of absenteeism

Absenteeism (hours)	2020
Professional Contingencies	104
Work Accidents	104
Occupational Illnesses	0
Common Contingencies	10,442
Common Illness	10,442
Non-Occupational Accident	0
TOTAL	10,546



Some of the implemented measures related to the improvement of health and safety conditions at work include:

- Telemedicine care through the clinic (due to the pandemic).
- In alliance with Palig, the home delivery of a kit with medicines for employees with COVID-19 was managed.
- In alliance with the Power Club gym chain, the use of a virtual platform for functional exercises was socialized.
- During the month of October (Health Month), different activities were organized such as the influenza vaccination day for employees and their families, PSA day, active face-to-face and virtual breaks.

In the Republic of Panama there are no unions in banks. There are no employees covered under collective bargaining agreements, so there is no balance between them, especially in the field of health and safety at work. The organization of the dialogue with the workers is managed locally in each of the Group's companies.



Actions implemented for employees and clients in attention to the health emergency caused by COVID-19

- Implementation and communication of the biosafety protocol.
- Physical adaptations of branches and offices (100 protection barriers and 200 signs in branches and offices).
- Creation of the "Health and Hygiene Committee," in which two (2) employees were appointed per branch and six (6) from administrative areas.
- Delivery of thermometers for taking temperature and masks in tower and branches.
- Delivery of supplies for hygiene care to employees in person (disinfectant gel, alcohol and masks).
- Activation of the telework mode for an average of 500 employees and vacations for an average of 200 employees.
- Priority attention from the Business Clinic for employees with COVID-19 symptoms and the follow-up of positive cases.
- Campaign "With you at home," through which tips were provided to prevent the spread of COVID-19, as well as good practices in health and well-being in teleworking.

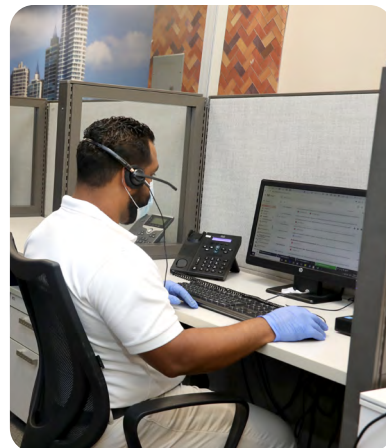


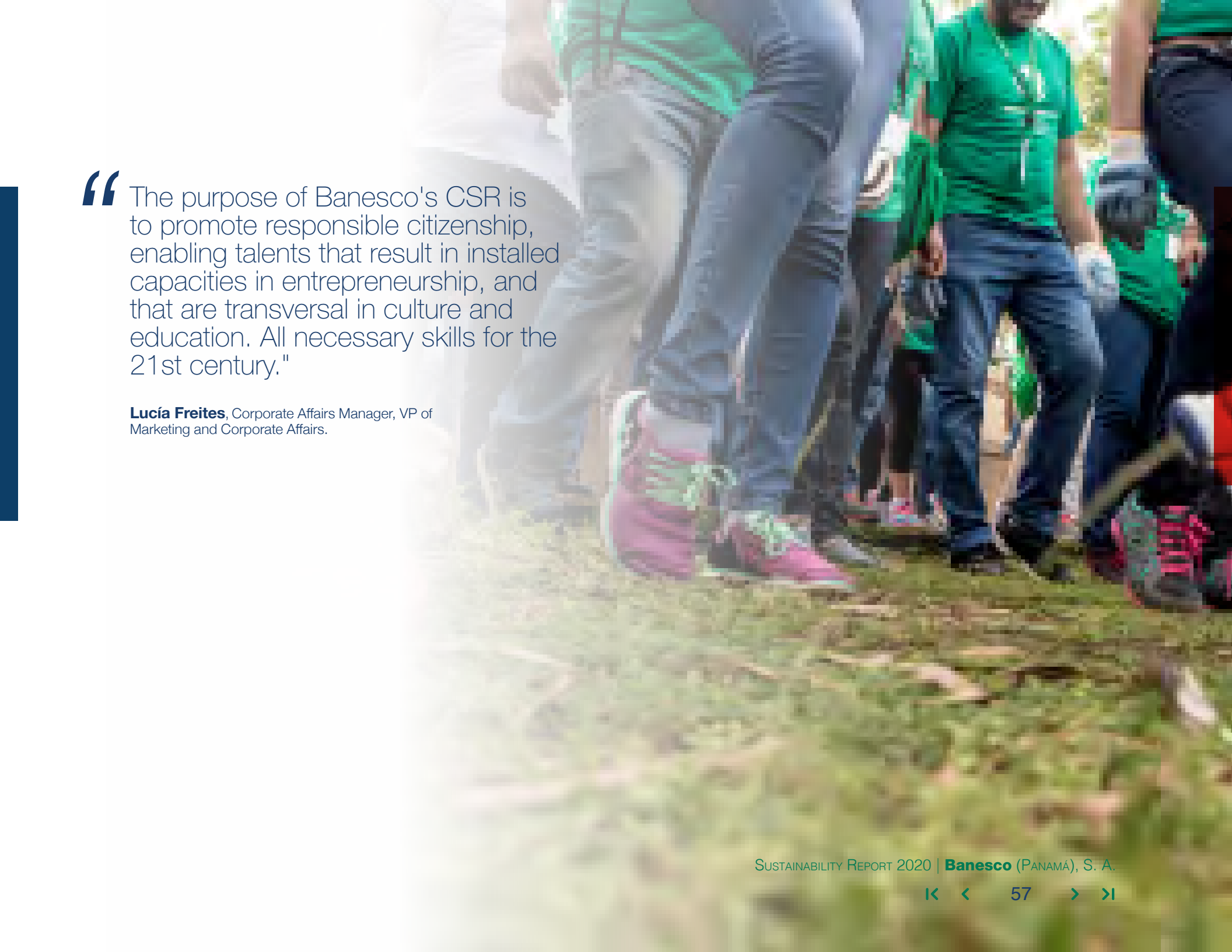
- Creation in conjunction with the Corporate Affairs management of a "Solidarity Fund" to assist employees in a state of vulnerability, directly and indirectly affected by the crisis caused by COVID-19; 92 classmates who received this aid were identified. Additionally, employees who in one way or another were economically affected, were able to avail themselves of the moratorium that allowed them extensions in the payment of their financial commitments.

- In alliance with Palig, an "Emotional Support Program" was implemented with a psychologist (anonymous attention) for those employees who needed it, mainly for managing the stress caused by the pandemic, among other aspects.

- Design of a strategy for the progressive return to the offices, which included:

- » The implementation of the "health custodian" by functional area to guarantee and monitor compliance with biosafety measures.
- » Adjustments in the schedules of the personnel who physically went to offices (flexible hours).
- » Use of cafeterias in shifts to avoid overcrowding of staff at intermittent lunch breaks and breaks.
- » Signage of workstations contemplating physical distancing in offices.





“ The purpose of Banesco's CSR is to promote responsible citizenship, enabling talents that result in installed capacities in entrepreneurship, and that are transversal in culture and education. All necessary skills for the 21st century.”

Lucía Freitas, Corporate Affairs Manager, VP of Marketing and Corporate Affairs.

Our Social Responsibility

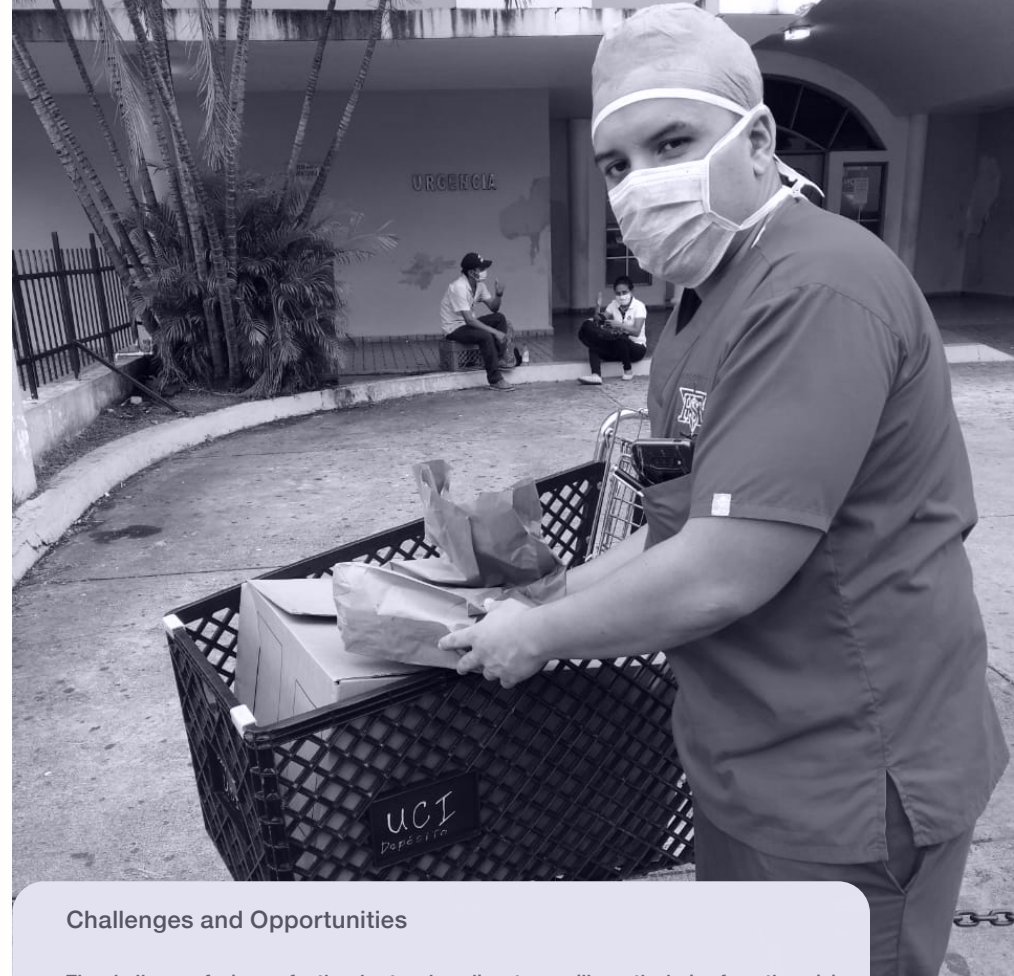
[GRI 103-1,2,3; 203-1; 413-1,2; FS-16]

For five years, Banesco Panama has defined four lines of action: "entrepreneurship, education, culture and environment," to tackle the challenges that in terms of country construction, social innovation and commitment to transparency, we intend to achieve with our social responsibility. All the activities that are part of these axes have been modified in order to meet the goals proposed for 2020 and to be able to respond to the demands of an environment completely affected by the pandemic.

In that sense, we have contributed with sponsorships and donations to emergency care both due to the pandemic and due to the onslaught of nature. In terms of "entrepreneurship," training was diversified, with emphasis on elearning for Banesco Entrepreneurs, due to biosafety and physical distancing measures. We attended 4,829 participants, out of a goal of 3,000. The Banesco Entrepreneurs face-to-face program began in the last four months of the year, supporting the Ministry of Social Development (MIDES) in its productive inclusion program, serving 1,355 beneficiaries in Veraguas, Herrera, Bocas del Toro and Panama Oeste.

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

An activity that was reinforced during 2020 was the presence in unions and associations. We had an active presence in the Chiriquí Chamber of Commerce (direction of the CSR Commission), the Panamanian-Venezuelan Chamber of Entrepreneurs (vice-presidency on the Board of Directors), the ActiVAdos Foundation (vice-presidency) and the Colón Chamber of Commerce (training in the field of agile methodologies); All these activities have been carried out Ad Honorem and have allowed the positioning of the Banesco brand.



Challenges and Opportunities

The challenges facing us for the short and medium term will mostly derive from the crisis that COVID-19 has generated; resilience and reinvention are becoming permanent qualities. CSR programs, which are mostly face-to-face, are being modified by biosecurity and the acceleration of technological tools that facilitate distance relationships.

Each of the axes that we handle in our social responsibility management has undergone changes in its performance. The economic impact of the confinement will remain in the medium term, this will demand that the budget that each company has allocated to its CSR programs be rearranged, it will promote more alliances and more precise focus of attention.

There will be more emphasis on corporate volunteering, as a great support channel to offset the margins of economic contributions. The need to carry out impact evaluations on social investment will continue to be imposed, in order to validate their relevance.

During the period of this report, no significant negative impacts - actual or potential - have been reported on local communities. Banesco (Panamá), SA within its **Environmental and Social Management Policy**, also publishes an "**Exclusion List**," which contains the list of activities in which it does not participate due to its harmful effect on the environment and / or communities where it operates.

INVESTMENTS IN THE COMMUNITY

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

Investment in CSR includes contributions to charities and NGOs, funds to support community infrastructures, and direct costs of social programs, such as cultural and training events; all this is evaluated annually through the PIPE.

The execution of the 2020 planning was affected by COVID-19, which forced the prioritization and reorientation of the strategies envisaged in the four lines of action. That is why the CSR budget was reoriented to ensure compliance with the commitments acquired and in turn re-plan the investment due to the new reality. This included the contribution to scientific and social initiatives that helped to address the health issues that have arisen around the pandemic. The investment in CSR was USD 851,080.70.

As always, the criteria for the selection of foundations and CSR beneficiary organizations contemplates the analysis of their alignment with the investment axes approved by the General Management and the Executive Directorate. Once evidence is obtained that the program / event / talk / activity is aligned with CSR management, it is submitted to approvals and evaluations of sponsorships and donations.



In the section on "Principles, agreements, statutes, alliances and initiatives developed externally," a detailed mention is made of the investment made.

PARTICIPATORY BUDGET

Banesco Participatory Budget is a fund destined to be donated to projects whose purpose is the common welfare, that is, a collective scope and impact, which results in the improvement of the quality of life of communities with indicators of social vulnerability.

For the third consecutive year, the program was carried out, this time in partnership with the Latin American Laboratory for Citizen Action (LLAC), organized by Jóvenes Unidos por la Educación and the Panama Canal. Due to mobility and biosafety restrictions, this edition was developed virtually with the participation of nine LLAC 2.0 projects. The objective of the LLAC is to train young leaders between 15 and 24 years of age from all over the country, in the development and promotion of projects and communication experiences of advocacy and citizen action, to contribute to the progress and sustainability of Panama. They received 72 hours of virtual training on business plans and their implementation; elaboration of



scenarios, measurement of the effectiveness of interventions, strategic models for scalability, replicability and sustainability of projects with an environmental-socioeconomic impact, considering the world scenario in the face of the health contingency.

Five winning projects from a fund of USD 40,000.00 were favored. It should be noted that the budget assigned to each project is non-refundable. It is considered a donation to the organization or group. However, the use of these funds is subject to financial and social supervision and audit by the representatives of the bank, Sinergia 507 and the project's beneficiaries themselves, in order to guarantee their proper use and the generation of social impact. All projects must be completed by March 30, 2021.

Program/ Initiative	Project Phase	Amount Assigned	Current or anticipated impacts on communities and local economies
1st Place "Give me a chance"	In process	13,395.00	"Give me a chance," is the first program in Central America providing virtual sessions for emotional well-being and behavior to young people in conflict with the law from ages 15 to 22. There are twenty-five direct beneficiaries and 4 indirect beneficiary groups (centers, guards, society at large and the State).
2nd Place: Ayudinga	Completed	10,000.00	Design and Execution of Strategic Planning for the Ayudinga Foundation to provide products and digital services that allow Spanish-speaking students between the ages of 13 and 25 to enjoy a better learning experience in math, physics and chemistry. More than a million direct beneficiaries from the foundation's YouTube channel.
3rd place: Nan Wins	In process	7,198.20	"Mothers' Mentor Program." Training for vulnerable mothers in the Republic of Panama to be mentors in the learning process of their children, through 8 sessions (in 4 weeks) of theoretical-practical classes in soft skills, study methodologies, platforms and virtual tools. Direct beneficiaries: 15 mothers Panamanians, guardians or caregivers, older than 18 years. Indirect: 73 people living with participant or people who depend economically and / or domestically.

Program/ Initiative	Project Phase	Amount Assigned	Current or anticipated impacts on communities and local economies
4th place: Activate yourself	Completed	5,000.00	"Activate yourself" project, to help children between 11 and 12 years to correctly recognize their basic emotions (emotional intelligence). Beneficiaries direct: 24 boys and girls living in red zones, exposed to crime and violence. Indirect: +45 parents, caregivers and teachers who are in direct or indirect contact with the students.
5th place: Kasanga	Completed	4,406.80	"Kasanga" is a project aimed a helping students from the third to the sixth grade that are school dropouts or who are in a state of academic vulnerability, leveling the filed in terms of learning opportunities in mathematics and Spanish with support from volunteers, and free and virtual educational tutorials. Direct Beneficiaries 129 students. Indirect: 273 people in the community where the children live and their relatives, the institutions where the volunteer tutors work or study.

BANESCO ENTREPRENEURS

It remains the flagship program of Banesco's social responsibility management. Under the health situation experienced during 2020, for the first time, the Banesco Entrepreneurs program (<https://bit.ly/3pOn4Sn>) did not reach the maximum goal of certified participants, planned for 1,800 people. This, of course, is due to the restrictions produced by COVID-19 and the forced social distancing. However, in an irregular year, it was quite an achievement to certify 1,355 participants who received training under





strict biosafety standards in the provinces of Veraguas, Bocas del Toro and Herrera, as well as the Veracruz area. From 2015 to the end of 2020, there are a total of 13,277 certified women and men in the 10 provinces of the country, representing more than 470,000 thousand hours of training and an investment of USD 2,655,400.00 in the training of entrepreneurs nationwide. All this with the support of the social partners, who are the executing arm of this initiative.

Banesco Entrepreneurs is a free program, with a duration of 32 academic hours and contains 8 modules that address from personal development and leadership, to control of income, expenses and preparation of business plans. Corporate volunteering has been an integral part of these educational sessions, offering its skills and deepening the identification of our employees with this line of action.

Banesco E-learning Entrepreneurs

Our online platform was very pertinent and effective during 2020, since it allowed that in the midst of the circumstances experienced, those entrepreneurs with an interest in training will have this useful tool to learn from any place, time and electronic device. At the end of 2020 we had the participation of 4,829 and 1,560 certificates.

CORPORATE VOLUNTEERING

When it comes to challenges, volunteering was a very big one in this atypical year, which required a reinvention to materialize some achievements, given the restrictive conditions. This is how we closed 2020 with 144 volunteers, 48 of these assets and a total of 168 hours of corporate volunteering, in five activities, namely:

1. Discussions: "Volunteers who generate impact and transform environments" in August, with the support of Sinergia 507 and a masterful presentation by Juan Carlos Córdoba. And the second virtual meeting, entitled "The importance of learning and teaching citizenship skills," held in October, in partnership with FundaMorgan and the Panamanian Debate Association (ASPADE).
2. Participatory Budget, which had the professional volunteering of the Audit, Business and Legal Consulting teams.
3. LLAC 1.0 and 2.0, which also counted on professional volunteering for the pre-selection of applicants to participate in this program and also support as facilitators in the training of the children in topics such as finances, budgeting and projects.
4. A "friendly letter" in alliance with FundaMorgan to give affection and a written word of encouragement (letters) to all the people affected by COVID-19 who were in hotels and hospitals.

Finally, and for the second consecutive year, within the framework of the International Volunteer Day, the General Assembly of Corporate Volunteering was held on December 4, in order to present an account of the achievements achieved, present the goals for the new period and offer well-deserved recognition to active volunteers.



"There is nothing greater than a volunteer's heart."

Our Environmental Performance

[GRI 103-1, 2, 3; 102-11; 301-1; 302-1,4; 303-5; 304-2; 305-1,2; 306-2; 307-1; 408-1; 409-1; 412-1; FS-1,2,4,9]

ENVIRONMENTAL RISKS AND OPPORTUNITIES

The Group's global operations are governed by laws relating to the protection of the environment. All companies ensure compliance with environmental laws in their management.

In general, the main environmental aspects taking into account the business activity would be electricity consumption, water consumption, fuel consumption of own vehicles, as well as office consumables such as paper, toner, packaging, cardboard, batteries, fluorescents and electrical and electronic appliances. On the other hand, soil pollution, water pollution, atmospheric emissions (NOx, SOx, particles, etc.), noise pollution or light pollution that are significant due to the type of activity carried out are not contemplated. Banesco Panama does not have environmental certifications (for example, ISO 14001), as well as provisions or guarantees for environmental risks. However, it should be noted that we are signatories of the "Principles of Responsible Banking," through the Financial initiative of the United Nations Environment Program (UNEP FI). These principles are designed as guides to strategically align the business to the Sustainable Development Goals (SDGs), the Paris Agreement and relevant national frameworks. During 2020, virtual workshops were held with members from Latin America, the purpose of which was to provide guidance on the scope and impact of each principle, with suggested measures that banks can use to apply them. It is planned for 2021 to present the first self-assessment report on the implementation of the "Principles of Responsible Banking".

The Precautionary Principle or Approach is integrated into Banesco Panama's Environmental and Social Management System. That is why our management seeks to ensure that, throughout the credit process, when identifying a risk of serious or irreversible damage to health or the environment, the lack of absolute scientific certainty is not used to postpone the adoption of effective measures.



Due to the activity carried out, no foreseeable or current effect of the company's activities on the environment is contemplated.

Management and resources in this regard have focused on 3 key elements:

- **Environmental and Social Management System ESMS:** applied to our client portfolio with financing that is considered within the environmental and social impact profile. The SGAS applies to all business lines in Panama. Eventually, the application is contemplated in the countries where the bank carries out its credit operations through the International Banking segment.

- **Internal management of environmental resources** (energy, water, waste management): due to the nature of the activities, this management applies to all companies included in the scope.

- **Suppliers:** we try to select and maintain suppliers that are aligned with our commitment not to generate significant environmental impacts. Suppliers are required to know and comply with the values, principles and behaviors established in their Code of Ethics and Conduct, which includes issues related to environmental impacts.

The **Corporate Policy for Environmental and Social Management**, is the regulatory framework of the organization, whose purpose is to transmit the commitment to sustainable development, guaranteeing the incorporation of environmental and social aspects in the bank operations. As a result of this, they implement the following aspects:

a. An **"Exclusion List"** was established, which details the activities or projects that will not be financed by the bank, among these we can mention, for example, activities that threaten biodiversity, peoples indigenous people, conservation of high value areas, such as child labor.

b. Application of an Environmental and Social Management System (ESMS), which integrates the identification, evaluation and management of environmental and social risks in the credit process of the bank's operations. This system identifies those operations that may generate environmental and social impacts, in order to prevent and / or mitigate them, considering international regulations and standards.

c. A clause is included in supplier contracts, where they undertake to manage and implement good practices in human rights, labor, environment and anti-corruption (in accordance with the principles of the United Nations Global Compact).

d. The Board of Directors is periodically informed of the environmental and social performance of its activities.

e. Environmentally friendly technology is implemented within the work areas (branches), in search of efficiency in energy saving, consumption of water, paper and office supplies.

During the 2020 period, no fines or sanctions were recorded for non-compliance with environmental or social regulations.

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

Although on the very axis of the business, resources are provided for the development of activities where environmental and social impacts may arise caused by inadequate management, it is committed to seeking and maintaining a more sustainable portfolio, based on existing policies and methodologies. for the identification of socio-environmental risks during the granting of credits, under a general framework of legal, responsible and ethical action.

For the year 2020, the revision of the **Corporate Policy for Environmental and Social Management** was carried out, but no modifications were applied. Likewise, as a guiding document, the "Master of Procedure" is maintained for the evaluation of E&S risks in the granting of a loan; in which the fundamental route for the implementation of the ESMS is presented, detailing the scope, responsible, flowchart and tools to carry out the materialization of E&S risks in investment projects, with the aim of complying with national legislation and alignment with international environmental and social standards, which incorporate the performance standards on environmental and social sustainability of the International Finance Corporation (IFC, for its acronym in English).

With due follow-up during 2020, we worked with the external consultancy ERM (Environmental Resources Management), in the last two phases of the implementation of the ESMS, which included continuous support, evaluation of credit analysis to determine the criteria of evaluation and training. Two reports of this management were raised and presented to DEG Germany (Deutsche Investitions und Entwicklungsgesellschaft). The process culminated in a satisfactory manner with the implementation of the environmental and social risk assessment in the credit operations that apply to it. Although an annual internal audit process is planned for the ESMS, given that the system was in its first year of implementation and that it was atypical due to the health context, only ERM support was provided for the start-up. of the aforementioned phases, the audit scheme is projected from 2021.

Regarding the main results to achieve the established goals, the following can be mentioned:

1. The integration of E&S aspects in the organization's

comprehensive risk regulatory training.

2. E&S risk classification according to its sector, subsector and economic activity within the CRM tool. As of September 2020.

3. Inclusion of E&S aspects forms, due diligence and categorization tool in the CRM, in the visit report format. As of September 2020.

4. Registry of clients classified according to their A&S risk classification. As of September 2020.

For the Local Specialized Banking and SMEs, the implementation of the ESMS was established for new loans and the reviews of operations that are contemplated within the environmental and social impact profile, in order to start with the classification of the bank's loan portfolio, according to your sector and economic activity. For International Banking, the implementation of the ESMS had been estimated progressively, but with the biosanitary situation of 2020, it did not make it effective. It is expected for the 2021 period, to make an assessment for a future execution. Within what is evaluated in Local Banking we can mention:

Risk Type	Number of Cases	Analysis
High Risk Cat. A.	0	Of the clients evaluated, it has not been determined if their activities have an environmental and/or a significant negative social and irreversible impact
Medium High Risk Cat. B+	17	Of those evaluated are classified into: <ul style="list-style-type: none"> • Agroindustrial and agribusiness activities: 10 credits • Activities related to construction works: 5 credits • Activities related to mining: 1 credit • Activities related to oil derivatives: 1 credit
Medium Risk Cat. B	15	Those evaluated are classified into: <ul style="list-style-type: none"> • Agricultural activities: 10 credits • Retail trade: 3 credits • Construction derivatives: 1 credit • Wholesale and retail: 1 credit

Risk Type	Number of Cases	Analysis
Low Risk Cat. C	56	Economic activities of assessed clients, where there are no environmental and social risks or where they are minimal.

During 2020 and as a result of the COVID-19 pandemic, the diligence in carrying out environmental and social aspects within credit evaluations were also affected. Because field visits were limited, inquiries were raised via email or calls with the client. The qualitative information captured by the business officer was essential for the analysis.

The reviews related by COVID-19 aspect did not classify within the environmental and social risk assessments. Hence, they became a major obstacle for the first year of ESMS implementation, due to all public, economic and occupational health circumstances.

The bank has established the **Corporate Policy for Environmental and Social Management** (), which defines the environmental and social objectives and principles, to achieve sustained performance that allows a positive impact on the operation of the organization. It is committed, in turn, to the fulfillment of human rights and to make the ESMS viable, complying with **The Exclusion List**, in alignment with international standards, including the eight performance standards. on environmental and social sustainability of the IFC, the latter having five standards related to human rights:

1. Work and working conditions
2. Community health and safety
3. Land acquisition and involuntary resettlement
4. Indigenous peoples
5. Cultural Heritage

By which it can be indicated that the SGAS ensures within all (100%) its environmental and social risk assessments, respect for human rights and the impact that the activities can contribute to society.

On the other hand, two training periods were carried out, in which the areas of Business Banking and Credit participated. These sessions were intended to reinforce the implementation of the ESMS, explaining in detail the process flow and digitized forms in the CRM tool. The first day was held in March in person and the second in October, in virtual format. As a result of this, a total of 101 employees were trained.

Resources for Environmental Risks Prevention

Resources	Unit	2020
<i>Environmental expenses and investments (for replacing lights and waste - recycling management)</i>	Local currency	22,043.61
Number of employees dedicated to environmental management	Units	1
Hours of environmental training given to employees	Hours	909
Other material resources*	Local currency	4,240.00

* UNEP FI Membership. The expense corresponds to 2020, but the payment was made in 2021.

Regarding Provisions or Environmental Risk Guarantees

Given the activity carried out at Banesco Panamá, no provisions or guarantees have been made regarding environmental risks. However, the organization has a set of tools to meet the needs of customers in the face of possible or effective deterioration of their payment capacity derived from adverse situations (taking into account environmental risks), which lead to an increase in credit risk; Said instruments are documented, in the case of consumption in the "Consumer Credit Restructuring Manual, and for Corporate in the "Restructuring and Refinancing Policies."

WASTE MANAGEMENT

Waste management was impacted by the global contingency produced by COVID-19, due to the quarantine that paralyzed, among other aspects, the dynamics of waste collection for recycling; hence the decrease or decrease of the compiled material. Once the corresponding permits were restored, we resumed the process through the provider Energías Renovables de Centroamérica, SA (ERC), which guarantees a lower environmental impact. This is how the classification of materials in activities such as paper (which cannot be reduced), cardboard, aluminum, glass, tetrabrik and plastic was maintained. In 2020, the recycling of batteries (alkaline) began.

During 2020, 5,640.4 kilos of materials were generated and recycled, among which we can mention: paper, cardboard, tetrabrik, glass, plastic, among others. Additional, 13.2 kilos of batteries (alkaline).

Non-hazardous waste generated (Torres Ocean Business Plaza and PH Forum)

Paper and cardboard (kg)			Plastics and metals (kg)		
	2019	2020		2019	2020
▶ White	3,250.6	2,389.5	▶ Tetrabrik	75.1	35.4
▶ Cardboard	2,100.6	1,960.9	▶ Plastics and metals	697.6	675.9
Total	5,351.2	4,350.4	▶ Glass	174	135.9
			▶ Iron	39.4	23.2
			▶ Aluminium	325.7	301
			Total	1,311.8	1,171.4

Hazardous waste generated (Kg)			Non- recyclables (kg)		
	2019	2020		2019	2020
▶ Batteries (AA)	N/A	13.2	▶ Non recyclables	333.2	91.3
Total		13.2	▶ Toner	13.6	27.3
			Total	346.8	118.6

Due to the type of activity and the need to permanently update the technology, equipment is discarded, so donation programs have been implemented to contribute to the priority CSR activities, such as education and at the same time generate a culture of reuse and recycling of the electronic material, which allows a sustainable use of resources. In 2020, 22 teams were delivered, distributed as follows:

- 20 computers (complete desktop) Ministry of Social Development (MIDES).
- 2 teams (complete desktop) project "Panama without Limits".

Discarded technological equipment:

5 monitors

- 186 CPU
- 4 Lexmark printers
- 10 LS100 check readers

From the furniture item and due to the contingency produced by COVID-19 (which forced the implementation of telework), a patio sale of 68 chairs was given for the use of employees. They were sold at the cost recorded in books.

Finally, no action is currently being taken to combat food waste.

SUSTAINABLE USE OF RESOURCES

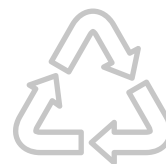


In the work environment, the sustainable use of resources is oriented towards the following elements:

- **Water consumption:** water consumption in 2020, except for the six branches in which the cost of water consumption is included in the maintenance plan, was 10,570.35 m3. This record does not include the consumption of all offices and branches, which, because they are within shopping centers or under the regulations of a PH, pay a fixed maintenance fee that does not detail the specific consumption. Water consumption is regulated by the government and maintains standard rates for the areas and dimensions of the building; turnover has remained constant in recent years.

Municipal Water Supply or Other Water Companies

Water Consumption (m3)	2020	2019	2018
Surface waters: wetlands, rivers, lakes and oceans	N/A	N/A	N/A
Groundwater	N/A	N/A	N/A
Rainwater captured and stored by organization	N/A	N/A	N/A
Wastewater consumption (ex: water used for irrigation)	N/A	N/A	N/A
Municipal or other water supply water companies	10,570.35	14,057.21	15,214.00
TOTAL	10,570.35	14,057.21	15,214.00



• **Material Use and Measures Adopted to Improve the Efficiency of Their Consumption:**

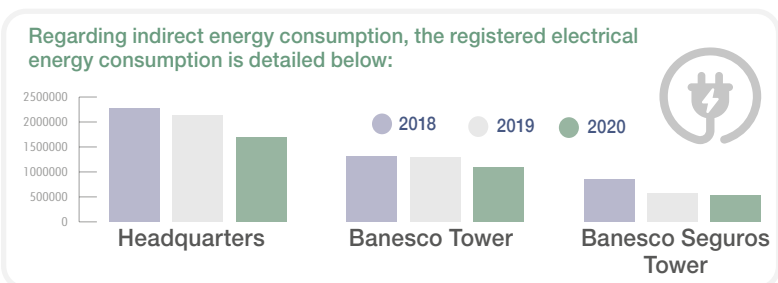
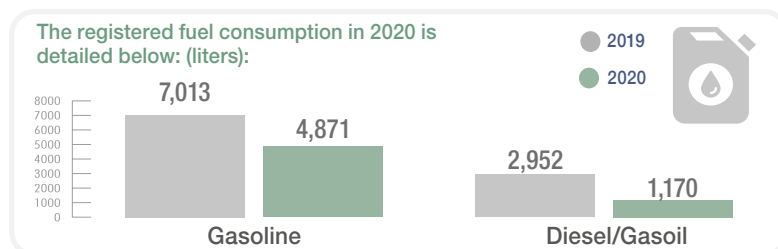
As indicated in the section on waste management, since 2019 the process of identifying some materials used in the activities such as paper, cardboard, glass and plastic has been progressively started and local recycling managers have begun to use that guarantee a lower environmental impact.

- Regarding the reduction of the use of paper, by type of company, all banking services activities generate a high consumption of paper, which is why the implementation of a strategy that allows reducing the consumption of paper has been one of the elements that still need to be worked on hand in hand with the regulatory body. Paper consumption was 3,027 reams of paper, at a rate of 500 pages per ream. Regarding the data on toner consumption, there is no data because it is an external or outsourced service (printer rental).

Material Use	Unit	2020	2019
Container and Packaging Material			
Bond Paper (reams of 500 sheets)	Unit	3,027.00	6,371.00
Pre-printed material	Unit	59,590.00	464,700.00
Stationery			
Office Supplies	Unit	42,262.00	70,639.00

For the next period, the implementation of data analysis is contemplated for the efficient management of inventories that are in each branch and headquarters for the strategic supply of each requested material.

- **Direct and indirect energy consumption:** the main fuel consumption corresponds to our own vehicles (diesel and gasoline), while the fuel used in generators that generate electricity when there are drops in the electricity grid is not reported because it is not very significant. Other types of fuels are not consumed and the size of the fleet of own vehicles is very limited.



Acquired Third Party Electricity Use (Kwh)

	Source	Country	2020	2019	2018
Banesco Panamá (Head quarters)			1,690,246.00	2,133,092.00	2,272,890.00
Banesco Panamá (Banesco Tower)	Non-renewable	Panamá	1,097,831.00	1,288,552.00	1,316,826.00
Banesco Panamá (Banesco Seguros Tower)			523,008.00	567,871.00	848,765.00
Total			3,311,085	3,989,525.00	4,438,481.00

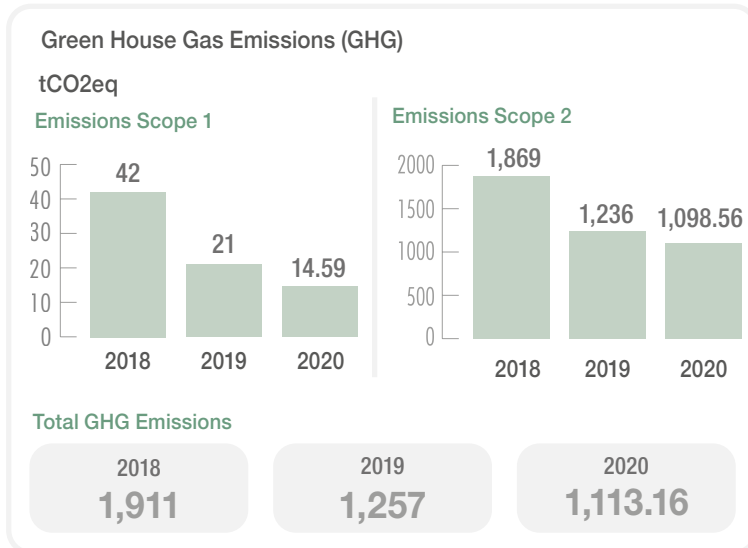
In particular, in 2020 energy consumption decreased by 17% compared to 2019, this due in large part to the contingency caused by COVID-19. Some of the measures applied included teleworking and at the same time new schedules were implemented for turning the air conditioners on and off (shorter days). It should be noted that 430 fluorescent bulbs were changed to LED lights, in the checkout areas of all the branches, in this way, the replacement process was finalized, so the organization is free of fluorescent lights.

In order to improve energy efficiency, the organization has established in the tenders for the new branches a better distribution of the areas, with smaller and more efficient spaces, installation of high-performance equipment, saving water and energy. The use of LED lights, single control taps to regulate the flow rate and time of use (such as flushometers in toilets to use less water), as well as a suitable schedule for turning the air conditioners on and off. Likewise, the 5R campaign remained in force to follow up on energy, water and recycling saving initiatives. It does not currently use renewable energy. However, negotiations are under way with different electricity providers to provide electricity from renewable sources.

CLIMATE CHANGE

Due to the type of activity we carry out, the main initiatives in the field of climate change focus on improving energy efficiency of buildings, reducing energy consumption and the future use of energy from renewable sources.

With regard to CO₂ emissions, taking into account the energy consumption indicated in the previous section and the scope delimited in the tables, the CO₂ emissions of Scopes 1 and 2 are reflected in the following table:



For the calculation of GHG emissions, the fuel emission factors updated to 2018 from the United States Environmental Protection Agency (EPA) have been used, as well as the emission factors estimated from the data of the National Dispatch Center of Panama and the Secretary of Energy 2018.

Voluntary medium and long-term goals have not yet been established to reduce greenhouse gas emissions, but work will be done on this in the coming years.

PROTECTION OF BIODIVERSITY

Due to the type of activity carried out by the business, the impact on biodiversity is not considered significant. However, the Environmental and Social Management System contemplates the identification of applicable environmental aspects in financing, including a special emphasis on the conservation of biodiversity and natural resources.

Challenges regarding environmental risk and opportunity management

The challenges in water and sanitation management are oriented towards the early and priority measurement of these risks. In the short term, the approach is aimed at:

- Establishing an environmental and social culture plan through the training of all areas within the organization.
- Creating a sustainability committee that allows the involvement of different areas with preponderant roles in these issues, in order to form a work table where socio-environmental initiatives can be managed and promoted internally, but the issues can also be evaluated and discussed current events that arise in Panama.
- Identifying the economic sectors and clients that present the greatest environmental and social impacts within the loan portfolio, in order to work with them to carry out good water and sanitation practices within their activities.
- Considering aspects related to climate change within the ESMS.

In the medium term, creating a "sustainable business" model that generates well-known socio-environmental benefits, such as green credits (that provides favorable conditions of interest rates, grace period and / or amortisation, flexibility in the type of guarantees, etc.) . And in the long term, establishing collaboration in the banking sector, based on the support and commitment of banks to develop voluntary standards at the national level, joining forces to promote the sustainable development of the country and work for environmental preservation and the sustainable use of resources.

As signatories of the Global Compact, we adopt as our own its ten principles in its four core areas:



HUMAN RIGHTS

PRINCIPLE 1: We support and respect the protection of fundamental Human Rights, recognized internationally.

PRINCIPLE 2: We make sure that we are not complicit in the violation of Human Rights.



ENVIRONMENT

PRINCIPLE 7: We maintain a preventive approach that favors the environment.

PRINCIPLE 8: We encourage initiatives that promote a greater environmental responsibility.

PRINCIPLE 9: We encourage the development and diffusion of environmentally friendly technologies.



LABOR PRACTICES

PRINCIPLE 3: We support freedom of association and effective recognition of the right to collective bargaining.

PRINCIPLE 4: We support the elimination of all forms of forced labor or labor carried out under duress.

PRINCIPLE 5: We support the eradication of child labor.

PRINCIPLE 6: We support the elimination of discrimination practices in employment and occupation.



ANTI-CORRUPTION

PRINCIPLE 10: We work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the UN Global Compact are derived from the Universal Declaration of Human Rights; the Declaration of the International Labor Organization; the Rio Declaration on the Environment and Development; and the United Nations Convention against Corruption.

2020 Sustainability Report Content Index

[GRI 102-55]

GRI standard	Indicator	Sustainability Report Word Document	Page
BASIC GENERAL CONTENT			
Fundamentals			
101	Fundamentals	About this report	5
ORGANIZATION PROFILE			
102-1	Organization's Name	About us	7
102-2	Activities, brands, products and services	About us	9-10
102-3	Headquarters' location	About us	7
102-4	Location of operations	About us	8
102-5	Legal Ownership and Structure	About us	8
102-6	Markets Served	About us	8
102-7	Organization Size	About us	8-9
102-8	Employees and other Workers' Information	About us	10, 46
102-9	Describe the Organization's Supply Chain	About us	10, 41
102-10	Significant Changes in the Organization and its Supply Chain	"Looking Ahead to 2020, in the Face of Uncertainty Our Business-Supply Chain Management"	11, 41

GRI standard	Indicator	Sustainability Report Word Document	Page
102-11	Please Indicate How the Organization Addresses, If Applicable, The Precautionary Principle	Our Environmental Performance- Risks and Opportunities of An Environmental Nature	62
102-12	External Initiatives	About this Report	5
102-13	Make a List of Associations and National or International Promotion Organizations to which the Organization Belongs	"Looking Ahead to 2020, in the Face of Uncertainty"	11, 75-79
STRATEGY			
102-14	Statement From Senior Decision-Makers	General Message from our Executive Chairman and CEO	2
102-15	Describe the Main Effects, Risks and Opportunities	Our Business - Comprehensive Risk Management	30-33
ETHICS AND INTEGRITY			
102-16	Values, Principles, Standards and Norms of Conduct	Corporate Governance, Ethics and Transparency	16
102-17	Advisory Mechanisms and Ethical Concerns	Corporate Governance, Ethics and Transparency	16
GOVERNANCE			
102-18	Governance Structure	Corporate Governance, Ethics and Transparency	17

GRI standard	Indicator	Sustainability Report Word Document	Page
102-19	Delegation of Authority	Corporate Governance, Ethics and Transparency	18
102-21	Consultation with Interest Groups on Economic, Environmental and Social Issues	Corporate Governance, Ethics and Transparency	18-20
102-22	Composition of the highest governance body and its committees	Corporate Governance, Ethics and Transparency	18-20
102-23	Chairman of the highest governance body	Corporate Governance, Ethics and Transparency	18-20
102-24	Nomination and selection of the highest governance body	Corporate Governance, Ethics and Transparency	18-20
102-25	Conflicts of interest	Corporate Governance, Ethics and Transparency	18-20
102-26	Role of the highest governance body in the selection of objectives, values and strategy	Corporate Governance, Ethics and Transparency	18-20
102-27	Collective knowledge of the highest governance body	Corporate Governance, Ethics and Transparency	18-20
102-28	Performance evaluation of the highest governance body	Corporate Governance, Ethics and Transparency	18-20
102-29	Identification and management of economic, environmental and social impacts	Corporate Governance, Ethics and Transparency	18-20
102-32	Role of the highest governance body in the preparation of sustainability reports	About this report	5

GRI standard	Indicator	Sustainability Report Word Document	Page
STAKEHOLDER PARTICIPATION			
102-40	List of stakeholders	Our Contribution to Sustainable Development	25
102-41	Collective bargaining agreements	It does not apply to the company.	
102-42	Identification and selection of interest groups	Our Contribution to Sustainable Development	25
102-43	Approach for stakeholder participation	Our Contribution to Sustainable Development	25
102-44	Key issues and concerns mentioned	Our Contribution to Sustainable Development	25
REPORT PREPARATION PRACTICES			
102-45	Entities included in the Consolidated Financial Statements	Who we are and perimeter of the information	5, 9
102-46	Definition of the contents of the reports and the coverage of the topic	Our Contribution to Sustainable Development	25-26
102-47	List of material topics	Our Contribution to Sustainable Development	25-26
102-48	Information restatement	About this report	5
102-49	Changes in reporting	About this report	5
102-50	Period covered by the report	About this report	5
102-51	Last report date	About this report	5

GRI standard	Indicator	Sustainability Report Word Document	Page
102-52	Reporting cycle	About this report	5
102-53	Contact point for questions about the report	About this report	5
102-54	Indicate which option "in accordance" with the guide the organization has chosen	About this report	5
102-55	Index of contents	About this report	4
102-56	Report assurance	About this report	5
MANAGEMENT APPROACH			
103	E1 Growth, profitability and financial sustainability	Our bussines Growth, profitability and financial sustainability	29
103	E2 Comprehensive Risk Management	Our bussines Comprehensive risk management	30
103	E3 Corporate Governance, ethics and transparency	Corporate Governance, ethics and transparency	16
103	E4 Customer Experience	Our Business, Customer Experience, Brand Positioning and Processes	38

GRI standard	Indicator	Sustainability Report Word Document	Page
103	E5 Brand positioning	Our bussines Customer Experience, Brand Positioning and Processes	38
103	E6 Economic reactivation	Our bussines Growth, profitability and financial sustainability	29
103	E7 Legal and / or regulatory compliance	Our bussines Customer Experience, Brand Positioning and Processes	38
103	E8 Processes and technology	"Our bussines Customer Experience, Brand Positioning and Processes Technology"	41
103	S1 Human talent	Our people	45
103	S2 Supply chain management	Our bussines Supply chain management	41-43
103	S3 Socially responsible management	Our Social Responsibility	58
103	A1 Environmental risks and opportunities	Our Environmental Performance	62
103-1	Explanation of the material topic and its coverage	Our bussines Our people Our Social Responsibility Our Environmental Performance	29, 45, 58, 62

GRI standard	Indicator	Sustainability Report Word Document	Page
103-2	The management approach and its components	Our bussines Our people Our Social Responsibility Our Environmental Performance	29, 45, 58, 62
103-3	Evaluation of the management approach	Our bussines Our people Our Social Responsibility Our Environmental Performance	29, 45, 58, 62

ECONOMIC STANDARDS

Economic Performance			
201-1	Direct Economic Value Generated and Distributed	Who We Are	9
Market Presence			
202-1	Ratio of standard entry-level salary by gender to local minimum wage	Our People - Remuneration	49
202-2	Proportion of senior executives hired from the local community	Our People - Rotation and Hiring	49
Indirect economic impacts			
203-1	Investments in infrastructure and supported services	Our Social Responsibility	59
203-2	Significant indirect economic impacts	Our Social Responsibility	59
Acquisition Practices			
204-1	Proportion of spending on local suppliers	Our bussines Supply chain management	41-43

GRI standard	Indicator	Sustainability Report Word Document	Page
Anti-corruption			
205-1	Operations evaluated for risks related to corruption	Corporate Governance, ethics and transparency	30
205-2	Communication and training on anti-corruption policies and procedures	Corporate Governance, ethics and transparency Our bussines	23
205-3	Confirmed Corruption Cases and Actions Taken	Corporate Governance, ethics and transparency Our bussines	22
Taxation			
207-1	Fiscal Approach	Our Business - Comprehensive Risk Management	30
ENVIRONMENTAL STANDARDS			
Materials			
301-1	Materials used by weight or volume	Our Environmental Performance Sustainable use of resources	65-67
Energy			
302-1	Energy consumption within the organization	Our Environmental Performance Sustainable use of resources	67
302-4	Reduction of energy consumption	Our Environmental Performance Sustainable use of resources	67
Water and effluents			
303-5	Water consumption	Our Environmental Performance -Sustainable use of resources	66

GRI standard	Indicator	Sustainability Report Word Document	Page
Biodiversity			
304-2	Significant impacts of activities, products and services on biodiversity	Our Environmental Performance - Biodiversity Protection	68
Emissions			
305-1	Direct GHG emissions (scope 1)	Our Environmental Performance - Climate Change	68
305-2	Indirect GHG emissions when generating energy (scope 2)	Our Environmental Performance - Climate Change	68
Effluents and waste			
306-2	Waste by type and disposal method	Our Environmental Performance - Waste Management	65
Environmental compliance			
307-1	Non-compliance with environmental legislation and regulations	Our Environmental Performance	63
SOCIAL STANDARDS			
Job			
401-1	New employee hires and staff turnover	Our People - Labor Issues	46-48
401-2	Benefits for full-time employees that are not provided to part-time or temporary employees	Our People Well-being and measures to facilitate conciliation	53
401-3	Parental leave	Our People - Well-being and measures to facilitate conciliation	53

GRI standard	Indicator	Sustainability Report Word Document	Page
Health and Safety at Work			
403-2	Hazard identification, risk assessment and incident investigation	Our People - Health and safety at work	54
403-9	Work accident injuries	Our People - Health and safety at work	55
Education and Training			
404-1	Average hours of training per year per employee	Our People- Training and development	51
404-2	Programs to improve employee skills and transition assistance programs	Our People - Training and development	51-52
404-3	Percentage of employees receiving regular performance and career development reviews	Our People - Training and development	52
Diversity and equal opportunities			
405-1	Diversity of governing bodies and employees	Our People- Labor Issues	46
405-2	Ratio of base salary and remuneration of women to men	Our People - Compensation	49-50
Nondiscrimination			
406-1	Cases of discrimination and corrective actions taken	Our People- Gender equality, inclusion and non-discrimination	50-51

GRI standard	Indicator	Sustainability Report Word Document	Page
Child Labor			
408-1	Operations and suppliers with significant risk of child labor cases	Our Business-Supply Chain Management Our Environmental Performance - Environmental and Social Management System (ESMS)	43, 63
Forced or compulsory labor			
409-1	Operations and suppliers with significant risk of cases of forced or compulsory labor	Our Business-Supply Chain Management Our Environmental Performance - Environmental and Social Management System (ESMS)	43, 63
Security practices			
410-1	Security personnel trained in policies or procedures human rights	Our Business-Supply Chain Management	43
Human rights assessment			
412-1	Operations subject to reviews or impact assessments on human rights	Our Environmental Performance - Environmental and Social Management System (ESMS)	63-64
412-3	Significant investment agreements and contracts with clauses on human rights or subjected to human rights assessment	Our Business-Supply Chain Management	43
Local communities			
413-1	Operations with local community participation, impact evaluations and development programs	Our Social Responsibility	58-61

GRI standard	Indicator	Sustainability Report Word Document	Page
413-2	Operations with significant negative impacts - actual or potential - on local communities	Our Social Responsibility	59
Marketing and labeling			
417-2	Cases of non-compliance related to information and labeling of products and services	Our bussines Customer Experience, Brand Positioning and Processes	40
417-3	Cases of non-compliance related to marketing communications	Our bussines Customer Experience, Brand Positioning and Processes	40
Customer privacy			
418-1	Substantiated complaints regarding violations of customer privacy and loss of customer data	Our bussines Customer Experience, Brand Positioning and Processes	40-41
Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic spheres	Transparency and Accountability Our Environmental Performance	22, 63
SECTOR COMPLEMENT			
FS1	Policies with specific environmental and social aspects applied to business lines	Our Environmental Performance- Risks and opportunities of an environmental nature	62
FS2	Procedures for the evaluation and control of social and environmental risks in the business lines	Our Environmental Performance - Environmental and Social Management System (ESMS)	63

GRI standard	Indicator	Sustainability Report Word Document	Page
FS 4	Process (s) to improve the competence of employees to implement environmental and social policies and procedures applied to business lines	Our Environmental Performance - Environmental and Social Management System (ESMS)	65
FS 6	Percentage of the portfolio for business lines according to region, size (eg: microenterprises / SMEs / large) and activity sector	Our bussines Our banking segments	35-37
FS7	Monetary value of products and services designed to provide a specific social benefit for each business line broken down by purpose	Our bussines Facilities for the acquisition of housing with preferential interest	37
FS9	Coverage and frequency of audits to evaluate the implementation of the environmental and social policies and risk assessment procedures	Our Environmental Performance - Environmental and Social Management System (ESMS)	63

GRI standard	Indicator	Sustainability Report Word Document	Page
FS13	Access points by type in sparsely populated or economically disadvantaged areas	Our bussines Community Banking	36
FS14	Initiatives to improve access to financial services for disadvantaged people	Our bussines Community Banking	36
FS15	Description of policies for the correct design and offer of financial services and products	Our bussines Customer Experience, Brand Positioning and Processes	38
FS16	Initiatives to improve literacy and financial education according to the type of beneficiary	Our Social Responsibility - Banesco Entrepreneurs	60-61



Informe de Aseguramiento



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Informe de Aseguramiento de Seguridad Limitada sobre los Contenidos de los Estándares del Global Reporting Initiative ("GRI") (Información no Financiera)

A la Administración de Banesco (Panamá), S.A.

Hemos sido contratados por la Administración de Banesco (Panamá), S.A. (en lo sucesivo "Banesco") para reportar sobre información no financiera relacionada con los Contenidos de los Estándares del Global Reporting Initiative (en adelante "GRI"), preparados y presentados por la Gerencia de Asuntos Corporativos de Banesco, incluidos en el Informe de Sostenibilidad 2020 de Banesco por el periodo comprendido del 01 de enero al 31 de diciembre de 2020 (en adelante "El Informe"), que se detallan en el Anexo A adjunto al presente informe (los "Contenidos"), en la forma de una conclusión independiente de seguridad limitada, respecto a si, con base en nuestro trabajo realizado y la evidencia obtenida, nada llamó nuestra atención que nos lleve a creer que los Contenidos, no están preparados en todos los aspectos materiales, de conformidad con los estándares del GRI.

Responsabilidades de la Administración

La Gerencia de Asuntos Corporativos de Banesco es responsable de la preparación y presentación de la información sujeta a nuestra revisión y la información y aseveraciones contenidas dentro de ésta.

La Administración de Banesco es responsable del diseño, implementación y mantenimiento del control interno relevante para la preparación y presentación de la información sujeta a nuestra revisión, que está libre de errores materiales, ya sea por fraude o error.

La Administración de Banesco, también es responsable de asegurar que el personal involucrado en la preparación y presentación de los Contenidos se encuentra adecuadamente capacitado, los sistemas de información están debidamente actualizados y que cualquier cambio en la presentación de datos y/o en la forma de reportar, incluya todas las unidades de reporte significativas.

Nuestras responsabilidades

Nuestra responsabilidad es revisar la información concerniente a los contenidos incluidos en El Informe y reportar sobre ello en la forma de una conclusión independiente de seguridad limitada con base en la evidencia obtenida. Realizamos nuestro trabajo con base en la Norma Internacional sobre Trabajos de Aseguramiento (ISAE) 3000, "Trabajos de Aseguramiento Distintos a Auditorías o Revisiones de Información Financiera Histórica", emitida por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (International Auditing and Assurance Standards Board), dicha norma requiere que planeemos y realicemos nuestros procedimientos para obtener un nivel de seguridad o fiabilidad limitada respecto a si, con base en nuestro trabajo y la evidencia obtenida, nada llamó nuestra atención que nos lleve a creer que los Contenidos incluidos en el Informe Sostenibilidad de 2020 de Banesco por el periodo comprendido del 01 de enero al 31 de diciembre de 2020, no están preparados en todos los aspectos materiales, de conformidad con los estándares del GRI.

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(Continúa)

Pág. 2

KPMG (la “Firma”) aplica la Norma Internacional sobre Control de Calidad 1 y, por consiguiente, mantiene un sistema integral de control de calidad, incluyendo políticas y procedimientos documentados sobre el cumplimiento de requisitos éticos, normas profesionales y requerimientos legales y regulatorios aplicables.

Hemos cumplido con los requerimientos de independencia y demás requisitos éticos del Código de Ética para Contadores Profesionales emitido por el Consejo de Normas Internacionales de Ética para Contadores, que se basa en los principios fundamentales de integridad, objetividad, competencia profesional y debido cuidado, confidencialidad y comportamiento profesional.

Los procedimientos seleccionados dependen de nuestro entendimiento y experiencia en los Contenidos presentados en El Informe de Banesco y otras circunstancias del trabajo, y nuestra consideración de las áreas en las que es probable que surjan errores materiales.

Al obtener un entendimiento de los Contenidos incluidos en El Informe de Banesco, y otras circunstancias del trabajo, hemos considerado el proceso utilizado para preparar los Contenidos, con la finalidad de diseñar procedimientos de aseguramiento que sean adecuados en las circunstancias, más no con la finalidad de expresar una conclusión en cuanto a la efectividad del control interno de Banesco sobre la preparación y presentación de los Contenidos incluidos en El Informe de Banesco.

Nuestro trabajo también incluye la evaluación de lo apropiado del asunto principal, la idoneidad de los criterios utilizados por Banesco en la preparación y presentación de los Contenidos, evaluando lo apropiado de los métodos, políticas y procedimientos, y modelos utilizados.

Los procedimientos aplicados en un trabajo de seguridad limitada difieren en naturaleza, oportunidad y alcance que en un trabajo de seguridad razonable. Por consiguiente, el nivel de aseguramiento que se obtiene en un trabajo de seguridad limitada es significativamente menor que el aseguramiento que se habría obtenido en caso de efectuar un trabajo de seguridad razonable.

Crterios

Los criterios sobre los cuales se ha evaluado la preparación y presentación de los Contenidos se refieren a los requerimientos establecidos y de conformidad con los estándares del GRI que se detallan en el Anexo A.

Limitaciones inherentes

Debido a las limitaciones inherentes a cualquier estructura de control interno es posible que pudieran ocurrir errores o irregularidades en la información presentada en El Informe y no ser detectados. Nuestra revisión no está diseñada para detectar todas las debilidades en los controles internos sobre la preparación y presentación de El Informe, ya que nuestra revisión no se ha llevado a cabo de manera continua durante todo el período y los procedimientos fueron realizados con base en una muestra.



(Continúa)

Pág. 3

Conclusión

Nuestra conclusión ha sido formada con base a y está sujeta a lo que se detalla en este informe.

Consideramos que la evidencia que hemos obtenido proporciona una base suficiente y adecuada para nuestra conclusión.

Basados en nuestra revisión y la evidencia obtenida, no tuvimos conocimiento de situación alguna que nos haga pensar que los Indicadores que se detallan en el Anexo A adjunto al presente informe de aseguramiento, preparados por la Gerencia de Asuntos Corporativos de Banesco incluidos en El Informe por el periodo comprendido del 01 de enero al 31 de diciembre de 2020, no están preparados en todos los aspectos materiales, de conformidad con los estándares del GRI.

Restricción de uso de nuestro informe

Este informe no debe ser considerado como adecuado para usarse ni considerarse por cualquiera de las partes que deseen adquirir derechos frente a nosotros distintos de la Gerencia de Asuntos Corporativos de Banesco para ningún propósito o bajo cualquier otro contexto. Cualquier parte distinta a la Gerencia de Asuntos Corporativos de Banesco que obtenga acceso a nuestro informe o una copia del mismo y elija basarse en nuestro informe (o en cualquier parte de él) lo hará bajo su propio riesgo.

En la medida en que lo permita la ley, no aceptamos ni asumimos ninguna responsabilidad y negamos cualquier responsabilidad de nuestro trabajo a cualquier parte que no sea Banesco por este informe independiente de seguridad limitada o por las conclusiones a las que hemos llegado.

Nuestro informe es emitido para Banesco, sobre el entendimiento que este informe no debe ser copiado, ni hacer referencia a él o divulgado en su totalidad o en partes sin nuestro previo consentimiento por escrito.

Panamá, República de Panamá

18 de mayo de 2021



Anexo A

Descripción de los Indicadores objeto del trabajo de aseguramiento de seguridad limitada:

GRI Standard	Contenido	Descripción
Contenidos Generales	102-1	Nombre de la organización
	102-2	Actividades, marcas, productos y servicios
	102-3	Ubicación de la sede
	102-4	Ubicación de las operaciones
	102-5	Propiedad y forma jurídica
	102-6	Mercados servidos
	102-7	Tamaño de la organización
	102-8	Información sobre empleados y otros trabajadores
	102-9	Cadena de suministro
	102-10	Cambios significativos en la organización y su cadena de suministro
	102-11	Principio o enfoque de precaución
	102-12	Iniciativas externas
	102-13	Afiliación a asociaciones
	102-14	Declaración de altos ejecutivos responsables de la toma de decisiones
	102-16	Valores, principios, estándares y normas de conducta
	102-18	Estructura de gobernanza
	102-19	Delegación de autoridad
	102-21	Consulta a grupo de interés sobre temas económicos, ambientales y sociales
	102-22	Composición del máximo órgano de gobierno y sus comités
	102-23	Presidente del máximo órgano de gobierno
	102-24	Nominación y selección del máximo órgano de gobierno
	102-25	Conflictos de Intereses
	102-26	Función del máximo órgano de gobierno en la selección de objetivos, valores y estrategia
	102-27	Conocimientos colectivos del máximo órgano de gobierno
	102-28	Evaluación del desempeño del máximo órgano de gobierno
	102-29	Identificación y gestión de impactos económicos, ambientales y sociales
	102-32	Función del máximo órgano de gobierno en la elaboración de informes de sostenibilidad
	102-40	Lista de grupos de interés
	102-41	Acuerdos de negociación colectiva
	102-42	Identificación y selección de grupos de interés
	102-43	Enfoque para la participación de los grupos de interés
	102-44	Temas y preocupaciones clave mencionados
	102-45	Entidades incluidas en los estados financieros consolidados
	102-46	Definición de los contenidos de los informes y las coberturas del tema
	102-47	Lista de temas materiales
	102-48	Reexpresión de la información

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(Continúa)

Pág. 5

Contenidos Generales	102-49	Cambios en la elaboración de informes
	102-50	Periodo objeto del informe
	102-51	Fecha del último informe
	102-52	Ciclo de elaboración de informes
	102-53	Punto de contacto para preguntas sobre el informe
	102-54	Declaración de elaboración del informe de conformidad con los Estándares GRI
	102-55	Índice de contenidos GRI
	102-56	Verificación externa

Asuntos Materiales		
Desempeño Económico		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 201 Desempeño Económico 2016	201-1	Valor económico directo generado y distribuido
Presencia de Mercado		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
	202-2	Proporción de altos ejecutivos contratados de la comunidad local
Impactos Económicos Indirectos		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 203 Impactos Económicos Indirectos 2016	203-1	Inversiones en infraestructuras y servicios apoyados
	203-2	Impactos económicos indirectos significativos
Prácticas de Adquisición		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 204 Prácticas de Adquisición 2016	204-1	Proporción de gastos en proveedores locales
Corrupción		
	103-1	Explicación del tema material y su cobertura

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GRI 103 Enfoque de Gestión	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 205 Anticorrupción 2016	205-1	Operaciones evaluadas para riesgos relacionados con la corrupción
	205-2	Comunicación y formación sobre políticas y procedimientos anticorrupción
	205-3	Casos de corrupción confirmados y medidas tomadas
Materiales		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su Cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 301 Materiales 2016	301-1	Materiales utilizados por peso o volumen
Energía		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 302 Energía 2016	302-1	Consumo energético dentro de la organización
	302-4	Reducción del consumo energético
Agua		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 303 Agua 2018	303-5	Consumo de agua
Biodiversidad		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
Emisiones		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 305 Emisiones 2016	305-1	Emisiones directas de GEI (alcance 1)
	305-2	Emisiones indirectas de GEI al generar energía (alcance 2)
Efluentes y Residuos		
	103-1	Explicación del tema material y su cobertura

GRI 103 Enfoque de Gestión	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 306 Efluentes y Residuos 2016	306-2	Residuos por tipo y método de eliminación
Cumplimiento Ambiental		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 307 Cumplimiento Ambiental 2016	307-1	Incumplimiento de la legislación y normativa ambiental
Cumplimiento Ambiental de Proveedores		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
Empleo		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 401 Empleo 2016	401-1	Nuevas contrataciones de empleados y rotación de personal
	401-2	Beneficios para los empleados a tiempo completo que no se dan a los empleados a tiempo parcial o temporales
	401-3	Permiso parental
Salud y Seguridad en el Trabajo		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 403 Salud y Seguridad en el Trabajo 2018	403-9	Lesiones por accidente laboral
Formación y Desarrollo		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 404 Formación y Enseñanza	404-1	Media de horas de formación al año por empleado
	404-2	Programas para mejorar las aptitudes de los empleados y programas de ayuda a la transición

2016	404-3	Porcentaje de empleados que reciben evaluaciones periódicas del desempeño y desarrollo profesional
Diversidad e Igualdad de Oportunidades		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 405 Diversidad e Igualdad de Oportunidades 2016	405-1	Diversidad en órganos de gobierno y empleados
	405-2	Ratio del salario base y la remuneración de mujeres frente a hombres

No discriminación		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 406 No Discriminación 2016	406-1	Casos de discriminación y acciones correctivas emprendidas
Libertad de Asociación y Negociación Colectiva		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
Evaluación de Derechos Humanos		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 412 Evaluación de Derechos Humanos 2016	412-1	Operaciones sometidas a revisiones o evaluaciones de impacto sobre los derechos humanos
	412-3	Acuerdos y contratos de inversión significativos con cláusulas sobre derechos humanos o sometidos a evaluación
Comunidades Locales		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión

GRI 413 Comunidades Locales 2016	413-1	Operaciones con participación de la comunidad local, evaluaciones del impacto y programas de desarrollo
	413-2	Operaciones con impactos negativos significativos-reales o potenciales-en las comunidades locales
Privacidad del Cliente		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 418 Privacidad del Cliente 2016	418-1	Reclamaciones fundamentadas relativas a violaciones de la privacidad del cliente y pérdida de datos del cliente

Cumplimiento Socioeconómico		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 419 Cumplimiento Socio-económico 2016	419-1	Incumplimiento de las leyes y normativas en los ámbitos social y económico
Cartera de Producto		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
Suplemento Sectorial para Servicios Financieros 2013	FS1	Políticas con aspectos medioambientales y sociales específicos aplicadas a las líneas de negocios
	FS2	Procedimientos para la evaluación y el control de riesgos sociales y medioambientales en las líneas de negocio
	FS4	Proceso(s) para mejorar la competencia de los empleados para implementar las políticas y procedimientos medioambientales y sociales aplicados a las líneas de negocio
	FS6	Porcentaje de la cartera para las líneas de negocio según la región, la dimensión (ej.: microempresas/PYMES/grandes) y el sector de actividad
	FS7	Valor monetario de los productos y servicios diseñados para proporcionar un beneficio social específico para cada línea de negocio desglosado según su propósito
Auditoría		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión



(Continúa)

Pág. 10

Suplemento Sectorial para Servicios Financieros 2013	FS9	Cobertura y frecuencia de auditorías para evaluar la implementación de las políticas medioambientales y sociales y los procedimientos de evaluación de riesgos.
Comunidad		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
Suplemento Sectorial para Servicios Financieros 2013	FS13	Puntos de acceso por tipo en áreas de escasa densidad de población o desfavorecidas económicamente
	FS14	Iniciativas para mejorar el acceso a los servicios financieros a personas desfavorecidas
Etiquetado de Productos y Servicios		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 417 Marketing y etiquetado 2016	417-2	Casos de incumplimiento relacionados con la información y el etiquetado de productos y servicios
	417-3	Casos de incumplimiento relacionados con comunicaciones de marketing
Suplemento Sectorial para Servicios Financieros 2013	FS15	Descripción de políticas para el correcto diseño y oferta y productos financieros
	FS16	Iniciativas para mejorar la alfabetización y educación financiera según el tipo de beneficiario
Fiscalidad		
GRI 207 Fiscalidad 2019	207-1	Enfoque Fiscal
	103-3	Evaluación del enfoque de gestión
GRI 408 Trabajo Infantil 2016	408-1	Operaciones y proveedores con riesgo significativo de casos de trabajo infantil
Trabajo Forzados		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su Cobertura
	103-2	El enfoque de gestión y sus componentes
	103-3	Evaluación del enfoque de gestión
GRI 409 Trabajo Forzoso u Obligatorio 2016	409-1	Operaciones y proveedores con riesgo significativo de casos de trabajo forzoso u obligatorio
Prácticas en materia de seguridad		
GRI 103 Enfoque de Gestión	103-1	Explicación del tema material y su Cobertura
	103-2	El enfoque de gestión y sus componentes

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Pág. 11

	103-3	Evaluación del enfoque de gestión
GRI 410 Prácticas en materia de seguridad 2016	410-1	Personal de seguridad capacitado en políticas o procedimientos de derechos humanos

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ALLIANCES, AGREEMENTS, AND ACTIVE INITIATIVES DURING 2020

Allies	Initiatives	Concept	2020 Monetary Value	Start	What they do	What we do together	Nature
Panamanian Banking Association	Sustainable Finances Protocol.	Agreement	N/A	2018	Establish mechanisms to build and maximize a financial strategy sostenibles.	Signatories of the Sustainable Finance Protocol consisting of five components: Governance, Environmental and Social Risks, Green Products, Eco-efficiency and Disclosure.	Volunteering
"National Association for Conservation (ANCON)"	Contributing partners in mitigating the effects of climate change.	Alliance	3,000.00	2018	Non-Government Organization dedicated to promoting conservation projects in Panama's protected areas.	Active partners	Volunteering
Authority for Micro, Small and Medium-size Businesses (AMPYME)	"Business Development Fund. Seed Capital Program and Entrepreneurs program Banesco. National Entrepreneurship Council of Panama."	Alliance	N/A	2016	Empower small entrepreneurs as an essential part of the Panamanian entrepreneurial ecosystem.	Cooperation alliance. Signatory of the National Agreement for Entrepreneurship. Allies in the National Entrepreneurship Policy Project.	Volunteering
Panama Canal Authority (ACP)	Latin American Citizen Action Laboratory (LLAC).	Alliance	20,000.00	2019	"Organized by the ACP and Youth United for Education, whose purpose is to train young leaders in the development and promotion of projects and / or citizen advocacy communication experiences.	Support from professional volunteering in the pre-selection and training of young people from all over the country who were chosen to live this experience.	Volunteering
Avent	Lactation Room	Agreement	N/A	2016	Renowned baby product company and brand ranging from birth to early childhood.	We kept the agreement with AVENT, who supplies the Banesco lactation room thus supporting employees balance work and family life.	Volunteering

Allies	Initiatives	Concept	2020 Monetary Value	Start	What they do	What we do together	Nature
Panama's American Chamber of Commerce and Industry (AMCHAM)	Participating in several AMCHAM activities.	Membership	1,600.00	2015	Promote sustainable business practices among and with AmCham member companies.	In 2019, we participated in the World Youth Day celebrations and lead the Sustainability Committee.	Volunteering
Latin American Federation of Banks (FELABAN)	Participation in the General Assembly and in various Federation initiatives.	Membership	N/A	2010	It brings together more than 623 Latin American banks and financial entities to provide insight and promote networking.	Active Federation Member.	Volunteering
Foundation for the Promotion of Education Excellence	National Competition for Educational Excellence.	Agreement	140,000.00	2017	This initiative seeks to create quality education, highlighting educational excellence in schools, promoting an evaluation culture and improving teachers' performance.	Allies seeking to create conditions for the continuous improvement of public education.	Volunteering
Mitradel/UNDP	SíGénero Panamá.	Initiative	N/A	2018	Promote the Seal of Equality to foster the entry of more women into the labor market and improve the quality of their employment, with tools that contribute to closing gender gaps in companies and institutions.	Gold Seal Category Certificate holder since 2019.	Volunteering
ONU Mujeres/Pacto Mundial	Women's Empowerment Principles (WEPs).	Agreement	N/A	2018	This initiative proposes the creation of development opportunities for women within public and private companies, their participation in leadership and decision-making.	Active member	Volunteering

Allies	Initiatives	Concept	2020 Monetary Value	Start	What they do	What we do together	Nature
United Nations (UN)	United Nations Global Compact	Agreement	N/A	2017	Initiative that seeks the implementation of 10 principles on human rights, labor practices, the environment and anti-corruption, derived from United Nations declarations, which enjoy universal consensus.	Ten Principles of the United Nations Global Compact were incorporated and progress is reported annually through the Sustainability Report.	Volunteering
National Theater's Foundation Board	Benefactors of the National Theater.	Agreement	50,000.00	2019	Manages, safeguards, protects and preserves the National Theater.	Active Board of Directors' Member	Volunteering
UNDP/Ministry of Culture	Panama's Youth Orchestras and Choirs Network (La Red).	Agreement	50,000.00	2017	This initiative led by the Ministry of Culture, with the support of the United Nations Development Program (UNDP), promotes classical musical learning opportunities for those children and young people who are in popular neighborhoods; seeking teamwork and generating a culture of peace.	"Actions are promoted to strengthen and provide sustainability strategies."	Volunteering
SumarSE	Active Members.	Membership	5,000.00	2014	Facilitate the incorporation of social responsibility and the principles of the Global Compact among its members for the construction of a more just and sustainable society.	Efforts are made to collectively impact and make the development of Panama more sustainable.	Volunteering

Allies	Initiatives	Concept	2020 Monetary Value	Start	What they do	What we do together	Nature
United Nations Environment Program (UNEP FI)	"UN Environmental Financial Initiative "	Agreement	Annual% on profits	2018	UNEP FI is an alliance between UN Environment and the global financial sector, with the objective of involving the financial sector in the transition towards sustainable development. This network includes more than 200 financial institutions, including banks, insurers and investors, from 51 countries.	Joined the UNEP FI network on August 8th, 2018. The commitment to sustainability was ratified to expand and share knowledge and experiences among the different stakeholders, segments and institutions of the sector. We are signatories of the Principles of Responsible Banking (2019).	Volunteering
Foundation for the Integral Development of Women and the Family (FUNDADER)	Social partners in the Banesco Entrepreneurs Program.	Agreement	30.000,00	2016	NGO that seeks to contribute to the human development of vulnerable population, through the execution of programs and projects of integral formation and values, that provide knowledge, life skills and opportunities to face social inequalities, strengthening the family unit and the development of the country.	"Allies and implementing unit to enable the Banesco Entrepreneurs Program throughout the Panamanian territory, establishing direct contact with program beneficiaries and grassroots organizations. "	Volunteering
Panamanian Solidarity and Development Foundation (FUSODEP)	Social partners in the Banesco Entrepreneurs Program.	Agreement	30,000.00	2016	It works to bring opportunities, human and supportive solutions to vulnerable populations in the province of Veraguas and the Ngäbe-Buglé region.	"Allies and implementing unit to enable the Banesco Entrepreneurs Program throughout the Panamanian territory, establishing direct contact with program beneficiaries and grassroots organizations. "	Volunteering

Allies	Initiatives	Concept	2020 Monetary Value	Start	What they do	What we do together	Nature
University Institute of Management and Technology (IUGT)	Social partners in the Banesco Entrepreneurs Program.	Agreement	300,000.00	2015	Continuing Education Training Center with updated training programs for companies and communities.	"Allies and implementing unit to enable the Banesco Entrepreneurs Program throughout the Panamanian territory, establishing direct contact with program beneficiaries and grassroots organizations."	Volunteering
"Ministry of Social Development (MIDES)"	Training for families and individuals from Social Assistance Programs.	Agreement	N/A	2019	Promote human development, through participation and promotion of equity, as well as the organization, administration, coordination of policies and plans, programs and actions aimed at strengthening the family and the community, and to the achievement of social integration and the reduction of poverty.	Promoting SDG 17, in 2019 a three-year cooperation agreement was signed with MIDES, which will allow support to a thousand people (annually), who will be trained through the Banesco Entrepreneurs program.	Volunteering
Deutsche Investitions und Entwicklungsgesellschaft (DEG)	ESMS implementation.	Initiative	N/A	2018	DEG seeks to promote private sector development in developing and transition countries, to achieve sustainable growth and lasting improvement of people's lives.	As a result of this commercial relationship, the Environmental and Social Management System (ESMS) was created and implemented in 2019.	Volunteering



Sustainability Report

Banesco (Panamá), S.A.



You can review the 2020 Sustainability Report in digital format in the following webpages:

- **Banesco (Panamá), S.A.** www.banesco.com.pa
- **Pacto Mundial** www.globalcompact.com
- **Global Reporting Initiative** www.globalreporting.org