



SUSTAINABILITY
REPORT
2021 | 22

People first



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INTRODUCTION

OF THE REPORT



INTRODUCTION OF THE REPORT

(GRI 2-2, 2-3, 2-4, 2-5, 2-14)

Our commitment to Responsible Banking is reflected in integrating environmental, social, and governance (ESG) factors into our business strategy and in our constant work to maintain a mutually beneficial relationship with our stakeholders.

In this report, we comment on the performance of Global Bank Corporation and its subsidiaries, hereinafter Global Bank or the Group, as we maintain our commitment to transparency and accountability towards customers, employees, shareholders, and other groups. Wherever indicated, updates were made to information from previously reported periods since other sources were used from where that information was obtained.

The information presented reports the main results obtained during the fiscal year, which runs from July 1, 2021, to June 30, 2022, taking into account the financial results as well as our environmental, social, and corporate governance performance.

We respond to essential issues, applying the concept of double materiality in which socio-environmental and financial materiality are integrated according to international trends, and using related reference standards.

The contents of this report have been validated first by the members of the Sustainability Commission and, lastly, by the CEO.

The 2022 Sustainability Report has been verified by an independent third party, the auditing firm Deloitte.

Assurance letter of the Report





Key Points of the Report

We have prepared the report according to the GRI Standards for the period from July 1, 2021, to June 30, 2022. Additionally, we applied the GRI Financial Services Sector Supplement. The GRI Standards respond to socio-environmental materiality and respond to the priorities and perceptions of our stakeholders.

We include the Sustainability Accounting Standards Board (SASB) for the following sectors: Commercial Banks, Consumer Finance, Investment Banking and Brokerage, Mortgage Financing, and Asset Management. This methodology responds to the reporting requirements of investors on ESG issues that impact the company's economic and financial performance.

We report on our contribution to the Sustainable Development Goals (SDGs), a global roadmap proposed by the United Nations (UN) to address society's greatest challenges.

We communicate our commitment as signatories of the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Responsible Banking (PRB), a unique framework to ensure that the bank's strategy and practice are aligned with the Sustainable Development Goals and the Paris Climate Agreement.

This year, we report the Stakeholder Capitalism Metrics from the World Economic Forum's (WEF) International Business Council (IBC). The initiative aims to act as a catalyst towards the convergence of standards and a broad set of reporting requirements into one solution for all, focusing on its four core axes (of the IBC): corporate governance, planet, people, and prosperity.

How to identify the contents

- On the cover of each chapter: reference to the SDGs.
- At the beginning of each section: reference to the contents of the GRI Standards and SASB metrics.
- Specific indexes within the Annexes of the report: GRI, SASB, ODS, PRB, and WEF-IBC.





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MESSAGE FROM THE
PRESIDENT

OF THE BOARD OF DIRECTORS AND THE CHIEF
EXECUTIVE OFFICER



MESSAGE FROM THE PRESIDENT OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

(GRI 2-22)

Dear all,

Throughout our 28 years of experience, we have demonstrated to be an essential player in Panama's economic development. Our abilities of determination and innovation continue to consolidate us as a renowned financial entity, always seeking to create value for our stakeholders.

With much satisfaction, we present our 2021-2022 Sustainability Report, which puts into perspective the effort and work of every single area of our organization. This period was an opportunity for all of us, focusing and centering on the needs of our almost 200,000 clients, establishing improvements to our processes, continuing our digital transformation, and strengthening our activities of social and environmental responsibility.

The development and execution of strategies, along with the decisions made to have the resources to face the financial relief measures during 2021-2022, are highlighted in our financial results and reflected in the country's scenario of economic reactivation. Also, we reinforced the institution's financial strength by taking the necessary provisions that allowed a positive evolution during this period, demonstrating that only a strong group can continue generating value.

In this sense, the steps we have taken towards becoming even more innovative and modern, betting on being a more digital bank, has allowed us to have greater agility in our administration and also provide a more satisfactory and personalized experience to our clients, meeting their needs through simple, tailored, and safe products and services. We know that close customer service will turn us into their trustworthy consultants.

On the other hand, the evolution of our subsidiaries continues to be solid. Progreso APFC shows strengths in its figures of administrated assets. Global Valores diversified its product portfolio, and Aseguradora Global maintains stable, focused on its business model, and successfully manages the impacts of the pandemic. In addition to our financial strength and capacity, all these results demonstrate our responsibility with Panama's future and its economy.

Likewise, we continue to demonstrate that sustainability is essential, providing a balance between the social, economic and environmental aspects. We have the deep conviction that sustainability is a clear and transparent way to build better relations, and with it, we will advance in the road of Panama's development.

Regarding the ESG strategy, we want to point out our consolidation, assembled by a series of strategic pillars with which we comprehensively serve our stakeholders. We work from our corporate governance, with ethics and backed by our talent, to offer the best customer experience with products and services that consider social and environmental impact. We are also aware of our possible risks, for which we have a solid environmental agenda that includes eco-efficiency measures. Likewise, we are conscious of the challenges being faced by society, and we are committed to being an active part of their solution. One of our main focuses is education due to its driving force towards transformation and generation of progress opportunities.

In developing our ESG strategy, we considered both the priority of the impacts that we generate on our different stakeholders as well as the strategic topics for our financial stability, being pioneers in the application of double materiality. A focus on responsible banking is a main component of this strategy, being present in developing products and services with a social and environmental purpose and in fortifying the financial education that we provide to Panamanian society. Proud of our commitment to the Responsible Banking Principles, coordinated by the United Nations Environment Programme Finance Initiative (UNEP-FI), we have advanced on our established objectives.

Gender equality is a priority in our strategy, so we have provided USD\$ 115 million in credit benefiting women, far exceeding our estimated goal for the period. Regarding credit with an environmental focus, we reached 91% of our established objective with a total of USD\$9.1 million.



...Likewise, we continue to demonstrate that sustainability is essential, providing a balance between social, economic, and environmental. We have the deep conviction that sustainability is a clear and transparent way to build better relations, and with it, we will advance in the road of Panama's development....

Our team continues to be the heart of this company and a fundamental piece that allows us to consolidate our customers' trust. So, we keep offering professional development opportunities, including training of diverse types. The Group has 1,700 employees, forming a diverse and committed team, of which 68% are women, 55% hold vice-president positions, while 27% have managerial staff posts. At the director level, the last four designations of new board members have been women.

Under the environmental agenda, we keep on implementing initiatives for better efficiency in our direct consumption of energy, as well as incrementing our use of renewable sources. We keep calculating our carbon footprint, identifying improvement opportunities, and signed to prove our commitment to becoming one of the first 50 carbon neutral organizations, promoted by the Ministry of Environment.

Regarding greenhouse gas (GHG) emissions, our primary work emphasis is the credit portfolio. Not only are we promoting credit that supports energy transition, but we also continue measuring emissions from the portfolio to make strategic decisions. This is a major joint effort with regional banks. Likewise, we conducted technical assistance to 119 clients in the agricultural sector, where a farm improvement and investment plan was provided regarding sustainable and low emission practices.

Lastly, we advance in the maturity of communicating our ESG performance. In this report, we include some metrics recommended by the World Economic Forum in the

guide Measuring Stakeholder Capitalism, reaffirming our belief in the possibility of continuing to integrate international reporting standards. Similarly, we have incorporated indicators with the requirements of the leading ESG rating agencies worldwide. Also, we submitted the information for an external revision for the first time. In the future, and according to the information provided by the IFRS Foundation, we will apply the General Requirements for Disclosure of Sustainability-related Financial Information of the International Sustainability Standards Board (ISSB).

We are proud of the achievements accomplished during this 2021-2022 period, which reinforce that, for us, People are always First and that we are an organization that innovates, contributing to sustainable development in the sector's future. We thank the commitment and determination of all our employees to maintain G.B. Group Corporation as a solid and prestigious institution, as well as our clients for the trust they deposit in us for their businesses, projects, dreams, and personal goals.

Best regards,

Jorge Vallarino Strunz
President of the Board of Directors

Jorge Enrique Vallarino Miranda
Chief Executive Officer

MAIN FIGURES



37

branches.



154

ATMs nationwide.



1,695

employees form the Group.



68%

of employees are women.



+194 thousand

customers.



335

clients were evaluated by ESRMS (or SARAS for its Spanish acronym), representing USD\$40 million of approved amount



+37 thousand

customers with little access to financial services benefit from our products and services targeted at them.



+US\$204 million

in financing balances of projects with an environmental focus.



+44,300

hours of training for employees toward their professional development.



+4,000

participants in training sessions regarding topics related to financial knowledge.



5,935

hours of training in hybrid and virtual modalities for employees on ethics and anti-corruption issues during the current period.



371

contracts with suppliers evaluated.



88%

of contracts are with local suppliers.



US\$786,000

invested to date in solar panel installation.



USD\$505.2 thousand

in donations to various organizations as part of our social responsibility.

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PROFILE AND STRATEGY



GLOBAL
BANK

1. PROFILE AND CONTEXT

(GRI 2-1, 2-6, FS6, FS13, FS15)

1.1. Profile

We are a financial group made up of 100% Panamanian capital. We started operations in 1994, and now, with 28 years of experience, we have positioned ourselves as a leading bank in the country's financial sector.

We have a wide range of client-focused products and services, distinguished by our personalized treatment and specialized advice for each segment, always guaranteeing excellent attention and quality in our service.

Our organizational culture is based on compliance with the principles and values that govern us, allowing us to maintain the trust of our customers and other stakeholders.

Mission

To offer financial services characterized by high quality and by providing quick responses to the diverse needs of customers.

Offer personalized attention, exceeding customer expectations, respecting the principles of confidentiality and integrity, and guaranteeing the security and trust that customers have placed in our institution.

Support our stakeholders in achieving their goals to become more sustainable through our operations, products, services, and relationships based on the economic, social, and environmental criteria established in the business strategy.



Vision



To be a solid, innovative, and prestigious institution, managed with the highest standards of quality and professional ethics and always maintaining great responsibility in developing banking businesses.



Offer customers tailor-made financial products that meet their specific needs.



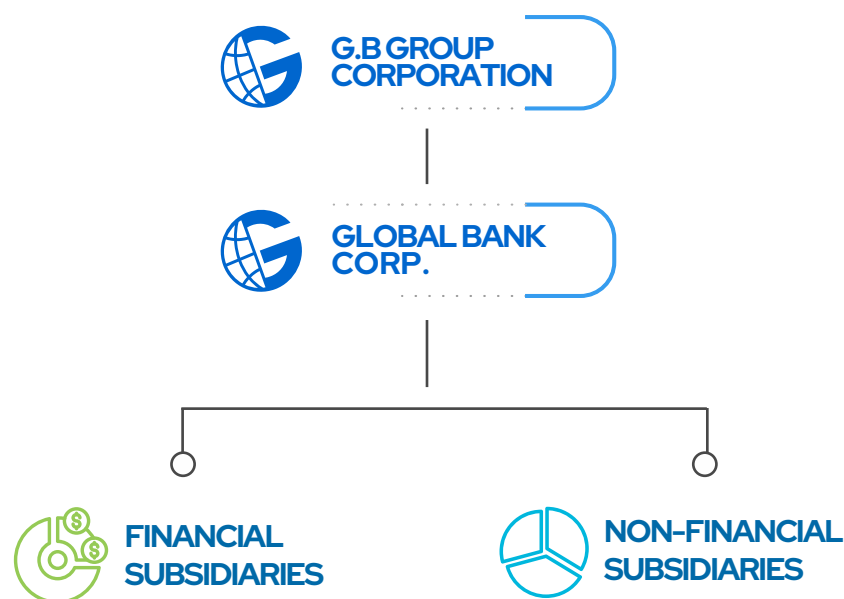
Offer its employees opportunities for human and professional development.



To be a responsible benchmark bank in the region, contributing to the sustainable development of society.



CORPORATE STRUCTURE OF THE BANKING GROUP



Subsidiaries

We have different subsidiaries that were created to support the growth and diversification of the Group in the financial sector. They have been financed through equity investments from the Bank.

The main financial subsidiaries are:

Global Bank Corp: Corporate Banking (including International Banking), Personal Banking, and Private Banking. The international banking loan portfolio is mainly distributed in the following countries: Guatemala, Costa Rica, Spain, Ecuador, Dominican Republic, El Salvador, Nicaragua, Honduras, and Peru.

Global Bank Overseas: Foreign banking.

Global Valores: Stock exchange authorized and regulated by the Superintendencia of the Securities Market of Panama. It also operates the Global Investment Fund, a closed-end investment company focused on a fixed-income strategy.

Global Financial Funds: Fiduciary products and services

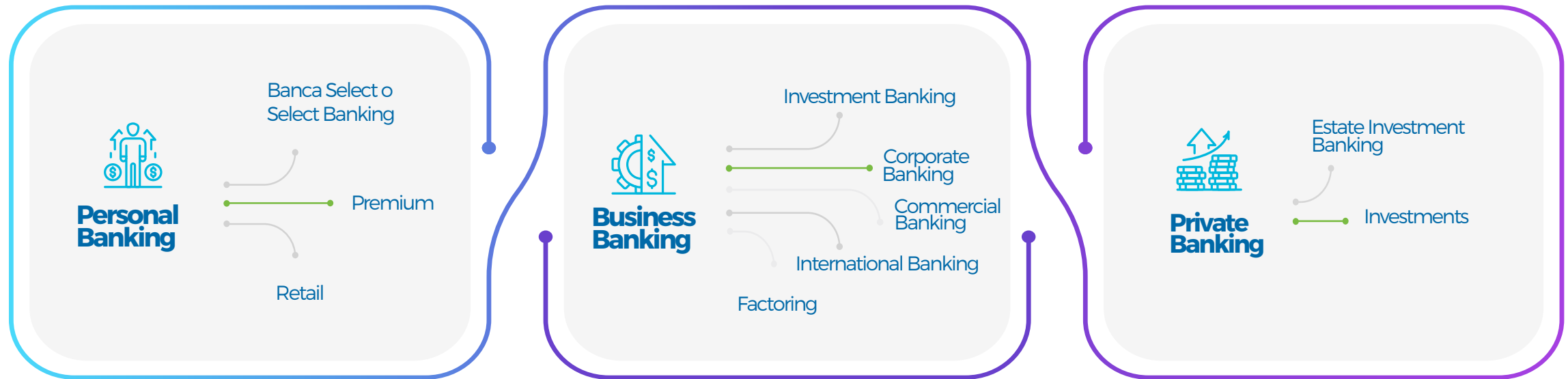
Aseguradora Global: Insurance of different branches, with a focus on Global Bank customers.

Progreso AFPC: Provision solutions (pension and unemployment funds).

The non-financial subsidiaries operate the holding and management of real estate.

Business Details

At Global Bank, we have a universal banking model to offer comprehensive solutions to our customers through our main lines of business: Personal Banking, Business Banking, and Private Banking.



In addition, through our subsidiaries, we offer insurance and provision products and services.

Products and services


We developed a commercial offering that includes products and services that meet different needs of people and companies, contributing to the personal and economic development of all our customers while promoting sound environmental and social practices.

For the design and supply of financial products, we have the Operational Risk Management Handbook - Operational Risk Management Policy for New Products and/or Services and the Handbook of New Products, Services, and Promotions. The documents are accessible to employees through the bank's intranet.





TYPE OF BUSINESS	% OF TOTAL ASSETS	SEGMENTS	SECTORS AND ACTIVITIES	PRODUCTS/ SERVICES	LOCATIONS
 Personal Banking	41.6	Retail Banking Premium Banking Select Banking	Salaried individuals Independent individuals Retired individuals Private companies Government	Savings and checking accounts Time deposits Personal loans Residential mortgage loans Auto Loans Pledge loans Credit cards	Panama
 Private Banking	1.06	Traditional High Net Worth Banking Investments (>=\$1MM)	Commercial Banking Individuals Legal entities	Investment Accounts Savings Accounts Checking accounts Time deposits Credit cards Pledge loans Loans secured by securities	Panama (90%) Abroad (10%)



TYPE OF BUSINESS	% OF TOTAL ASSETS	SEGMENTS	SECTORS AND ACTIVITIES	PRODUCTS/ SERVICES	LOCATIONS
 Commercial Banking	43.3	Commercial Banking (Small and Medium Businesses)	Commercial Agricultural Industrial Construction Transportation	Savings and checking accounts Time deposits Cash management Loans Lines of Credit and Overdraft Leasing Corporate credit cards	Panama
		Corporate Banking (Medium and Large Businesses)	Commercial Construction Industrial Agro-industrial Telecommunications Logistics and Transportation Health Credit Organizations Energy	Savings and checking accounts Time deposits Loans Lines of Credit and Overdraft Leasing Corporate credit cards Cash management	Panama (95%) Abroad (5%)
		Investment Banking (>\$20MM)	Commercial Construction Industrial Agro-industrial Telecommunications Logistics and transportation Credit Organizations Energy	Structuring of loan and corporate bonds Mergers and acquisitions Financial consulting	
		International Banking	Commercial Construction Industrial Agro-industrial Logistics and Transportation Credit Organizations Energy	Savings and checking accounts Time deposits Loans Lines of credit Letters of Credit	
		Factoring	Construction Industrial Agricultural Services Supply of goods	Factoring facility Working capital advance facility	Panama



TYPE OF BUSINESS	% OF TOTAL ASSETS	SEGMENTS	SECTORS AND ACTIVITIES	PRODUCTS/ SERVICES	LOCATIONS
 Insurance	0.8	Personal Insurance General insurance Bonds	Global Bank Clients	Car Fire Fraud Personal accidents Construction risk Collective life and unemployment Bonds (various)	Panama
 Prevision	0.4	Retirement/Pension Severance	Individuals Legal entities	Pension fund Contributory pensions Children's Education Fund (Progreso Junior) Severance Fund	Panama

In the search to improve our customers' experience, we offer different channels. With an emphasis on inclusion, our channels are developed to meet the needs of all our customers, either in person or remotely. In the following reports, we are working to include population density data of the areas where our branches, ATMs, and points of sale are located.



154
ATMs

58,002
Online Banking users

34,607
Global Mobile users

156,092
Calls answered

32,457
Whatsapp

1,552
Online Appointments

15,309
AVI Virtual Assistant



37
Branches

1.2 Corporate Strategy

As a company incorporated with 100% Panamanian capital and based in Panama, we closely monitor the economy's evolution and social development with a preventive approach that allows us to safeguard our operation and take the necessary measures to maintain our financial strength and excellence in service.

National Context

According to the World Bank, before the COVID-19 crisis, Panama maintained high but decreasing growth rates, relying on construction and public investment. The middle class expanded from 50.8% of the population in 2015 to 56.9% in 2019; however, rural poverty remained six times higher than in urban areas. The COVID-19 crisis led to a double-digit contraction in GDP in 2020 and an increase of 2.7 percentage points in the poverty rate, despite all efforts to mitigate this.

Panama's GDP has recovered from the COVID-19 crisis, growing 15.3 percent in 2021. Growth was driven by industries such as construction, mining, manufacturing, and commerce, which concentrate 70% of workers in vulnerable situations (income between US\$5.50 and US\$13 per day). It is estimated that poverty has decreased from 14.8% in 2020 to 12.3% in 2021.

The World Bank forecasts that the GDP will return to solid growth in 2022 thanks to growth remaining from 2021 (9.4%), the continued expansion of the mining sector, and the late recovery of tourism and air transport. In the medium term, GDP will match its potential growth rate of approximately 5%.¹

Sustainable development

The Sustainable Development Goals set out in the 2030 Agenda remain pending and relevant commitments when addressing the challenges arising from the climate crisis, geopolitical tensions, and growing economic and social inequalities in the Latin American region. These challenges are observed in complex contexts and, therefore, require interdisciplinary visions that favor effective and efficient solutions that benefit all citizens, and that can be reflected in measurable and verifiable advances.



According to the 2021 SDG Index for Latin America and the Caribbean, Panama has an overall performance of 62.58 out of 100, in the regional ranking, it is ranked 16 out of 23. Below is the trend in the performance of the SDG scope for Panama in 2021:



¹ For more information, visit the World Bank's website at:
<https://www.bancomundial.org/es/country/panama/overview#:~:text=El%20Banco%20Mundial%20en%20Panam%C3%A1,es%20de%206%2C5%25>.



Below is the trend in the performance of the SDG scope for Panama in 2021:



-  **Expected Trajectory:** The objective is in the process of being achieved. It advances at the required rate to achieve the SDG by 2030.
-  **Moderate Advancement:** The objective has a progress level at a rate of more than 50% of the expected trend. However, it remains below the required trajectory to achieve the SDG by 2030.

-  **Stagnant:** The objective is stable or advances at a rate of less than 50% of the expected trend. There is evidence of stagnation in achieving the objectives established in each SDG.
-  **Decreasing:** The objective advances in a direction away from what is expected. Reflects a setback in achieving the objectives established in each SDG.

SDG Index 2021 Latin America and the Caribbean

From the financial sector, we can contribute to the financial inclusion of residents, as well as to the activity of the different sectors of the economy through providing credit, thus contributing to the generation of employment and its formality.

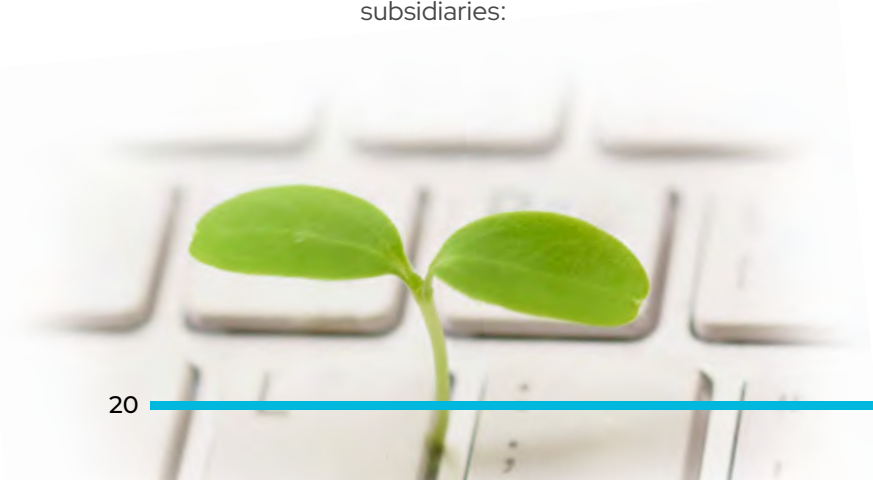
Trends in the financial sector

Having resumed activities more normally after the impact of the pandemic, the financial sector has seen even faster progress in digitizing means of payment, increasing digital transformation. Furthermore, forecasts indicate that the trend of digital payments and the use of QR codes will continue to increase, opening the way to promoting evolution and innovation that drives the trends for the financial market.

Below please find the main trends and how we are working on them in our operations and different subsidiaries:

TRENDS IN BANKING – GLOBAL BANK'S STRATEGIC RESPONSE (GRI 203-1, 203-2)

TRENDS IN BANKING	GROUP RESPONSE
Digitalization of products and processes	We have accelerated our digital transition to adapt to new customer needs. We have a 100% digital Global Tap savings account, 100% digital Global Tap personal loan, Online Banking, Global Mobile, and digital service channels, such as Whatsapp, online appointments, AVI virtual assistant, and social networks. We provide e-commerce services to our clients, focused on entrepreneurs who want to include an online sales service in their websites.
Artificial intelligence	As part of our digital transformation, we use artificial intelligence in customer service through the intelligent virtual assistant AVI. This allows us to provide automated service using natural language processing technology to answer questions or attend to user requests.
Financial crime	Payment fraud is increasing daily, so Global Bank has established an Information Security Governance Framework that includes policies and procedures to prevent and identify risks and cutting-edge technology subject to internal and external testing. Our employees receive constant risk management, cybersecurity, and fraud prevention training.
Decarbonization of the portfolio	We have financed solar, wind, hydroelectric, and biomass projects. We have an Environmental and Social Risk Management System (ESRMS) through which we evaluate the environmental risks of our credit portfolio. We measure funded greenhouse gas emissions and are preparing a transition plan to reduce them.
Banking access to diverse groups	We give financial access to diverse groups through our products and services, focusing on women, through our general portfolio, and specific products that address gaps. We also have products that impact other groups, such as loans to retirees and preferential mortgages.



2

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SUSTAINABILITY STRATEGY



- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS



2. SUSTAINABILITY STRATEGY (GRI 2-28)

Main milestones





Trajectory in sustainability

At Global Bank, we understand that sustainability is a fundamental part of our business and the central axis for generating value for all the stakeholders we have a relationship with. We offer financial products and services that contribute to economic and social development while safeguarding the environment and applying high ethical and corporate governance standards from a responsible banking approach.

We have a history of 14 years of aligning our business to sustainable development, hand in hand with critical strategic allies. We have adhered to best practices and subscribed to major financial sector frameworks. We have advanced in our sustainable business action plan by making improvements and strengthening our Environmental and Social Risk Management System (ESRMS), identifying and analyzing green financial products for their creation, creating awareness in 119 agricultural clients about sustainable practices, developing a strategy to create products and services that benefit women, measuring our carbon footprint (including the credit portfolio), developing a transition plan to reduce funded emissions and constantly training our staff.

In 2021, we became signatories of the Reduce Your Corporate Carbon Footprint program of the Ministry of Environment, and in 2022, our Carbon Neutral Intermediate Plan 2021-2030 was approved, receiving two recognitions from the Ministry of Environment:



Carbon Footprint Inventory:

Quantifying greenhouse gas emissions.



Top 50: For our commitment at the operational level to achieve carbon neutrality by 2050 and have an action plan to achieve it.

In the first half of 2022, we published our first Sustainability Report under GRI and SASB international standards. It was the first report with SASB standards in Panama and the second in Central America, aligning ourselves with the concept of double materiality (of impact and financial) and with the capital market at the international level.

Sustainable business model

The efforts we have made are structured in our Sustainable Business Strategy, which was updated in this new period to address the critical and emerging environmental, social, and governance (ESG) issues resulting from our materiality analysis. Its implementation involves the different areas and subsidiaries, guided by the General Sustainability Policy.

Next, we present the eight strategic pillars with their respective lines of work (material issues), which are integrated through different initiatives that are executed thanks to the work and commitment of all our employees and the joint effort with each of our stakeholders.

NEW MODEL OF THE SUSTAINABILITY STRATEGY*

Material topics by strategic pillar



Governance

- Corporate governance
- Regulatory compliance
- Disclosure and transparency of ESG
- Relations with investors
- Cybersecurity



Ethics and Anticorruption

- Ethics
- Anticorruption



Human Talent

- Attraction and retention of employees
- Development of human capital
- Diversity and Inclusion among employees
- Labor health and security



Education for Development

- Financial education
- Value-added service for the business



Customer Experience

- Digital transformation
- Client privacy
- Customer service



AS Product and Services

- ESG Financing and investment
- Financial inclusion
- Products and services with an environmental benefit



ESG Risk Management

- Climate strategy
- Risk and crisis management
- Lending practices
- Environmental risk of mortgaged properties



Ecoefficiency

- Eco-operational efficiency



E=Environmental
S=Social
G=Governance

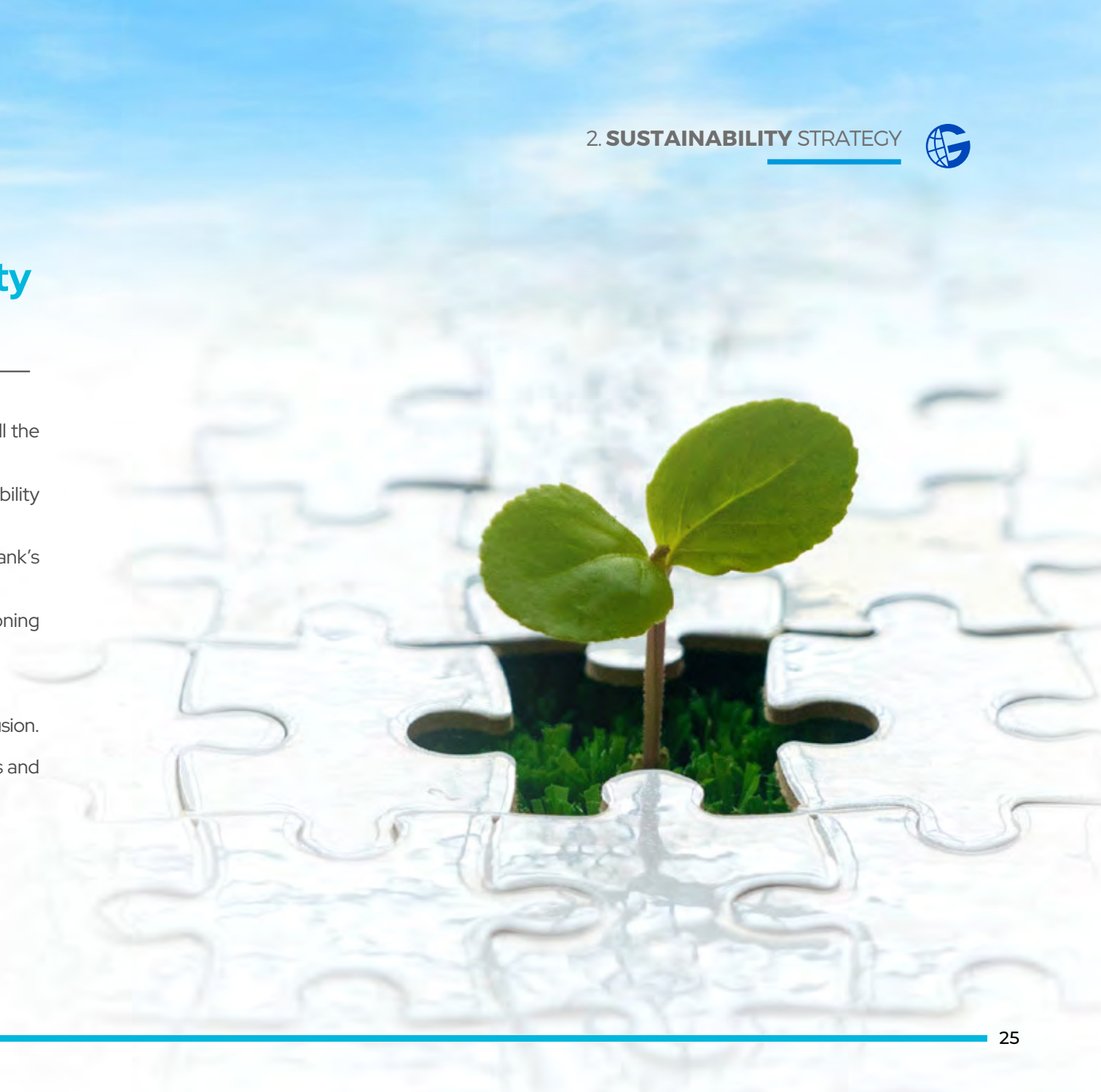
Transversal material topic: Economic performance

Approved by the Corporate Governance Steering Committee of September-22 and in the Board of Directors' Meeting of Nov-30-22.



General objectives of the Sustainability General Policy

- I.** Progressively incorporate sustainability in the daily business and activities of all the areas of the bank.
- II.** Align the activities and initiatives of the bank in a structured manner to sustainability topics.
- III.** Establish a structured framework to strengthen all our objectives from the bank's strategy.
- IV.** Develop and promote products and services that support our clients in transitioning to sustainable business models.
- V.** Support our stakeholders in achieving their sustainability objectives.
- VI.** Support groups that are vulnerable and have fewer opportunities in financial inclusion.
- VII.** Guarantee the responsible use of natural resources through the best practices and ecoefficiency initiatives.
- VIII.** Inform, create awareness, sensitize, and train employees about sustainability.
- IX.** Guarantee transparency and inform Management of the bank's sustainability.





This strategy stems from a series of relevant issues, which were obtained from our materiality analysis, in which we identified the leading environmental, social, and governance (ESG) aspects that impact some of our stakeholders, as well as those that our senior management considered critical to the development of the business model and the achievement of our corporate objectives.

The main guidelines are consolidated in the **General Sustainability Policy**, which is a reference for the Group's operation and our relationship with the stakeholders.

More information is in the Materiality Study Annex.

Through the initiatives framed in this business model, we also seek to contribute to the Sustainable Development Goals (SDGs), a roadmap established by the United Nations to address the significant problems of our society.

More information can be found in the Annex of Contributions to the SDGs.

The progress and management of the **Sustainable Business Strategy** are monitored by the Sustainability Commission, consisting of a president, who is a member of the Board of Directors, a lead commissioner represented by a member of Senior Management, a coordinator, and several members representing the different areas of the Group, who will form the work and support groups. The Commission reports to the CEO and the Corporate Governance Steering Committee, and these, in turn, to the Board of Directors.

In addition, we have a sub commission, which facilitates the regular operation and frequency of monitoring and comprises up to five members from the following areas: Credit Management (Environmental), Marketing, Human Resources, Administration, Projects and Processes, Risk, and from the Business areas.

Throughout the report, we detail our sustainability strategy's major advances and results.



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3

RISK MANAGEMENT



GLOBAL
BANK

3. RISK MANAGEMENT

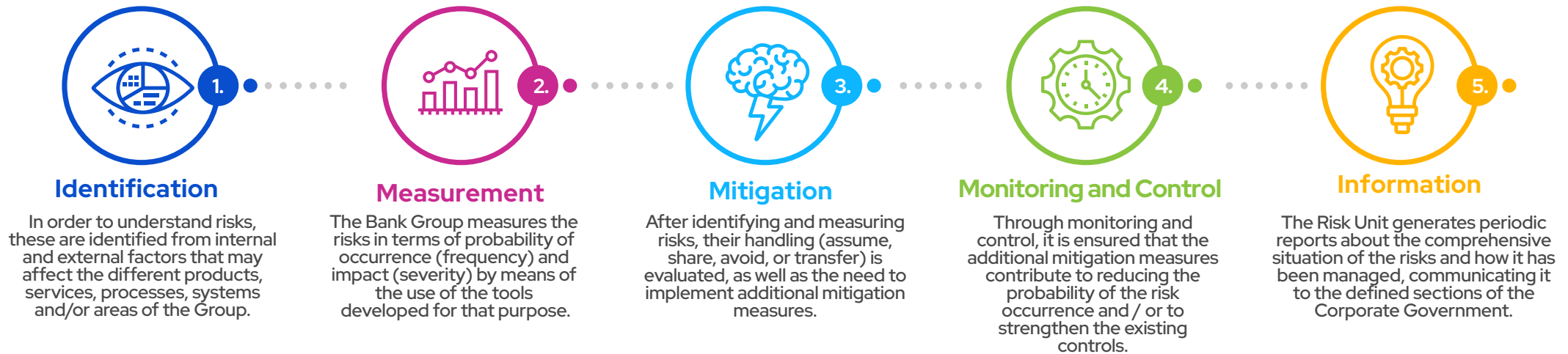
(GRI 2-12, 2-13)

The activities carried out by the Banking Group are exposed to various risks, so they must include the analysis, evaluation, acceptance, and management of a certain degree of risk or a combination of risks. Therefore, the objective is to achieve an appropriate balance between risk and return and to minimize potential adverse effects on business.

Considering the above, the Banking Group has established guidelines to comprehensively manage risks through the Risk Governance Framework, which integrates the risk culture, the acceptable level of risk and its relationship with the Group's risk capacity, and the clear identification of the responsibilities of the different functional units to deal with and manage risk.

Comprehensive risk management is defined as the process by which the Banking Group identifies, measures, monitors, controls, mitigates, and informs the functional units and Corporate Governance entities of the different types of risks to which it is exposed according to the size and complexity of operations, products, and services. It is supported by principles, strategies, policies, processes, methodologies, manuals, structure, and information systems that guarantee the integrity and efficiency of the process.

Here is the breakdown of the comprehensive risk management process:





The Banking Group has established a decentralized management strategy based on the three (3) lines of defense. In this way, all functional units are responsible for managing their risks, maintaining effective internal control, and executing control procedures over the risks assumed in the exercise of their activities. On the other hand, the specialized areas of risk control and monitoring are independent of the first line of defense. Their function is to monitor the effective control of risks, ensuring they are appropriately managed. The internal audit reviews the management process independently, objectively guaranteeing its quality and effectiveness.

The structure that supports the comprehensive risk management process is established under the following guidelines:

Risk Management Steering Committee

The comprehensive risk management function is supervised and directed by the Risk Management Steering Committee and at the level of the Banking Group, which was constituted by mandate of the Board of Directors. Its primary functions are establishing the objectives and policies for comprehensive risk management and the risk exposure limits approved by the Board of Directors.

The Risk Management Steering Committee comprises fourteen (14) main prominent members, of which seven (7) are Principal Directors of the Bank's Board. None participate in the Group's management but have full speaking and voting privileges. Also, the Chairman of the Board of Directors, General Manager, Executive VP and Deputy General Manager, Senior VP of Risk, Senior VP of Personal Banking, Senior VP of Legal and Compliance, and VP of Risk will be members with the speaking privilege of the Steering Committee. The Senior VP of Internal Auditing will attend as a guest of the Committee.

Risk Management Unit

The Risk Management Unit under the Vice Presidency of Risk of Global Bank Corporation and its Subsidiaries is the unit within the Banking Group responsible for comprehensive risk management. The necessary coordination for an adequate and thorough management of risks must be developed through constant interaction and reporting of the functional units of the Banking Group to the Risk Management Unit.

The Risk Management Unit is independent of the business units, and its mission is to identify and manage the risks the Banking Group faces. The Risk Management Unit will report to the Risk Management Steering Committee and CEO will supervise the administrative aspects of its functions.

The Risk Management Unit will not conduct, process, or approve transactions. Its primary function is to monitor risk, assist in designing policies and procedures, verify compliance, and alert the Risk Management Steering Committee or the responsible body about risks that may require additional controls.

As part of our maturity in ESG management (environmental, social, and governance), we are advancing in the analysis of and response to the main related risks. We started with analyzing climate risks with the support of external specialists and integrating internal abilities into our team. We detail this administration's progress within its specific section of this chapter.





3.1 Main Risks

Below is the breakdown of the main risks we manage:

Risk	Description	Key Points in Management
Credit	Possibility of incurring losses and reduction in the value of the Group's assets because of its debtors failing to comply in a timely or perfect manner with the terms agreed in the credit agreements.	<ul style="list-style-type: none"> • Definition of target markets. • Establishment of credit terms and conditions for each segment/type of credit. • Granting of credit based on payment capacity (people) and flow generation (companies). • Credit process based on segregation of duties. • Templates of capacities and situations for having credits approved. • Warranty policies. • Transfer of risk through insurance coverage. • Concentration and exposure limits. • Monitoring the behavior and evolution of portfolio quality indicators. • Goals for covering portfolio reserves.
Concentration	An elevated level of exposure could cause losses in the Group, which could affect the solvency or ability to maintain its operations. Risk concentrations may arise in assets, liabilities, or off-balance sheet transactions.	<ul style="list-style-type: none"> • Policies, processes, handbooks, and tools that guarantee the integrity and effectiveness of management. • Monthly monitoring of indicators related to concentration risk and their respective regulatory limits, internal limits, and agreements.
Country	Possibility of incurring losses caused by adverse effects on the economic, social, and political environment or natural disasters in the countries where the Banking Group or its clients do business. Country risk includes, among others, transfer risk, political risk, and sovereign risk.	<ul style="list-style-type: none"> • Definition of target countries. • Policies for country risk management. • Approval limits per instance, exposure limits. • Permanent monitoring of sovereign ratings. • Establishment of reserves for country risk. • Reports and communication on country risk exposure. • Stress tests.
Capital	The possibility that the Group or any of its member companies has insufficient quantity and quality of capital to meet the minimum regulatory requirements established by regulations, to respond to market expectations about its creditworthiness, and to support the growth of the business and the strategic possibilities that arise, in accordance with financial plans.	<ul style="list-style-type: none"> • Policies, processes, handbooks, and tools that guarantee the integrity and effectiveness of management. • Monthly monitoring of indicators related to capital adequacy and their respective regulatory limits, internal limits, and agreements. • Stress tests. • Sensitivity analysis.
Liquidity	Possibility of an economic loss of the Group due to the difficulty of liquidating assets or obtaining financial resources under normal conditions.	<ul style="list-style-type: none"> • Set of policies, strategies, limits, and levels of acceptance and procedures • Wide availability of financing lines and access to the local and international capital markets. • Evaluation of the funding structure, maturity structure, and concentration. • Monitoring and control of limits for liquidity indicators. • Stress tests. • Contingent financing plan.

Risk	Description	Key Points in Management
Market	Possibility of losses derived from adverse movements in the prices of products in the financial markets where investments are held in relation to the operations of the trading portfolio. This is mainly comprised of price risk, interest rate risk, and exchange rate risk.	<ul style="list-style-type: none"> • Set of policies, strategies, limits and acceptance levels, procedures, and other mechanisms of action in adverse situations of market risk. • Conservative approach to the organization's own investment portfolio. • Permanent monitoring of price evolution of the investment portfolio. • Risk covering strategy.
Operational	Possibility of losses due to deficiencies, failures, or inadequacies of human resources, processes, technology, infrastructure, management information, models used, or the occurrence of external events. This definition includes the legal risk associated with such factors but excludes loss of profits, reputation risk, and strategic risk.	<ul style="list-style-type: none"> • Control system composed of formally established policies, processes, procedures, and control levels. • Assignment of Risk Managers in the different functional units, responsible for applying risk management tools and reporting results to the Risk Management Unit. • Staff training • Risk limits • Follow-up to results of measurement tools. • Transfer of risk through insurance coverage. • Business continuity plan
Legal	Possibility of incurring losses as a result of not complying with rules, laws, regulations, or procedures with possible legal consequences, as well as with instructions from a competent authority or with judicial or administrative resolutions, among others.	<ul style="list-style-type: none"> • Policies, processes, handbooks, and tools that guarantee the integrity and effectiveness of management. • Prevention of lawsuits and mitigation processes. • Review of contracts by legal counsel. • Compliance management.
Money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction	Possibility of incurring risks arising from the use of the Group's products and services for money laundering (ML), terrorism financing (TF) and financing the proliferation of weapons of mass destruction (FPWMD).	<ul style="list-style-type: none"> • Policies, processes, handbooks, and tools that guarantee the management of Prevention ML/TF/FPWMD. • Compliance Program (due diligence process, know-your-customer policies, monitoring tools, sanctions list, regulatory reports, processes, and internal projects of the department). • ML/TF/FPWMD Risk Matrix. • Annual Risk Assessment Process ML/TF/FPWMD. • ML/TF/FPWMD Independent Risk Assessments.
Environmental and Social	Possibility that the Group incurs losses due to the negative environmental and social impacts caused by the granting of credits for financing projects; as well as by activities coming from the environment in which it operates, significantly affecting the economic, social, or environmental system.	<ul style="list-style-type: none"> • Implementation of the Environmental and Social Risk Management System (ESRMS or SARAS for its Spanish acronym). • Policies and procedures to identify and manage the environmental and social risks of funded activities. • Controls to verify compliance with the environmental and social risk mitigation conditions and measures that the client must apply. • Monitoring visits for applicable cases. • Monitoring of indicators. • Environmental and Social Risk Reports



Emerging risks

In such a dynamic risk landscape for the financial sector, we must consider several factors that are becoming especially relevant to our business and developing as emerging risks. Our robust risk management structure is flexible to the evolution of these and consider future scenarios, to prevent the possible impact on the business and the relationship with the different stakeholders. Below we present the emerging risks and comment on their management throughout the report.

Factor	Impacts	Bank management	More information
Cybersecurity	<ul style="list-style-type: none"> Blocking remote channels Theft of customer data Impersonation of customers and employees Other 	<ul style="list-style-type: none"> Information security policies and processes. Information security governance framework. Management of information security incidents. State-of-the-art technology, subjected to internal and external tests. Awareness and training on technological risk management issues, managers, or personnel of the functional areas of the first line of defense. 	Customer Experience: Information Security and Fraud
Protection of personal data	<ul style="list-style-type: none"> Violations of privacy with effects on the integrity and security of customers. Use given by third parties who may have access to the information. 	<ul style="list-style-type: none"> Information security policies and processes. Management of information security incidents. Information security governance framework. State-of-the-art technology, subjected to internal and external testing. 	Customer Experience: Information Security and Fraud
Over Indebtedness	<ul style="list-style-type: none"> Weakening of financial health in families. Debtors are subject to loss of assets. Difficulty in recovering the loan portfolio. 	<ul style="list-style-type: none"> Financial education program aimed to counsel about proper management of personal finances. Business practices aimed to provide the best advice to clients to meet their financial needs. Credit policies designed and aligned with the customers' condition. 	Customer Experience: Added Value and Transparency
Climate change	<ul style="list-style-type: none"> Commercial credit recovery difficulty Loss of value in assets that have been invested in. Difficulty in meeting the requirements of international institutions and financing agencies regarding excluded sectors, portfolio decarbonization, etc. Compliance with regulatory provisions on credit placement and investments regarding aspects of climate change. Direct emission thresholds for the operations of the financial group, which requires investment in more efficient and cleaner technologies. 	<ul style="list-style-type: none"> Implementation of the Environmental and Social Risk Management System (ESRMS or SARAS for its Spanish acronym). Financing renewable energy projects. Measurement of credit portfolio emissions according to the PCAF. Use of renewable sources for energy consumption. Measurement of the inventory of Greenhouse Gas (GHG) emissions 	Sustainable financing Environmental management: energy and emissions
Corruption and fraud	<ul style="list-style-type: none"> Increase in fraud incidents by using electronic channels. Increase in the perception of acts of corruption in the country. 	<ul style="list-style-type: none"> Fraud prevention system. Corporate and Organizational Governance structure for supervision and surveillance. Compliance program (due diligence process, know-your-customer policies, monitoring tools, sanctions list). Code of ethics and conduct. Training on the subject for the Group's employees. 	Ethics and compliance Information security and fraud

3.2 Climate Change Risks (GRI 201-2)

As part of the financial sector, we are directly exposed to climate risks and opportunities through our operations and the use of natural resources and indirectly, through financial intermediation activities with borrowers, clients, and counterparties.

Below we present the governance of risks and the detail of risks, which we classified according to the nomenclature recommended by the Task Force on Climate Related Financial Disclosures (TCFD).

Governance

Climate risks were identified in an exhaustive process, with the participation of external specialists and members of the Sustainability Commission. The results will be incorporated during the following fiscal year in the Group's comprehensive risk map and the prevention and mitigation initiatives that will be proposed in the following steps.

Identifying and evaluating the risks included our operation and the activities carried out by our clients. In particular, we analyzed which sectors that received credit were most vulnerable and what their nature was. The efforts are part of the initiatives set out in the sustainability strategy.



The initial results of the analysis were presented to the Risk Management Steering Committee and subsequently to the Board of Directors, which is therefore informed of these results.

Regarding the responsibilities of the Board of Directors, it is also worth highlighting the supervision it carries out over the Sustainability Strategy Set, which integrates the progress of the Group's climate roadmap.

This roadmap is presented throughout the report, including:

- Analysis of climate risks and opportunities of direct operations and the loan portfolio.
- Annual calculation of Greenhouse Gas (GHG) emissions, including Scopes 1, 2, and 3. Therefore, it extends to the estimation of emissions in our value chain.
- Measurement of the financed emissions from the loan portfolio under the PCAF methodology. We will continue moving forward by later considering the investment portfolio.
- Set emission reduction targets according to the international methodology of the Science Based Targets Initiative (SBTi).



Identified risks

These are presented below, being managed as previously stated.

Transition risks

Transitioning to a low-carbon economy can entail significant political, legal, technological, and market changes to address climate change-related mitigation and adaptation requirements. Depending on the nature, speed, and focus of these changes, transition risks can pose financial and reputational risks of different levels for organizations.

Physical risks

Physical risks from climate change can lead to (acute) events or long-term (chronic) changes in weather patterns. They can have financial repercussions for organizations, such as direct damage to assets or indirect impacts caused by disruptions in the production chain.

The **definition of terms** used for the analysis of risks and opportunities of climate change is as follows:

TYPE OF TERM	GREATER THAN OR EQUAL TO (YEARS)	LESS THAN OR EQUAL TO (YEARS)
SHORT		3
MEDIUM	3	10
LONG	10	



RISK SUBTYPE	RISK ASSOCIATED WITH CLIMATE CHANGE	DESCRIPTION OF RISK	FINANCIAL IMPACT	PORTFOLIO SECTORS IMPACTED	RELATED INITIATIVES	TERM OF RISK
Political and Legal	Mandates and regulations of existing goods and services.	<p>Setting limitations to the capital placement by the Financial Group, either through credit or investments, in sectors with greater exposure to climate change and/or more significant contribution to it (due to GHG emissions).</p> <p>Increased environmental/climate regulatory requirements for bank customers. Environmental impact studies are being regulated so that GHG emissions must be measured and meet requirements. Due to the country's commitments to comply with the Paris Agreement, more regulations will be added to certain sectors.</p>	<p>Increased operating costs for our customers (i.e., higher compliance costs, increased insurance premiums). For exporting certain products, especially food, certifications, and compliance with regulations of the countries they export, such as Europe and the USA, are required.</p> <p>Increased cost for our customers due to compliance with regulatory requirements.</p> <p>Increase in bank expenses due to an increase in trained personnel in the areas of risk, environmental issues, and business. Need for economic resources for the control and monitoring of the bank's customers regarding their level of compliance with environmental requirements associated with climate change, such as GHG emissions inventory and customer delinquency.</p>	<ul style="list-style-type: none"> • Agriculture • Stockbreeding • Industries • Construction • Energy 	<ul style="list-style-type: none"> • Financed emissions reduction targets, transition plan. Support customers in the transition. • Support SME clients of the bank in measuring emissions and reduction plans. • Controls established in ESRMS or SARAS for its Spanish acronym. • Internal training plan. 	Medium
	Pricing GHG emissions	Financial risk for Global Bank's industrial clients, which would directly affect their liquidity by having to invest in acquiring emission rights if they exceed the established limits through a cap-and-trade system.	<p>An increase in customers' operating costs could affect debt repayment.</p> <p>Low demand for products, new laws that affect the company (new taxes)</p>	<ul style="list-style-type: none"> • Cement • Energy - non-renewable • Oil & Gas • Industry 	<ul style="list-style-type: none"> • We constantly review the possible related Panamanian regulations: According to the draft bill of Climate Change, in regards to the carbon tax, as long as the Republic of Panama maintains a negative carbon condition, it will not be required to incorporate a carbon tax. • Through the Ministry of Environment, a National Carbon Market is being developed in Panama (Executive Decree No. 142 of 2021). We are constantly following-up on this project. • At the international level, we will be reviewing the credit portfolio, noting if there are any related to regions that impose carbon taxes. 	Long
	Litigation exposure	Risk of environmental crime lawsuits directed at Global Bank's clients, who will bear litigation costs.	Loss of customers' solvency due to litigation costs, fines, or sentences (including the possible decrease in demand for their goods and services) could cause problems in repayment of bank debt.	<ul style="list-style-type: none"> • Agriculture • Stockbreeding • Industries • Construction • Energy 	<ul style="list-style-type: none"> • Controls established in the improved ESRMS or SARAS for its Spanish acronym. • Review and follow-up on environmental news related to bank customers. 	Medium
Technological	Replacing existing goods and services with low-emission options	Global Bank customers positioned in sectors overtaken by clean and low-emission technologies could lose competitiveness, affecting their financial projection.	Customers with financing in sectors that require low-emission or alternative technologies could face solvency problems and must retire existing assets early, as well as low demand for existing products. This could lead to amortizing debt problems, implying a longer term of debt recovery, or bad debt.	<ul style="list-style-type: none"> • Transportation • Car • Industry • Energy 	<ul style="list-style-type: none"> • Creation of green products to finance low-emission technologies or sustainable methods. • Funded emissions reduction transition plan 	Long
	Costs of transition to low-emission technology	<p>Investment in remodeling and adapting Global Bank's buildings, including cleaner and more innovative technology.</p> <p>Investment is needed by Global Bank clients to improve efficiency and reduce their environmental impact by implementing cleaner technologies.</p>	<p>For customers: low demand for products if it does not adapt technologies, spending on research and development, capital investments in technological development, increase in costs to implement/use new practices and processes. These could affect the client's solvency and cause credit repayment problems and the costs of using or developing failed technologies.</p> <p>For the bank: Investment of working capital on technology such as solar panels, and digitalization. Investment costs in remodeling and adapting bank facilities.</p>	<ul style="list-style-type: none"> • Industry • Agriculture • Stockbreeding • Construction 	<ul style="list-style-type: none"> • Carbon neutrality plan in Scope 1 and 2 of the bank. • Digital transformation plan. • Creation of green financial products. • Funded emissions reduction transition plan. 	Medium



TRANSITION RISKS

RISK SUBTYPE	RISK ASSOCIATED WITH CLIMATE CHANGE	DESCRIPTION OF RISK	FINANCIAL IMPACT	PORTFOLIO SECTORS IMPACTED	RELATED INITIATIVES	TERM OF RISK
Market	Changes in the behavior of stakeholders (clients, financial agents, consumers).	Increasing evolution of ESG requirements by different stakeholders such as: capital providers (multilateral banks and institutional investors), clients, and our clients' consumers.	Decrease in revenues and market positioning (customers and bank) due to reduced demand for goods and services because of changes in consumer preferences. (For the bank, for example, lack of supply of green/social products).	<ul style="list-style-type: none"> • Construction • Industry • Energy • Agricultural • Realty • Auto & Transportation • Mortgages 	<ul style="list-style-type: none"> • Creation of green products. • Set green product placement goals. • Awareness program for agricultural clients. • Green products labeling system. • Set funded emissions reduction targets (and transition plan) 	Short
	Increase in raw material costs.	Sudden changes in the price of raw materials affect the productivity and liquidity of customers' companies or the bank.	<p>It affects customer revenue and debt repayment due to low demand for products and services, increase in prices of final products of customers that could decrease demand, increase in production cost, a sudden increase in energy cost, increase in the price of supplies (water, paper, etc.), increase in waste treatment cost, change in asset price.</p> <p>Increased costs to the bank due to sudden and unexpected changes in energy costs or supply prices.</p>	<ul style="list-style-type: none"> • Construction • Food & Beverage/ Cement Manufacturing • Realty 	<ul style="list-style-type: none"> • Installation of solar panels and power plants with solar panels in the bank. • Support customers transitioning to a low carbon economy with green products, awareness, emission measurement, and emissions reduction plan. 	Medium
Reputation	Negative comments from stakeholders for financing activities with significant GHG emissions arising from consumer changes or stigmatization of the sector.	<p>Possibility of reduction or loss of customers and acquiring a bad reputation due to a lack of sustainable practices within management and granting of credits.</p> <p>Demand from customers to limit the direct impact of our activity.</p>	<p>Reduction of customer earnings affecting the repayment of credits due to lack of demand because of changes in consumer preferences, loss of customers, late high transition costs, and failure to implement sustainable practices. This could affect the bank's reputation for financing customers who do not make a timely transition to a low-carbon economy.</p> <p>The cost associated with a bad reputation.</p> <p>The cost of reducing portfolio exposure in sectors with high GHG emissions of forsaking profitable businesses due to reputational risk or by sectoral regulation or funding institutions that prohibit it.</p> <p>Loss of customers or potential customers who consider that our sustainable practices against climate change are insufficient.</p> <p>Reduced availability of capital.</p> <p>Risk derived from not implementing the defined policies well, leading to reputational risk ("greenwashing").</p>	<ul style="list-style-type: none"> • Energy with fossil fuels • Oil & Gas • Transportation • Cement • Real Estate 	<ul style="list-style-type: none"> • Utilize internationally recognized taxonomies. • System for labeling green products. • Transition plan for reducing financed emissions • Transparency in public reporting • Communication plan to different stakeholders • Carbon neutrality by 2050 plan, with an intermediate goal by 2030, in our direct operations (scope 1 and 2). • Digital transformation plan. 	Short

RISK SUBTYPE	RISK ASSOCIATED WITH CLIMATE CHANGE	DESCRIPTION OF RISK	FINANCIAL IMPACT	PORTFOLIO SECTORS IMPACTED	RELATED INITIATIVES	TERM OF RISK
Acute risks	Increase in severe extreme weather events	Cyclones and floods, landslides, fires. These phenomena produce a reduction in economic income, loss of products, damage to infrastructure, and adverse health effects on employees, both to customers and banks.	It affects the repayment of the debt, decreases in the value of loan guarantees from affected sectors since the customer can be impacted with reduced economic income, damages to infrastructure, causes possible loss of products and goods, reduces product demand and production capacity, affects the supply chain and transportation, causes health problems to employees. Damage to bank facilities. Increase in the cost of insurance. Reduced revenue and increased negative impacts on bank staff (i.e., health, safety, absenteeism)	<ul style="list-style-type: none"> • Agriculture: crop losses and plantings • Livestock: loss of animals • Tourism: low demand in affected regions, damage to infrastructure such as hotels • Residential mortgage: home losses • Construction-infrastructure (9%): damage to buildings, damage to roads and bridges. 	<ul style="list-style-type: none"> • Create awareness in customers regarding the use of sustainable production methods. • Create green products to finance sustainable methods and technologies (drip irrigation in droughts, silvopastoral systems, organic fertilizers, biodigesters, wastewater treatment systems, composting systems, reforestation of water sources, etc.). • Review the Sustainable Building Regulations (SBR) of Panama and include them in the process of technical visits by environmental analysts • Business continuity plan 	Short
Chronic risks	Changes in precipitation systems and extreme variability in weather patterns	Continuous increase in the maximum daytime and nighttime minimum temperature. Change in rainfall (e.g., need to incorporate drip irrigation systems due to prolonged drought) May cause: Devaluation of clients' assets because they are located in areas with water supply problems (desertification). Increases in customers' operating costs (investments in technology and processes). Lower production of renewable energy (hydro and wind).	Due to effects on customers: It could affect solvency and debt repayment and/or losses or devaluation of credit guarantees (amortization or early retirement of existing assets), reduction of income due to low production, and increases in operating costs. Due to direct effects on the Bank: <ul style="list-style-type: none"> • Increased costs for providing utilities (e.g., water, energy) • Increased capital costs (e.g., facility damages) • Increase in insurance premiums due to increased claims nationwide. 	<ul style="list-style-type: none"> • Agriculture: crop loss due to pests, droughts, and soil degradation. • Livestock: death or low weight of animals, not covering the demand for animals, and lack of water. • Hydroelectric power generation: cannot meet generation demand due to lack of water, and low revenues. • Housing and construction infrastructure: loss or devaluation of property. 	<ul style="list-style-type: none"> • Create client awareness regarding sustainable practices. • Creation of green financial products. • Diversify portfolio with green products. • Business continuity plan. • Internal eco-efficiency plan. 	Medium
	Increase in average temperature	Population movements that can lead to depression in certain locations, accompanied by loss of businesses.				
	Rising sea levels	Threats to customer assets can lead to loss of earnings and solvency.				

**According to the document Climate Change Vulnerability Index of the Republic of Panama - Third Communication, the climate risks for the country are: Changes in precipitation patterns (Floods, prolonged dry season), rising sea levels, and ocean acidification. The most vulnerable economic activities are Agriculture/livestock, energy production, infrastructure, and operation of the Panama Canal. The vulnerability variables: Exposure, sensitivity, and adaptive capacity. In addition, the Ministry of Environment presented in mid-2022 the results of the climate change scenario study of the Republic of Panama, Vision 2030-2050-2070, which reflects a continuous increase in the maximum daytime and nighttime minimum temperature. One of the most affected sectors would be farming. According to the Ministry of Environment, the extreme events that most affect and represent a climate threat to Panama are those expressed as intense summer rains, prolonged periods, and greater intensity of drought, and the rising sea level. These threats show evidence of negative impacts on sectors of national interest with clear effects on the availability of water in summer, a greater demand for energy in the face of high temperatures, loss of crops and soils, loss of the coastline to storm surges, as well as greater flooding in large urban centers, with damages to infrastructure and services.



Additionally, we have identified those areas of opportunity in the field of climate change:

OPPORTUNITIES

TYPE	OPPORTUNITY ASSOCIATED WITH CLIMATE CHANGE	POTENTIAL FINANCIAL IMPACT	RELATED INITIATIVES	TERM
Resource efficiency	<p>Use more efficient methods of transportation.</p> <p>Recycling.</p> <p>Reduce water use and consumption.</p> <p>Reduction of GHG emissions.</p>	<p>Reduction of operating costs (through efficiency gains and cost reduction).</p> <p>Increase in the value of fixed assets (very energy-efficient buildings).</p> <p>Benefits of personnel management and planning (improving health and safety, employee satisfaction), which reduce costs.</p>	<ul style="list-style-type: none"> We have a carbon neutrality by 2050 plan in scopes 1 and 2 of the bank, with intermediate goals for 2030 and 2035. It includes a savings plan for the use of supplies (water, paper, electricity), recycling, maintenance of air conditioners, changes of LED lights, installation of water regulating taps, staggered renewal of vehicle fleet to hybrid/electric vehicles (depending on market availability), among others. We have two branches and one LEED-certified building. 	Long
Energy sources	<p>Check other bank facilities where solar panels can be installed.</p> <p>Acquire solar plants.</p>	<p>Reduction of operating costs (electricity consumption).</p> <p>Reduction of GHG emissions, which reduces the risk of effects from taxes or prices on the use of fossil fuels or coal.</p>	<ul style="list-style-type: none"> Installation of solar panels on bank buildings and branches (as existing infrastructure allows, the number of branches with solar panels will be increased). Carbon neutrality plan: Acquisition of solar plant, energy efficiency study. 	Medium
Products & Services	<p>Develop products to finance activities that use new technologies or methods to reduce GHG emissions: distributed solar energy, hybrid/electric vehicles, sustainable agriculture, sustainable infrastructure, and circular economy.</p> <p>Offer clients advice on sustainable stockbreeding / agriculture, sustainable construction, and energy efficiency.</p>	<p>Increased profitability due to the demand for low-emission products and services.</p> <p>Portfolio diversification.</p> <p>A better competitive position to reflect changing consumer preferences, which translates into increased revenue.</p> <p>Reduction of financed GHG emissions.</p>	<ul style="list-style-type: none"> Creation of green products. Establish green product placement goals. Awareness program for agricultural clients. Green Product Labeling System. Establish financed emission reduction targets (and transition plan) for some portfolio sectors. 	Short

3.3 Relationship with the Supply Chain

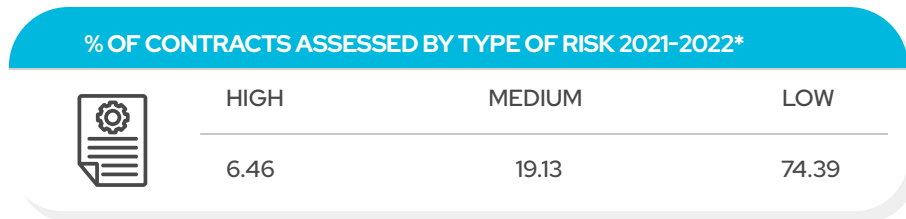
2-6, 204-1, 205-1

Our suppliers are a fundamental part of the business model. We seek to maintain strong and long-term relationships with them.

Through the Know Your Supplier Policy, we carry out an evaluation that considers, among other things, aspects of ethical and anti-bribery management. This process consists of three stages:

1. Initial assessment, with the identification of potential risks (prevention of money laundering, economic implications, operational risk, and information security risk);
2. Approval of the contract by the legal area; and
3. Evaluation of the service provided by the area that requested it.

In future fiscal periods, we will work to integrate into this process the evaluation of suppliers' social and environmental performance.



*Considers the process coordinated from the Supplier's area. For direct contracting of other technical areas, specific processes are conducted.

Our supply chain is remarkably diverse, with significant contracts in technology, marketing, general services, and other products and services. We favor national suppliers, who represent 87.6% of total contracts.

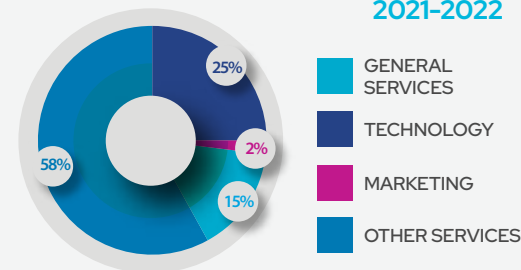
We spent US\$ 46,897,941 during the 2021-2022 fiscal year on domestic and international suppliers contracts.

439 contracts with suppliers
87.6% of contracts with national suppliers
US\$47 million invested

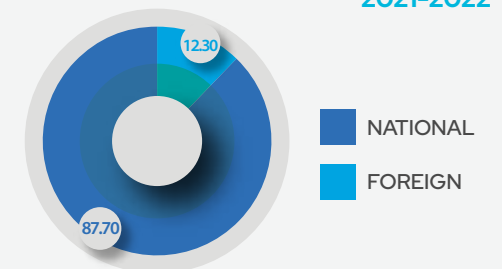
PERCENTAGE OF CONTRACTS TO SUPPLIERS BY TYPE OF SERVICE 2021-2022

TYPE OF PRODUCT/SERVICE		%
	TECHNOLOGY	24.6
	MARKETING	1.6
	GENERAL SERVICES	15.2
	OTHER SERVICES	58.6

Suppliers by type of service 2021-2022



Percentage of Suppliers 2021-2022



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4 CORPORATE GOVERNANCE

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS

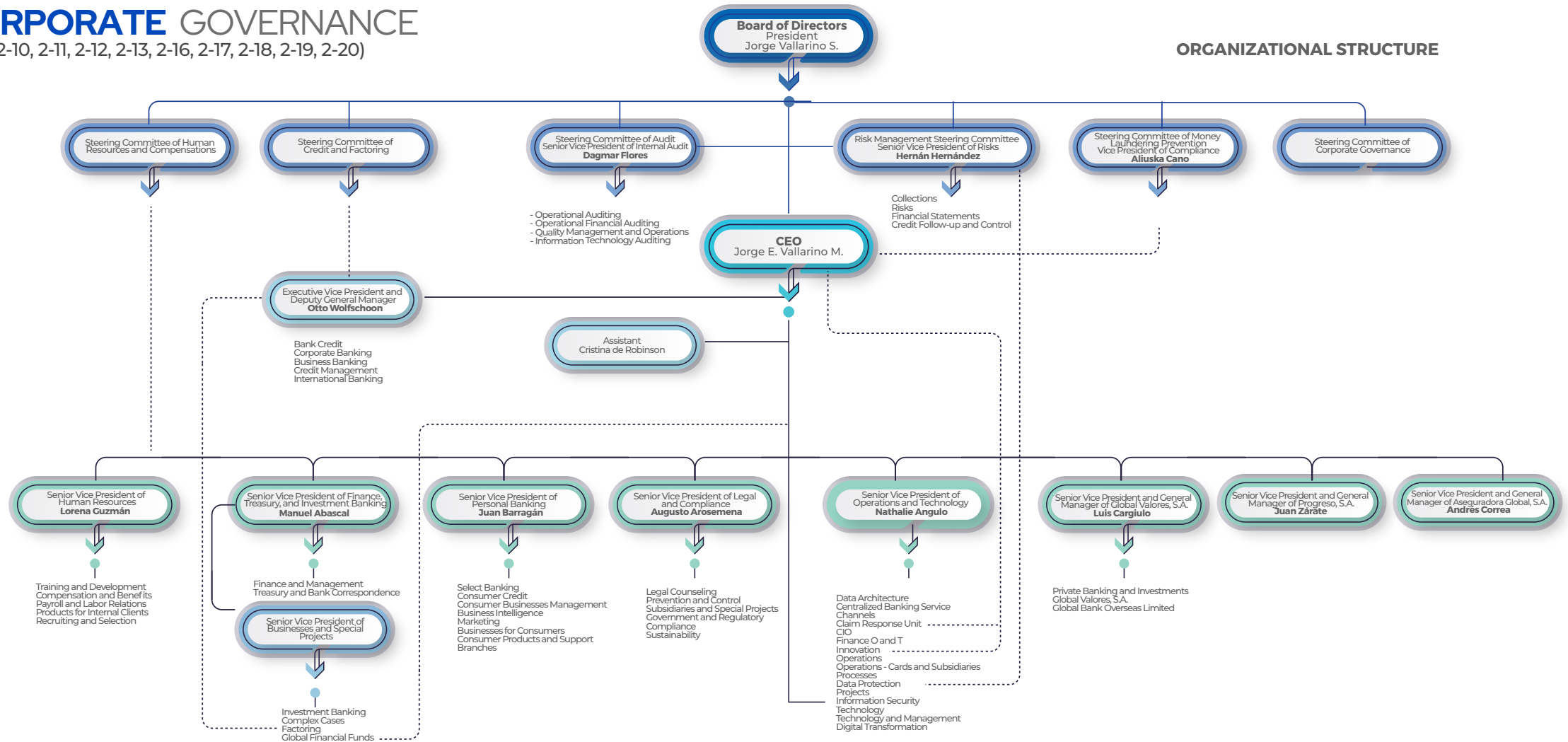


GLOBAL
BANK

4. CORPORATE GOVERNANCE

(GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-16, 2-17, 2-18, 2-19, 2-20)

ORGANIZATIONAL STRUCTURE





We manage ourselves under the best practices of corporate governance and regulatory requirements, based on our ethical principles and integrity, allowing us to transmit confidence to our investors and other stakeholders.

We have a transparent and efficient corporate structure to achieve long-term strategic objectives.

A **General Meeting of Shareholders** is held annually on the date and place provided by resolution of the Board of Directors to elect the Main and Substitute Directors and to process any other business submitted to the meeting by the Board of Directors.

The **Board of Directors** is the highest administrative body. It is responsible for establishing the policies, principles, rules, and procedures for the proper management of the Group, including the operation of internal control systems. It is also responsible for ensuring financial health, structuring business plans, and establishing annual budgets.

It comprises directors with extensive experience and a recognized professional track record in the financial, legal, and commercial sectors. They serve one-year terms, with the possibility of re-election. The Chairman of the Board of Directors is elected at the Shareholders' Meeting and is not involved in the day-to-day management of the bank.

In addition to their experience, the Directors keep up to date on relevant topics of the business through training on matters such as risk, money laundering, digital transformation, corporate governance, economic perspectives, and ESG issues (environmental, social, and corporate governance).

The Board of Directors is responsible for setting the remuneration of the directors. This includes the allowances for their participation in each session, whether ordinary or extraordinary.

The Board of Directors, in order to support the performance of its functions, shall conduct periodic evaluations at least once (1) every three years of its own Corporate Governance practices and procedures. To this end, it may rely on the collaboration of external advisors on Corporate Governance.

Based on our commitment to advance women's participation, we continue to work to reach a minimum of 30% of women serving on the Board of Directors.

The average seniority of the members functioning as directors is ten years. Currently, 26% of the directors are independent, and 20% are women. Below, we present the composition of the Board of Directors of the Financial Group:



MEMBER

COMMITTEES

Name	Status and position	Prevention of money laundering	Audit	Risk	Credit and Factoring	HR and Compensation	Corporate Governance
Jorge Enrique Vallarino Strunz	Shareholder President	President Speaking and Voting rights	Participant Speaking and Voting rights	Participant Speaking rights	President Speaking and Voting rights	President Speaking and Voting rights	President Speaking and Voting rights
Félix Brandon Maduro García de Paredes	Shareholder Vice President	Participant Speaking and Voting rights			Participant Speaking and Voting rights	Participant Speaking and Voting rights	
Bolívar Ernesto Vallarino Strunz	Shareholder Secretary		Participant Speaking and Voting rights	Participant Speaking and Voting rights			
Mónica García de Paredes de Chapman*	Independent Subsecretary	Participant Speaking and Voting rights		Participant Speaking and Voting rights			Participant Speaking and Voting rights
Jorge Enrique Vallarino Miranda	Shareholder Treasurer	Participant Speaking and Voting rights	Guest participant	Participant Speaking rights	Participant Speaking and Voting rights	Participant Speaking and Voting rights	Participant Speaking and Voting rights
Ishak Salomón Bhiku Rawat	Shareholder Sub treasurer	Participant Speaking and Voting rights	Participant Speaking and Voting rights / Secretary		Participant Speaking and Voting rights		
Jack Eskenazi Cohen	Shareholder Member	Participant Speaking and Voting rights		Participant Speaking rights			
Alberto Raymond Dayan Btsh	Shareholder Member		Participant Speaking and Voting rights				Participant Speaking and Voting rights
Domingo Adolfo Díaz Strunz - Vocal	Shareholder Member				Participant Speaking	Participant Speaking and Voting rights	

Board of Directors



MEMBER		COMMITTEES					
Name	Status and position	Prevention of money laundering	Audit	Risk	Credit and Factoring	HR and Compensation	Corporate Governance
Otto Oswald Wolfschoon Horna	Shareholder Member	Participant Speaking and Voting rights	Guest participant	Participant Speaking rights	Participant Speaking and Voting rights		
Stephen Benedicto Wong Chung	Shareholder Member		Participant Speaking and Voting rights	Participant Speaking and Voting rights Secretary			
Eddy René Pinilla	Independent Member	Participant Speaking and Voting rights	Participant Speaking and Voting rights	Participant Speaking and Voting rights		Participant Speaking and Voting rights	
Alberto Alemán Zubieta	Independent Member	Participant Speaking and Voting rights		President Speaking and Voting rights		Participant Speaking and Voting rights	Participant Speaking and Voting rights
Liliana Gómez Candanedo	Independent Member		President Speaking and Voting rights		Participant Speaking and Voting rights		
Nicole Darlington**	Independent Member						
Juan José Vansice	Shareholder Substitute				Participant Speaking and Voting rights	Participant Speaking and Voting rights	
Larry E. Maduro	Shareholder Substitute			Participant Speaking and Voting rights			Participant Speaking and Voting rights
Benedicto Wong H. †	Shareholder Substitute						

The details of our Directors' career paths and experience can be found at: <https://www.globalbank.com.pa/es/globalbank/junta-directiva>

*She is not involved in the day-to-day management of the bank. ** Nicole Darlington replaces Ana Cristina Rubinoff Guardia, who submitted her resignation in August 2022.

† In September 2022, documentation was issued certifying the death of Substitute Director Benedicto Wong H. † (R.I.P.).

We maintain ongoing communication with investors, ensuring that their opinions are considered by the Board of Directors. We have also established various mechanisms for dialogue with other stakeholders that allow us to transmit critical issues to the highest levels of government. Among the critical issues addressed this year are the following:

- Commitments to implement Principles for Responsible Banking (PRB): summary by year.
- Relationship between Responsible Banking (sustainable management of operations and financial footprint), direct and indirect impacts, and general strategic objectives.
- Implementation summary of the sustainability strategy (containing progress in implementing the UNEP FI Principles for Responsible Banking).
- The Board of Directors previously approved the sustainability strategy and policy.
- Summary of actions taken:
 - Organizational culture
 - Results of portfolio impact analysis
 - Result of preliminary analysis of climate change risks of the loan portfolio.
- Current projects:
 - Results of Carbon Footprint and Carbon Neutrality by 2050 Action Plan with intermediate goal by 2030 for scopes 1 and 2.
 - Sustainable livestock and coffee farming
 - Improvements to ESRMS or SARAS for its Spanish acronym
 - Materiality matrix
 - Green financial products (identification and analysis)
 - Gender Project - UNICA
- List of actions in execution or to be executed, including:



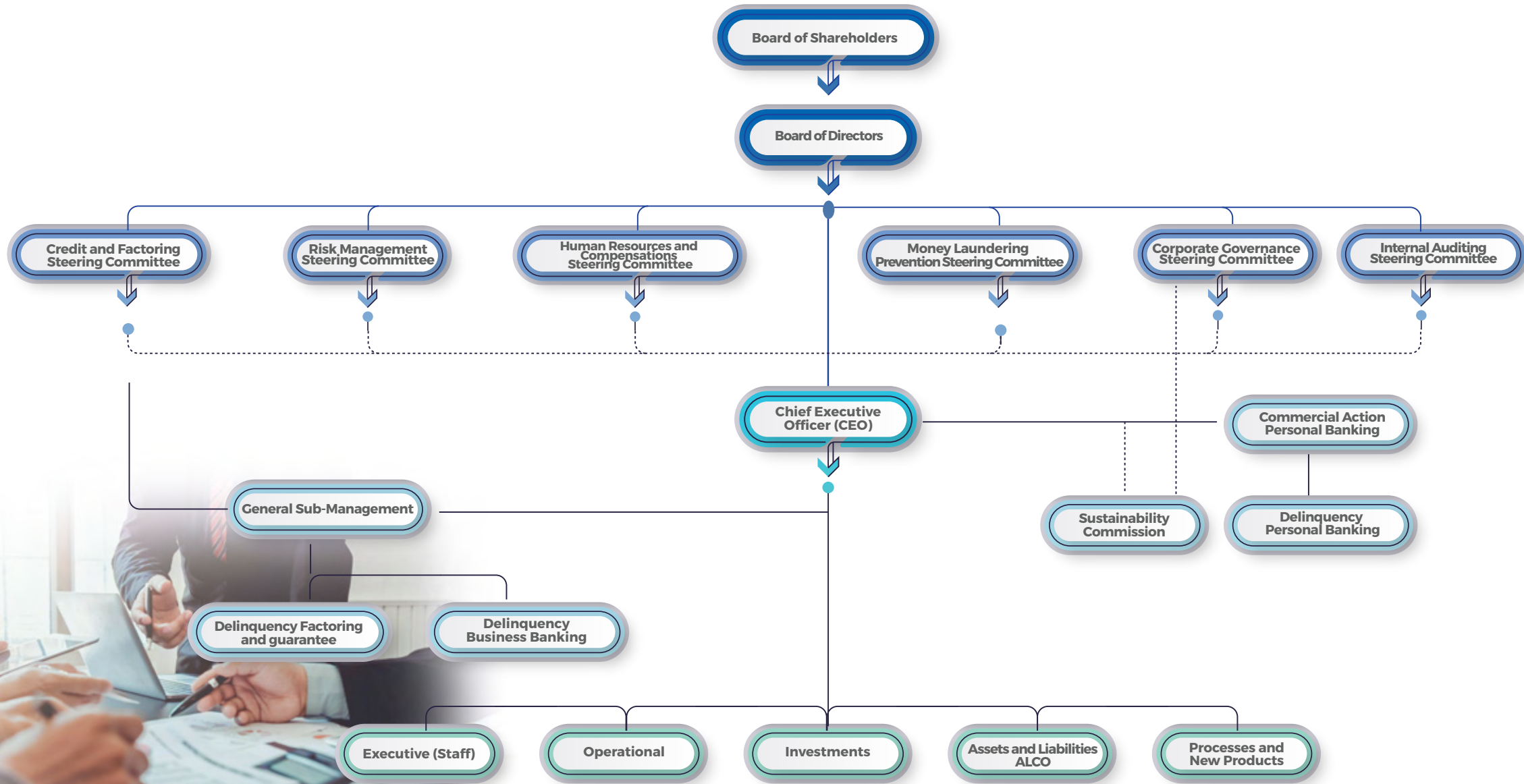
- Set ambitious long-term goals.
- Create green products: sustainable agriculture, etc.
- Follow-up to an action plan for reducing carbon footprint and environmental awareness.
- Annual calculation of carbon footprint. Including scope 3 (indirect and portfolio emissions).
- Plan to reduce loan portfolio emissions (according to the measurement result of the sectors of the portfolio)
- Risks and opportunities of Climate Change according to TCFD.
- Progress on the initiative of the sustainability strategy action plan.
- Environmental and Social Policy (contains a summary of the Environmental and Social Risk Management System process).

Details of the dialogue mechanisms with stakeholders can be found in the Relationship with Stakeholders Annex.

Support Committees

We have a series of Committees supporting the Board of Directors with specific support functions, studies, and proposals. The members of the committees are established by the Board of Directors according to their professional training, competencies, integrity, and experience.





SUPPORT COMMITTEES

Committee	Description	Detail
<p>Money Laundering Prevention Steering Committee</p>	<p>Promotes the application and implementation of policies and procedures for the Prevention of Money Laundering, the Financing of Terrorism, and the Financing of the Proliferation of Weapons of Mass Destruction, as well as their related risk management.</p>	<p>18 members (3 independent) Frequency: Bimonthly</p>
<p>Internal Auditing Steering Committee</p>	<p>It serves as support to decision-making corresponding to the control and its improvement of the Financial Group, through the assessment of processes related to risk management, the environment, control and governance of the organization, supervision of the presentation of financial information, and evaluation of the Group's internal and external auditing processes. Establishes communication channels between the Board of Directors, management, internal auditors, and external auditors.</p>	<p>7 Members (2 independent) Frequency: Bimonthly</p>
<p>Risk Management Steering Committee</p>	<p>Responsible for implementing a comprehensive risk management process to identify, evaluate, monitor, and control or mitigate all materially essential risks.</p>	<p>14 members (2 independent) Frequency: Bimonthly</p>
<p>HR and Compensation Steering Committee</p>	<p>Supports the Board of Directors in defining and organizing the development of the Group's human talent, reviewing and proposing remuneration structures for Group employees and providing a planned succession or replacement of the General Manager and other members of senior management and/or key executives.</p>	<p>9 Members (3 independents) Frequency: twice a year, at least.</p>



SUPPORT COMMITTEES

Committee	Description	Detail
Corporate Governance Steering Committee	<p>Its objective is to support the management of the Board of Directors in the fulfillment of the corporate and strategic objectives of the Group. Also, it aims to ensure the faithful fulfillment and application of good Corporate Governance practices, guaranteeing that strategic objectives and corporate values are communicated to the entire organization.</p>	<p>13 members (2 independent) Frequency: Quarterly</p>
Credit and Factoring Steering committee	<p>Its objective is to maintain the security and solvency of the Financial Group through adequate credit management and exposure to credit risk, thus maximizing the Bank's risk-adjusted rate of return.</p>	<p>11 members (1 independent) Frequency: Weekly</p>
Commercial Action	<p>It aims to maintain the security and solvency of the Group through adequate credit management, as well as to maintain its exposure to credit risk within the parameters defined by the Board of Directors, thus maximizing the risk-adjusted rate of return and stabilizing an adequate level of credit quality through an effective and continuous assessment of debtors, counterparties, and credit risk mitigants.</p>	<p>4 members Frequency: Monthly</p>
Executive (Staff)	<p>It is focused on exercising the commitment of loyalty and duty of diligence towards the Group, in accordance with the provisions of the regulatory body and the Board of Directors, ensuring the faithful compliance and application of good Corporate Governance practices as well as the strategic objectives and corporate values communicated to the entire organization.</p> <p>It includes developing and maintaining an adequate level of knowledge and experience as the Group grows in size and complexity, clearly understanding the functions within its structure. It seeks to be managed transparently, recognizing the importance of auditing and internal control processes.</p>	<p>12 members Frequency: Monthly</p>

SUPPORT COMMITTEES

Committee	Description	Detail
<p>Investments</p>	<p>It seeks to preserve the Group's assets, security, and solvency through adequate risk management in security investments, including monitoring their risk exposure within the parameters defined by the Board of Directors. Therefore, it will maximize the return of the investment portfolio, as well as analyze the risk in security investments through an effective and continuous evaluation of treasury counterparts, of market risk factors, and the level of liquidity of the investment portfolio.</p>	<p>4 members Frequency: When needed</p>
<p>Assets and Liabilities</p>	<p>Its objective is to review policies, establish placement limits and liability sources of on-balance sheet financing, as well as to improve the maturity match between assets and liabilities, including the management of the Group's global liquidity and the management of the capital structure (assets and liabilities), according to the strategies established by the Board of Directors.</p>	<p>6 members Frequency: Monthly</p>
<p>Operational</p>	<p>It is focused on promoting the establishment of procedures that ensure a proper flow, quality, and timeliness of information between the business units and the comprehensive risk management unit (including identification, management, and evaluation), as well as for all those concerned in operations that involve operational risk for the Group.</p> <p>Additionally, it aims to transform an organizational culture of operational risk management and appropriate internal control practices and to ensure that the Group has an organizational structure that promotes appropriate operational risk management.</p>	<p>6 members Frequency: Monthly</p>



SUPPORT COMMITTEES

Committee	Description	Detail
Processes and new products	It aims to contribute to the achievement of the Group's objectives by identifying opportunities for process improvements and approving improvement initiatives and changes of new processes and services.	12 members Frequency: once every six months, at least
Business Banking Delinquency	It is responsible for controlling losses due to defaults of the loan portfolio, supervising the management of monitoring, control, and recovery of the portfolio, and monitoring both compliance with credit policies, as well as the adequate level of quality of business loans.	8 members Frequency: Monthly
Factoring and Finance Delinquency	It is responsible for controlling losses due to defaults on the loan portfolio, supervising follow-up, control and recovery of the portfolio, and ensuring compliance with credit policies, as well as an adequate quality level of Factoring and Finance credits.	7 members Frequency: Monthly
Personal Banking Delinquency	It is responsible for controlling losses due to defaults of the loan portfolio, supervising the management of monitoring, control, and recovery of the portfolio, and monitoring both compliance with credit policies, as well as the adequate level of quality of personal banking loans.	8 members Frequency: Monthly

Sustainability Commission

A Sustainability Commission has been established and among its objectives, it must ensure compliance with the Sustainability Policy, develop and monitor the execution of the sustainability strategy, and supervise the implementation of the UNEP FI Principles for Responsible Banking.

The committee is composed of a member of the Board of Directors, a member of Senior Management, a member of the Sustainability area, one or two members from each of the following areas as a workgroup: Risk, Marketing, Human Resources, Administration, Projects and Processes, and Business, and one or two members from each of the following areas as a support group: Finance, Treasury, Legal, Operations, Technology, Auditing, Aseguradora Global, and Progreso.

Our **Senior Management** comprises executives with extensive knowledge, experience, and commitment. Its main responsibility is the day-to-day management, while maintaining fluid and constant communication with the Board of Directors.





UPPER MANAGEMENT MEMBERS

Name	Position	Main Functions
Jorge Enrique Vallarino Miranda	Chief Executive Officer	Responsible for planning, managing, and coordinating the Bank's functional areas. Represents the institution legally and in its relations with external entities.
Otto Wolfschoon	Executive VP and Sub-General Manager	Assists CEO in the strategic direction of the business. Responsible for planning, managing, coordinating, and supervising the development and execution of the strategies and functions related to the commercialization of the Bank's product lines to provide high quality products and services to customers with the expected profit margins.
Manuel Abascal	Senior VP of Finance, Treasury, and Investment Banking	Responsible for planning, controlling, directing, and supervising the areas related to the financial management of the bank and investment banking, ensuring the development of financial and accounting operations and the optimal use of human, economic, and technical resources.
Lorena Guzmán	Senior VP of Human Resources	Is the strategic partner of CEO; Plans, directs, and evaluates all established human resources programs, ensuring the improvement of labor relations and compliance with personnel policies and procedures so that their proper development is guaranteed.
Juan Barragán	Senior VP of Personal Banking	Ensures the strategy of the vice presidency of personal banking and its performance in the market.
Dagmar Flores	Senior VP of Internal Auditing	Performs managerial advisory functions and continuous monitoring of Corporate Governance practices.

UPPER MANAGEMENT MEMBERS (Continued)

Name	Position	Main Functions
Nathalie Angulo	Senior VP of Operations and Technology	Ensures the planning, selection, design, management, and implementation of banking operations, project management, technology systems, information security, and customer service, through constant innovation of processes and services, within the best standards and in compliance with regulatory and internal regulations.
Juan Pablo Zárate	Senior VP and General Manager of Progreso AFPC, S.A.	Represents the company before individuals and legal entities, responsibly manages the activities of the business in conjunction with each area such as: sales, investments, administration, operations, and accounting.
Hernán Hernández	Senior VP of Risk	Identifies, measures, monitors, controls, and mitigates the significant risks of the Institution through expert knowledge in the management of models and technological measurement tools.
Andrés Correa	Senior VP and General Manager of Aseguradora Global, S. A.	Formulates risk dispersion strategies for the assets or liabilities given as collateral by the bank's clients in its favor through transfers using insurance and / or reinsurance in the global market.
Luis Cargiulo	Senior VP and General Manager of Global Valores, S. A.	Plans and coordinates, together with CEO, the businesses to be developed by the Bank to achieve sustained organization growth.
Augusto Arosemena	Senior VP of Legal and Compliance	Provides timely and truthful information to Senior Management, the Steering Committee for the Prevention of Money Laundering, and the Board of Directors on the condition of Regulatory Compliance of the Institution to promote the achievement of strategic objectives. Supervises the Legal Counseling area, and leads legal matters requested by Senior Management, the Board of Directors, and the Bank's business areas.

We have a Succession Plan Policy that establishes the guidelines for the succession of the CEO and direct reporting executives. This policy is reviewed annually by Human Resources and the Compensation Steering Committee and presented to the Bank's Board of Directors. It is based on the annual performance appraisal and the fulfillment of the established financial and specific objectives to the operation of their area.

To establish remuneration received by Senior Managers, three main pillars are contemplated:

- 1) Business results
- 2) Annual evaluation of each position versus the market
- 3) Its impact on the annual management of the business

5

SUSTAINABILITY
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ETHICS AND COMPLIANCE

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



GLOBAL
BANK

5. ETHICS AND COMPLIANCE

(GRI 2-15, 2-23, 2-24, 2-25, 2-26, 2-27, 3-3, 201-4, 205-1, 205-2, 205-3, 206-1, 416-2, 417-2, 417-3) (SASB FN-CB-510a.1, FN-CB-510a.2, FN-CF-220a.2, FN-CF-270a.4, FN-CF-270a.5, FN-IN-270a.1, FN-MF-270a.3, FN-AC-270a.2, FN-AC-510a.1, FN-AC-510a.2, FN-IB-510a.1, FN-IB-510a.2, FN-IB-510b.4)

At Global Bank, it is vital to operate according to the different legal and regulatory provisions, always aligning ourselves with our policies and codes. Our organization's culture is based on ethical behavior and compliance.

5.1 Code of Ethics

Our **Code of Ethics and Conduct** establishes guidelines for the relationship between our employees and also between employees and our other stakeholders. A crucial part of prevention is updating the code periodically, as the risks we are exposed to evolve. It is applicable for its compliance to all our employees and the members of the Board of Directors.

Our Code of Ethics and Conduct includes issues related to the prevention of conflicts of interest, insider trading, transparency with the client, and, at the level of internal relations, respect for diversity and non-discrimination.





Training in ethics and anti-corruption

The Code of Ethics and Conduct and the prevention and compliance manuals are first shared with all employees when they are incorporated into the Group. Additionally, we train on a regular basis reinforcing communication through informative bulletins and announcements throughout the year.

TRAINING IN ETHICS AND ANTI-CORRUPTION (2021-2022)

Global Bank (Joint subsidiaries)

TRAINING	N° OF TRAINED EMPLOYEES*	TRAINING HOURS
INDUCTION	188	853
PREVENTION OF MONEY LAUNDERING (TRANSPARENCY)	3,123	3,798
CODE OF ETHICS AND CONDUCT AND CONFLICTS OF INTEREST POLICY	1,697	1,116
PROTECTION OF PERSONAL DATA	30	168
TOTAL	5,038	5,935

*Includes employees trained online and in hybrid mode.

ANTI-CORRUPTION TRAINING

2020-2021

2021-2022

	NUMBER OF EMPLOYEES TRAINED	HOURS OF TRAINING	NUMBER OF EMPLOYEES TRAINED	HOURS OF TRAINING
MANAGERIAL STAFF, CEO	4	12	1	2
VICE PRESIDENT	22	29.5	9	12
MANAGERS	97	100	57	72.5
MIDDLE MANAGEMENT	138	153.5	126	162
OPERATIONS AND ADMINISTRATIVE	292	275	134	130.5
TOTAL	553	570	327	379

Likewise, all members of the Board of Directors were informed of and trained in Global Bank's anti-corruption policies and procedures.

Global Ethics Line

If our employees detect breaches of the Code of Ethics and Conduct or other policies, they have at their disposal the Global Ethics Line through which they can make anonymous complaints. This is also available to our clients and the general public.

Over the telephone: : 00800 052 1375

Email: etica.globalbankresguarda.com

Website: www.resguarda.com/globalbank

Our Ethics and Conduct Committee is responsible for following up on complaints received and applying the system of consequences. The sanctions shall be applied in accordance with the provisions of Art. 54, Chapter XI of the Internal Work Regulations.

5.2 Money Laundering Prevention and Compliance

To prevent misuse of the services offered by the Bank, we have a Compliance Program, which is reviewed annually and approved by the Steering Committee for the Prevention of Money Laundering, and ratified by the Board of Directors. The program is structured as follows:



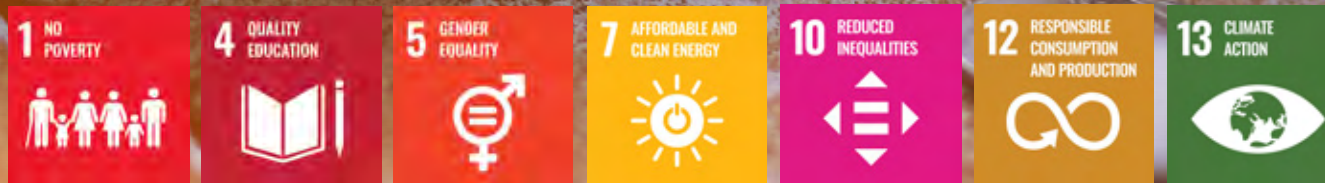
We have a Steering Committee for the Prevention of Money Laundering that is responsible for promoting the implementation and application of policies and procedures for the prevention of Money Laundering, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction. The committee has eight independent directors of the Bank's management and meets monthly.

During the period covered by this report, we had no sanctions for corruption or money laundering. Adherence to compliance also allows us to highlight the absence of significant sanctions in other areas.

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SUSTAINABILITY
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RESPONSIBLE BANKING



6. RESPONSIBLE BANKING

6.1. Objectives

At Global Bank, we understand that banking is a generator of economic and social development opportunities while safeguarding the environment. This approach reinforces our value proposition for clients. We seek to be their trusted advisors and provide varied products and services that meet their needs while boosting their ability to be more sustainable.

Therefore, this responsible banking approach is a main component of our Sustainability Strategy and is present in developing products and services that provide an environmental and/or social purpose, financing and investing with ESG criteria, and providing financial education.

Since 2019, we have been signatories of the Principles for Responsible Banking (PRB), coordinated by the United Nations Environment Programme Finance Initiative (UNEP-FI), thus aiming to strengthen this strategy.

Learn more about the Principles for Responsible Banking at: <https://www.unepfi.org/banking/more-about-the-principles/>

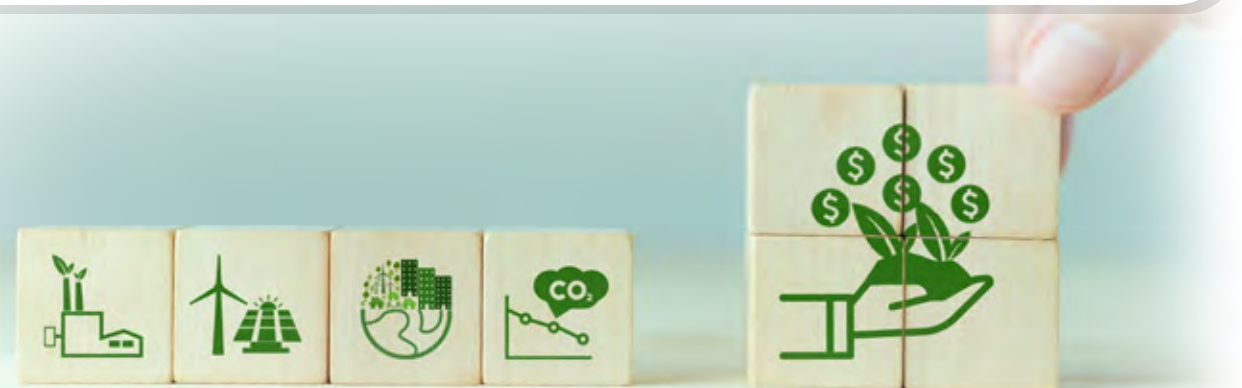
As part of our compliance with the PRB, we highlight our progress in the two objectives we had set for ourselves. This report provides an account of the actions followed; please see the Annex: Identification and dimensioning of impacts.

Goal 1 – Climate change

Below we present (i) progress towards the previously set objective, (ii) key initiatives/actions of the progress, and (iii) new objectives proposed in 2021-2022.

i. Progress towards the previously set objective:

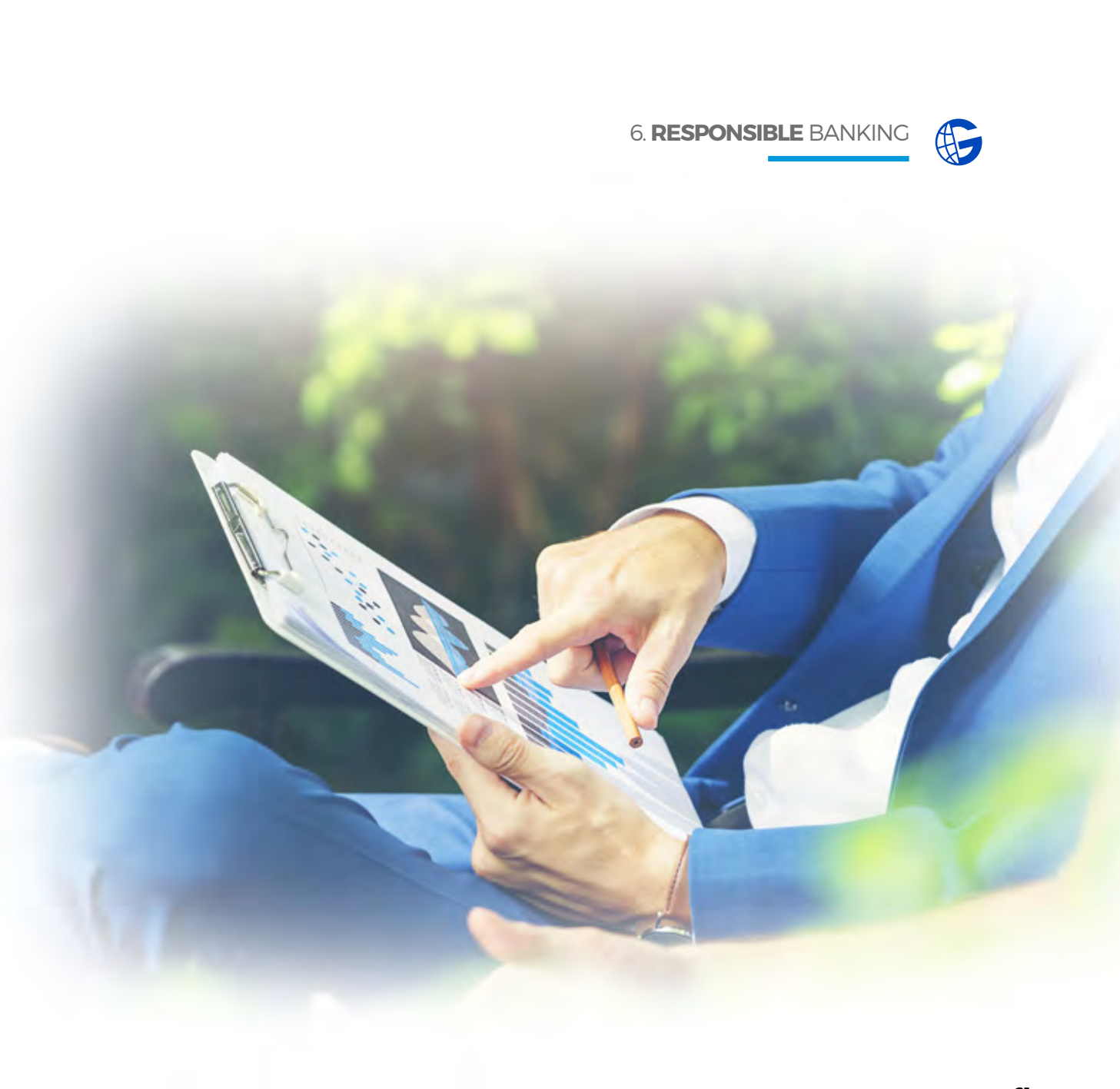
COMMITMENTS/ OBJECTIVES	SDG	OBJECTIVES 2021-2022	TYPE OF CREDIT	INDICATORS	ADVANCEMENT 2021-2022
Reduction of greenhouse gas (GHG) emissions through the financing of projects and sectors that contribute to the transition to a less carbon-intensive economy.	7 12 13	Place USD\$10 million in renewable energy during the 2021-2022 fiscal year.	Credit for renewable energies (hydroelectric, solar, wind, biomass).	<ul style="list-style-type: none"> Number of projects funded. Amount of loans granted. Amount granted. Percentage increase in the portfolio. 	USD \$9,101,616.52 was granted to finance seven renewable energy projects, 91% of the established objective.





ii. Key initiatives/actions:

- Progress in applying the Environmental and Social Risk Management System (SARAS for its Spanish acronym) for credit evaluation increases the number of clients. It is open to operations of less revenue, thus increasing the scope.
- Continued granting of credit to renewable energy and sustainable livestock projects. The latter was complemented by technical assistance to 93 ranchers and 26 coffee growers nationwide, who were given a farm improvement and investment plan to facilitate the adoption of sustainable practices.
- Calculating GHG emissions of our credit portfolio under the PCAF methodology, continuing the practice that was started the previous year.
- We went a step further in working towards setting emission reduction targets, applying the methodology of the Science Based Targets Initiative (SBTi).
- We advanced in the creation of green products. In phase one, we conducted a market study, a qualitative analysis of 10 potential green products, and then a quantitative and profitability analysis of 3 green products. At this moment, we continue the next phase of creating and naming these products.



iii. Updating of objectives

As part of our commitment to move forward in the PRB, we reinforced the definition of the objectives after considering the analysis of the national and regional context, establishing our baseline related to the calculation of GHG emissions from the credit portfolio and the use of the tools of the Science Based Objectives Initiative (SBTi), with new indicators and targets to follow:

STEP	DETAILS
<p>1. Country /Regional context</p>	<p>PANAMA:</p> <ul style="list-style-type: none"> • Generates 0.05% of global greenhouse gas (GHG) emissions (CAIT Climate Data Explorer, 2019). • 0.81 Climate Vulnerability Index; ranges from 0 to 1, with 1 being the most vulnerable (ND-GAIN Index, 2020) • 0.61 Human Development Index; ranges from 0 to 1, with 1 being a very high level of development (PNUD, 2021) <p>Second Biennial Update Report (IBA2/SBUR) of Panama (Ministry of Environment of Panama, 2021).</p> <ul style="list-style-type: none"> • Panama is carbon negative because our forests (land use, land use change, and forestry - LULUCF) absorb more carbon (CO2) than the total GHG emissions we generate as a country. • Emissions Profile (1994 to 2017) <ul style="list-style-type: none"> • Energy Sector (50.6%) - Greatest emitter, increase related to fuel consumption (increase in vehicle fleet). • LULUCF sector (19.6%) - the only one that registers absorption, related to the increase in coverage of grasslands and secondary forests. • Agriculture Sector (15.6%) - stable and without significant variations. • Waste Sector (8.6%) related to population and IPPU growth (5.7%) associated with cement production for infrastructure and megaprojects. <p>Panama's National Determined Contribution (NDC1), first update (Ministry of Environment of Panama, 2020) The updated NDC1 presents 29 commitments in 10 sectors and priority areas for the country, with mitigation targets in Energy, LULUCF, and Agriculture:</p> <p>Energy Sector:</p> <ul style="list-style-type: none"> • By 2050, Panama will achieve a reduction in total emissions from the country's energy sector of at least 24% and at least 11.5% by 2030, considering the trend scenario. <p>Sector UTCUTS:</p> <ul style="list-style-type: none"> • Panama is committed to reforesting 50,000 hectares nationwide, contributing to a carbon absorption of approximately 2.6 million tons of CO2e by 2050.



STEP

DETAILS

1. Country/Regional context

- Panama commits to developing and implementing the National REDD+ Strategy (Reducing Emissions from Deforestation and Forest Degradation) by 2025.

Agriculture Sector:

- By 2050, 130,000 hectares of degraded land will have been restored under agroforestry and silvopastoral systems to the extent of the international support received.
- By 2030, the Nationally Appropriate Mitigation Action (NAMA) for rice will have begun to be implemented. The livestock NAMA will have been formulated and its implementation will also have begun, to the extent of the international support received.

National Regulation:

- General framework: National climate change policy (2007)
- General framework: Sustainable Finance Protocol, Panama Banking Association (2018)
- Implementation instrument: National Energy Plan 2015–2050 (2016)
- Implementation instrument: Resolution No. 732-2015 Requirements and procedures for the preparation and processing of territorial zoning plans and schemes for urban and rural development (2015)
- Implementation instrument: National Climate Change Plan for the Agricultural Sector of Panama (2018).
- Implementation instrument: National Forest Strategy 2050 (2019)

REGIONAL:

Sixth assessment report (AR6) (IPCC, 2021)

- Central America and Caribbean (WGI) Impacts: Decrease in precipitation, temperature increase similar to the global average, increase in droughts, and fire climate.
- Mitigation Latin America (WGII): Latin America and the Caribbean contributed 11% to the growth in GHG emissions since 1990 and 5% since 2010; emissions continue to grow, mainly driven by higher consumption and investment; many 1.5°C compatible emission pathways emphasize supply-side mitigation measures (e.g., replacing power generation and bioenergy development offer more significant mitigation opportunities)

Note: The Intergovernmental Panel on Climate Change (IPCC) is an international body responsible for assessing scientific knowledge related to climate change. Created in 1988, it has produced six evaluation reports. <https://www.ipcc.ch/report/sixth-assessment-report-cycle/>

STEP

DETAILS

2. Baseline and priorities

BASELINE ON JUNE 30, 2022
From the Bank's loan portfolio:

Personal Banking

- 52.39% of absolute emissions correspond to the residential mortgage sector.
- 2.93% of absolute emissions correspond to the consumer sector.

Business Banking

- 12.63% of absolute emissions come from the construction sector.
- 9.86% of absolute emissions come from the commercial sector (including real estate).
- 7.29% of absolute emissions correspond to the industrial sector.
- 6.90%, 6.52%, and 1.47% of absolute emissions come from transportation, agricultural, and energy sectors.

PRIORITIES AS OF JUNE 30, 2022

For the Bank, reducing financed emissions in the different sectors of its total credit portfolio is important. As a first step in this direction, priority is given to reducing financed emissions throughout the Business Banking loan portfolio with the expectation of visualizing the behavior of each sector in the coming years and taking advantage of the opportunities to offer products with an environmental focus in the Panamanian market.

Likewise, it is a priority to improve the quality of information for all sectors to have better informed decision-making that guides the decarbonization strategy of the credit portfolio.

These priorities of the Group, in terms of climate change mitigation, are part of Global Bank's business strategy and are aligned with the GHG reduction goals established by the country in the updated NDC1 (2020), as well as with the financing needs, incentives, and subsidies defined in national policies such as the National Energy Plan 2015-2050 and the National Climate Change Plan for the Agricultural Sector of Panama.



STEP

DETAILS

3. SMART Objectives

OBJECTIVE - CLIMATE:

Contribute to reducing greenhouse gas (GHG) emissions through financing activities and projects that contribute to the transition towards a low-carbon economy.

To meet this objective, we have established specific actions detailed below.

Intermediate goal 1*:

34% reduction in absolute emissions of financed sectors of Business Banking in general by 2031. Starting with evaluated sectors of Business Banking (47.4% of the total loan portfolio) and prioritizing subsectors, taking as a baseline the data at the end of the 2021-2022 fiscal year. We will improve the calculations and targets in the following years and include other sectors.

*This target is aligned to the 1.5°C scenario according to the Absolute Contraction Approach method of the Science Based Targets Initiative (SBTI) tool at an annual linear reduction rate of 3.4%.

Intermediate goal 2:

Product placement with an environmental focus:

- \$30 million as of 2025 in credit to the agricultural sector for sustainable practices/technologies/methods, avoiding deforestation.
- \$40 million to renewable energy by 2030. (This reformulates the previous goal of \$10 million by June 30, 2022).

These goals are aligned with the Bank's General Sustainability Policy, Panama's updated NDC1, and the Principles for Responsible Banking (Paris Climate Agreement and Sustainable Development Goals-SDGs).

Additionally, Intermediate Goal 2 emphasizes actions in the energy and agriculture sectors, which are important sectors for reducing emissions in the country, according to the emissions profile presented in Panama's Second Biennial Update Report. Contributing to climate change mitigation through placing products with an environmental focus also responds to the components of the Sustainable Finance Protocol of Panama. It generates a more significant contribution to the SDGs due to the positive impacts on the country's energy and food security.

STEP	DETAILS
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4. Determine measures and actions

MEASURES:

Creation of green products:

- (i) Sustainable agricultural line, including biodigesters, silvopastoral systems, drip irrigation, improved pastures, live fences, etc.;
- (ii) distributed solar energy;
- (iii) energy efficiency;
- (iv) hybrid and electric cars;
- (v) sustainable construction;
- (vi) Circular economy (includes recycling).

ACTIONS:

- Improve the quality of internal data and databases.
- Collection of relevant information from our customers.
- Work on the Emission Reduction Transition Plan with customers.
- Creation and promotion of green products (development of labeling system).
- Increase portfolio of green products or those with an environmental focus (eliminating or reducing GHG emissions).
- Make strategic public and private alliances, primarily focused on the agricultural sector.

5. Define KPIs

- Increase in data quality.
- Number of clients benefited.
- Number of green financial products created.
- Number of clients working on reducing emissions.
- Profitability of green businesses.
- Number of financed projects with an environmental focus.
- Amounts granted to activities with an environmental focus.
- Absolute emissions financed (tCo2e).
- Sector-specific emission intensity (tCO2e/\$).
- Absolute funded emission reduction rate.
- Percentage reduction of emission intensity by sector.



Goal 2 – Inclusion and gender equality

Below we present: (i) progress towards the previously set objectives, (ii) key initiatives of the progress, and (iii) new objectives proposed in 2021-2022.

i. Progress towards the previously set objectives:

COMMITMENTS OBJECTIVES	SDG	OBJECTIVES 2021-2022	TYPE OF CREDIT	INDICATORS	ADVANCEMENT 2021-2022
Develop products and services promoting a better quality of life in vulnerable sectors, especially health, education, and gender equality.	1	Grant USD \$90 million in financing to women between March 2020 and June 2022.	Residential mortgage credit to women (IFC)	• Quantity of women benefitted.	1,000 mortgage credits granted to women
	5		SME credit to women (IFC)	• Quantity of loans granted.	USD\$ 88,860,937 granted in mortgaged credit
	10			• Amount granted.	260 loans granted to women SMEs 205 women benefitted USD \$24,550,428 granted to women SMEs We granted \$113,411,362 in credit to women, surpassing the established goal (126%).

ii. Key initiatives/actions:

- Monitoring of portfolio, collection (savings), and credit placement data that corresponds to female clients. It is essential to have the data segmented to know the current scenario and contribute to its evolution.
- Continuity in granting mortgage credit for women and credit for female-led SMEs, with the financing received from Citi and IFC.
- We advanced the program to evaluate and develop products and services focused on women:
 - Internal analysis of strengths within different areas of the Bank.
 - Market research with over 150 women to define weak points and archetypes to work a value proposition.
 - seven co-creation workshops focused on archetypes and used the study to define the Minimum Viable Product (MVP).
 - Definition of MVP and roadmap at an upper level.

The following steps, which are pending, would be:

- Establishment of final benefits per product to launch.
- Definition of internal benefits for female employees.
- Workshops and training programs on gender awareness and sales tactics.
- Launch of UNICA Program.



iii. Updating of objectives:

As part of our commitment to move forward in the PRB, we reinforced the definition of the objectives after considering the analysis of the national and regional context, establishing our related baseline, and with new indicators and targets to put in action:

STEP	DETAILS
<p>1: Country/Regional context</p>	<p>PANAMA:</p> <ul style="list-style-type: none"> • 49.8% of the population are women. <p>Global Gender -Gap Report 2022 /INSIGHT REPORT - JULY 2022 – WEF (https://www3.weforum.org/docs/WEF_GGGR_2022.pdf)</p> <ul style="list-style-type: none"> • Position #40 at the global level and #9 at the regional level (Latin America and the Caribbean – 22 countries) • 132 years to achieve gender parity. • Score: 0.743 (where parity =1 and non parity = 0) <p>Statistical data (Panama Gender Parity Initiative)</p> <ul style="list-style-type: none"> • 60% of university-enrolled students are women. • 70% of graduates are women. • 53.4% labor market share. • 71% of Panamanian companies do not have women in senior executive positions. • 2 of 10 Entrepreneurs are women. • Men earn, on average, 13% more than women. <p>Panama Gender Parity Initiative</p> <ul style="list-style-type: none"> • Measure 9: Support for female entrepreneurship of MSMEs and women-owned enterprises. • Measure 12: Improvement of knowledge and visibility of economic gender gaps and generation of statistical data segmented by gender. <p>National Gender and Climate Change Plan:</p> <ul style="list-style-type: none"> • Energy: R1.2 Professional women from the sector participate and contribute to training in supervision for emission reduction. • Agriculture: R1.2 Women producers (rural and indigenous) with strengthened capacities carry out sustainable, productive initiatives with efficient value chains. • Agriculture R1.3 Peer training programs are implemented to strengthen capacities in sustainable production techniques that incorporate women's skills (rural and indigenous) regarding good practices. • Agriculture R3.2 Projects to take advantage of sustainable production systems led by women (rural and indigenous) with the support of financing alternatives and solidarity economy systems.



STEP

DETAILS

1: Country/Regional context

REGIONAL (Credicorp Financial Inclusion Index. Gender gaps: an intersectional approach. May–June 2021 / Ipsos):

- The regional average of women with an achieved level of financial inclusion is 11% (vs. 22% of men).
- The most vulnerable groups: women over 43 (7%), women from low socioeconomic levels (6%), rural women (5%), and housewives (3%).
- The indicator that presents the greatest difference is the possession of a debit card.

2: Baseline and priorities

BASELINE as of Jun 30, 2022:

- 50% of our clients are women.
- For Personal Banking, 48% of deposit customers and 51% of credit customers are women. Most of these have a medium income level and are between 30 and 60 years of age.
- The gender gap by income and age was updated at the closing of Dec-21 and Dec-22.
- Pending verification of gender gap by geographical area.
- For Business / Corporate Banking, 21% of customers are women. Of these, 8% have access to personal credit, and 20% have personal deposits.
- The percentage of women with SMEs is pending.

PRIORITIES as of June 30, 2022 :

Among the Bank's priorities is the segment of women who currently have a share in the labor market as well as those who, in the coming years, will be incorporated into it (female graduates, university students, and entrepreneurs) through more flexible financial products and services, adapted to their needs and which will be complemented by initiatives in Financial Education.

Likewise, it is a priority to work on improving the quality of information for Personal Banking, Commercial, and Corporate segmented not only by gender, age, income, and geographical area – the main inclusion gaps in the country – but also as by economic activities, for example, SMEs, employed / independent, to have a broader perspective.

STEP

DETAIL

3: SMART Objectives

OBJECTIVE – FINANCIAL INCLUSION / GENDER EQUALITY:

Develop products and services that promote a better quality of life in vulnerable sectors, especially regarding quality education and gender equality. To meet this objective, we have established specific actions detailed below.

By December 2025, increase the percentage share (%) of female customers in the following products and segments (by age and income):

Product	Segment	Average % increase in female gender penetration	Projected growth as of Dec-2025
Credit Card	All age ranges, with income >\$2,500	35.9% al 37.9%	2%
Credit Card	Income <=\$800 and >800.01 to <\$2,499.99	56.8% al 57.8%	1%
Car Loan	Ages between 22 and 61 years old; income >\$2,500	37.9% al 39.9%	2%
Global Tap Savings account	Age >18 years old; Income in general	39.7% al 41.7%	2%
Global Tap Loans	Age between 20 and 52 years old; minimum income of \$650.00	42% al 44%	2%

This goal responds to the Bank's interest in providing greater access to financial opportunities for women, increasing their share and reinforcing customer engagement – initially focused on Personal Banking, with the expectation of expanding to Commercial Banking (SMEs) as we improve the quality of information.

This objective is aligned with the country's interests described in both the Gender Parity Initiative and the Gender and Climate Change Plan, which seek to generate opportunities promoting greater access for women to technical and financial resources such as incentives, and credit facilities, among other solidary economic systems in sustainable production initiatives.

4: Determine measures and actions

MEASURES

In the next 12 months (year 2023), launch the UNICA Program aimed at female customers, starting with Credit Card and Auto Loan products. Work will be done to improve the profile of the Global Tap Savings and Global Tap Loans products in the next three years, aiming at the female segment.

These products will be complemented with insurance and special rates, discounts, offers, and added value assistance aimed at this segment.

ACTIONS

- Establish new parameters and more flexible policies for women.
- Work on the necessary developments for Credit Card and Auto Loans products.
- Negotiate with suppliers and strategic partners to grant promotions and offers.

Develop seminars on non-financial products and services to educate the segment with relevant information and to promote better management of their personal finances, support entrepreneurship for greater female independence, and enable their generation of new and more significant income.



STEP

DETAIL

5: Define KPIs**BASELINE INDICATORS**

- # of Bank accounts – segmented by gender, age, and income
- \$ / # / % of deposit accounts (savings account, checking account, time deposits) – segmented by gender, age, and income
- \$ / # / % of Credits (granted) – segmented by gender, age, and income
- \$ / # / % of Loans (personal, residential mortgage, auto, and other) – segmented by gender, age, and income
- \$ / # / % de Credit cards – segmented by gender, age, and income

TARGET INDICATORS

- % of women with credit cards – segmented by age and income
- Increase in female % share with cards – segmented by age and income
- % of women with auto loans – segmented by age and income
- Increase in female % share with auto loans – segmented by age and income
- % of women with Global Tap Savings – segmented by age and income
- Increase in female % share with Global Tap Savings – segmented by age and income
- % of women with Global Tap Loans – segmented by age and income
- Increase in female % share with Global Tap Loans – segmented by age and income

MEASUREMENT INDICATORS

- % of customers with effective access to a basic banking product – segmented by gender, age, and income

ACTIONS INDICATORS

- # of active partnerships to achieve financial health and inclusion goals
- # of new customers per month – segmented by gender, age, and income
- # of products and services in the portfolio with a focus on financial inclusion
- # of people supported with financial and digital education initiatives (dedicated and influential) – segmented by gender, age, and income

FUTURE IMPACT INDICATOR

- % of customers with two or more active financial products of different categories, with the bank – segmented by gender, age, and income.



6.2. Sustainable Financing (GRI 3-3)

At Global Bank, we seek to generate opportunities for all our clients and that these opportunities be in accordance with the best environmental and social practices. We work towards this in two ways: 1) evaluating risks as part of granting credit, and 2) developing products that, by their characteristics, have an outstanding purpose and environmental and social positive impact.

Implementation of the SARAS

(GRI FS1, FS2, FS3, FS4, FS9, FS10, FS11) (SASB FN-CB-410a.2)

We have an Environmental and Social Risk Management System (SARAS) that allows us to identify, evaluate, manage, and monitor the possible environmental and social risks of the activities we finance.

This system is consistent with the eight Performance Standards of the International Finance Corporation (IFC) and is aligned with the Core Conventions of the International Labor Organization (ILO). Likewise, it seeks to support Panama in fulfilling its Nationally Determined Contributions (NDC) in the Paris Agreement. Finally, it is essential to highlight that SARAS is consistent with the Panamanian regulatory framework for environmental and social issues, including labor and community relations. It is organized based on the **Environmental and Social Risk Management Policy** and is stated in the process described below.

We train our employees in the different business areas and the team in charge of SARAS, updating the contents annually. These training sessions are associated, in some cases with external certifications. In all programs, we evaluate the participants regarding the knowledge acquired.

SARAS applies to Business Banking loans. The credits are categorized as C (Low), B (Medium) or A (High) risk through tools created for this purpose. It analyzes the risk of the activity to be financed, and considers the risks associated with the territory, such as risks of natural hazards, natural resources, involuntary resettlement, cultural heritage, indigenous people, and forests or areas of high conservation value (included in a recent improvement). The credit of activities works, or projects to be financed that are on the comprehensive list (which require an environmental impact study according to Panamanian legislation) or are categorized into risks B (Medium) or A (High) require an evaluation by the Environmental Analysts. This analysis includes the indirect, cumulative, and/or synergistic of negative socio-environmental impacts of quantitative and qualitative significance and which can also be diverse, irreversible, and unprecedented. If the activities are categorized C (Low), then only the verification of the licenses or permits that apply to the activity to be financed is required, but if their real estate guarantees have a value =>\$ 1 million, then these must be evaluated by the environmental analyst.



It has the following stages:

1. During the initial phase of the credit process, we apply the **list of excluded activities and conditional** activities, which we define at the Bank and is aligned with IFC's own list. This is done to identify all those activities that, by their nature, are not eligible for financing.
2. Through a **categorization** methodology, we classify our clients' potential environmental and social risk according to the economic sector, size of operations, location, and the guidelines defined by local environmental and social regulations.
3. Once the category of potential environmental and social risk has been **defined**, the risk assessment itself is carried out through technical tools and visits, with the use of sectoral environmental and social questionnaires to analyze the environmental and social management of the client.
4. Depending on the evaluation results, an **environmental and social action** plan is determined for client compliance. This is established in a contractual annex, all done to mitigate risks.
5. Subsequently, monitoring activities are carried out to ensure that the client complies with these clauses and verify and correct environmental and social management.
6. Finally, we keep an updated record during the SARAS process of the results of monitoring activities for analysis and control purposes, as well as to gather the lessons learned and formulate opportunities for improvement. Control reports are presented to the Risk Steering Committee.

Classification of environmental and social risks:



High: Activities, works, or projects with indirect negative socio-environmental impacts (likely to affect third parties such as local community, and adjacent owners), cumulative and synergistic of quantitative and / or qualitative significance, and that can also be diverse and irreversible.



Medium: Activities, works, or projects with adverse, limited, and reversible socio-environmental impacts through easily applicable mitigation measures.



Low: Activities, works, or projects that involve minimal or non-adverse environmental and social risks and impacts.

In the 2021-2022 fiscal year, we conducted 335 revisions, which amounted to USD\$401,132,777. Cumulatively, since 2011, when we began to evaluate credits in social and environmental aspects, we have reached 3,288 revisions and a credit value of USD\$7,348 million. Due to our portfolio profile, clients from the agricultural and commercial sectors stand out as evaluated subjects.

	2019-2020	2020-2021	2021-2022
NUMBER OF CLIENTS EVALUATED BY SARAS	179	170	335
TOTAL VALUE OF CREDIT CORRESPONDING TO THESE CUSTOMERS (BALANCE ASSESSED BY SARAS)	687,486,445	720,749,005	401,132,777
AVERAGE VALUE OF THE CREDIT EVALUATED	3,386,633	4,649,994	833,956

TECHNICAL VISITS TO COMPLY WITH ENVIRONMENTAL AND SOCIAL CONDITIONS

	2019-2020	2020-2021	2021-2022
COMPLIANCE WITH CONDITIONS	143	201	304
VISITS MADE	56	41	79

CASES REVIEWED WITH SARAS

SECTOR	2011-2021			2021-2022		
	NUMBER (QUANTITY)	NUMBER (%)	CUMULATIVE APPROVED AMOUNT (USD)	NUMBER (QUANTITY)	NUMBER (%)	CUMULATIVE APPROVED AMOUNT (USD)
AGRICULTURAL	1,079	36%	266,970,074	162	48%	34,857,620
COMMERCIAL	892	30%	1,369,786,560	108	32%	158,309,146
CONSTRUCTION	846	29%	4,456,003,260	46	14%	143,168,319
INDUSTRIAL	136	5%	827,564,746	19	6%	64,797,693
TOTAL	2,953	100%	6,947,342,640	335	100%	401,132,777





Products with a social focus

(FS1, FS7, FS14) (SASB FN-CB-240a.1)

We seek to give access to financing to different groups through our products and services. We have a particular focus on facilitating access to women through our general portfolio and with specific products that address the existing gaps.

Of our personal banking portfolio, 51% of the accounts are owned by women as well as 48% of the total balance of the loan portfolio in the Bank.

On the other hand, we exceeded the goal of placing US\$ 90 million in financing granted by Citi and the International Finance Corporation (IFC) in 2020 to provide residential mortgage credit to female heads of household and commercial credit for female-owned SMEs.

FINANCIAL INCLUSION FOR WOMEN

TYPE OF CREDIT	INDICATOR	MAR-JUN20	JUL20-JUN21	JUL21-JUN22	TOTAL
MORTGAGE CREDIT TO WOMEN (IFC)	NUMBER OF LOANS	61	297	642	1,000
	NUMBER OF WOMEN BENEFITED	61	297	642	1,000
	AMOUNT GRANTED USD\$	5,283,534	26,278,291	57,299,112	88,860,937
COMMERCIAL CREDIT TO WOMEN SMES (IFC)	NUMBER OF LOANS	22	194	193	260
	NUMBER OF WOMEN BENEFITED	15	92	98	205
	AMOUNT GRANTED USD\$	1,508,428,55	12,622,412.20	17,260,030	24,550,428

Similarly, we have products with an impact on other groups:

PRODUCT	CHARACTERISTICS	NUMBER OF CLIENTS	CLOSING BALANCE (USD)
LOANS TO RETIREES	Intended for retirees and pensioners of the Social Security System, amounts between \$2,000 and \$80,000, income from \$175 per month.	22,581	\$425,161,442
PREFERENTIAL MORTGAGES	a) Mortgage loan that allows acquiring a home at a lower rate than the market rate for the first years of the loan. Financing of up to 100% for houses and/or apartments with a selling price of \$50,001 to \$120,000 for up to a 35-year term.	13,711	\$902,315,377
	b) Mortgage loan that allows you to acquire a main home at a lower interest rate than the market for the first years of the loan. We finance up to 100% for apartments with a selling price of \$120,001 to \$180,000 for up to 35 years.		
	Mortgage loan that applies to the Housing Solidarity Fund: it is a contribution of B/.10,000.00 provided by the national government, through the Ministry of Housing and Territorial Planning (Miviot), as an initial payment for people who wish to acquire their first home and the cost of which does not exceed B/.70,000.00.	1,488	\$91,760,217



Products with an environmental focus

(GRI 201-2, FS1, FS8)

In this last period, we have been developing financial products that promote improvements in customers’ environmental performance.

Below, we present the eco-efficient projects with environmental aspects representative of our total portfolio.

LINE OF BUSINESS	YEARS SINCE THEY HAVE BEEN GRANTED*		2019-2020		2020-2021		2021-2022	
			AMOUNT GRANTED	MONETARY VALUE (BALANCE AT CLOSING)	AMOUNT GRANTED	MONETARY VALUE (BALANCE AT CLOSING)	AMOUNT GRANTED	MONETARY VALUE (BALANCE AT CLOSING)
SUSTAINABLE LIVESTOCK	2016	78 LOANS 39 PRODUCERS BENEFITED	13,386,387	11,599,098	8,429,098	6,604,758	5,767,598	4,365,919
SOLAR ENERGY	2018	12 LOANS 15,766 SOLAR PANELS	128,555	74,098	1,562,968	1,437,191	6,513,033	6,114,255
HYDROPOWER	2020	8 LOANS 3 BONDS 12 HYDROELECTRIC PLANTS	164,211,577	148,428,261	202,527,269	189,838,051	182,130,020	165,831,816
BIOMASS	2018	1 LOANS 1 ROJECT	30,202,790	19,157,457	30,202,790	18,933,233	30,202,790	12,852,221
WIND	2020	1 STB 86 WIND TURBINES	9,710,866	9,710,866	9,710,866	9,710,866	15,754,993	15,754,993

*In previous years, we started granting loans to finance hydroelectric power generation activity. The year 2020 is the starting year of the loans that still had a balance in the portfolio at the end of June 2022. However, some of these credits correspond to the refinancing of credits granted in previous years.



Through our subsidiary, Global Valores, we have made the following advances in our green product offering:

- We are looking at two market-placed products with the potential to be green: Fixed income securities, which include green bonds, and third-party ESG thematic funds.
- Of the total mutual fund portfolio, \$140,000, representing 5%, has already been placed in ESG funds.
- We are currently working from our role as fund managers in a tender to manage a trust of the Ministry of the Environment for the protection of ecosystems.

Calculation of loan portfolio emissions

(GRI 305-3, FS6) (SASB FN-CB-410a.1)

Reaffirming our commitment to advance towards the reduction of financed GHG emissions, we continued tracking the inventory of GHG emissions from our loan portfolio.

The scope includes Personal Banking (private vehicle credits, residential mortgage credits, and other personal consumption loans) and Business Banking (credit for the construction, agricultural, commercial, transportation, energy, and industrial sectors). For calculating the emissions inventory, the Global GHG Accounting and Reporting Standard developed by the Partnership for Carbon Accounting Financials (PCAF), to which we adhere, and which applies the GHG Protocol Corporate Standard of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), was used.

89.75% of the total credit portfolio was analyzed (credit types included: loan and financial leasing, credit types excluded: checking account overdraft, credit card, invoice discounting). The sectors and subsectors evaluated are the following:

SECTOR	SUB-SECTOR
AGRICULTURAL	LIVESTOCK - AGRICULTURE - FISHING SILVICULTURE
COMMERCIAL	COMMERCIAL - REAL ESTATE - TOURISM - COMMERCIAL MORTGAGE
CONSTRUCTION	CONSTRUCTION
CONSUMPTION	OTHERS OF PERSONAL USE
ENERGY	ENERGY - RENEWABLE ENERGY
RESIDENTIAL MORTGAGE	RESIDENTIAL MORTGAGE
INDUSTRIAL	CEMENT - INDUSTRY - NON-COAL MINING - METAL INDUSTRY OIL & GAS - VEHICLE MANUFACTURING - MEAT INDUSTRY
TRANSPORTATION	TRANSPORTATION - PRIVATE CAR

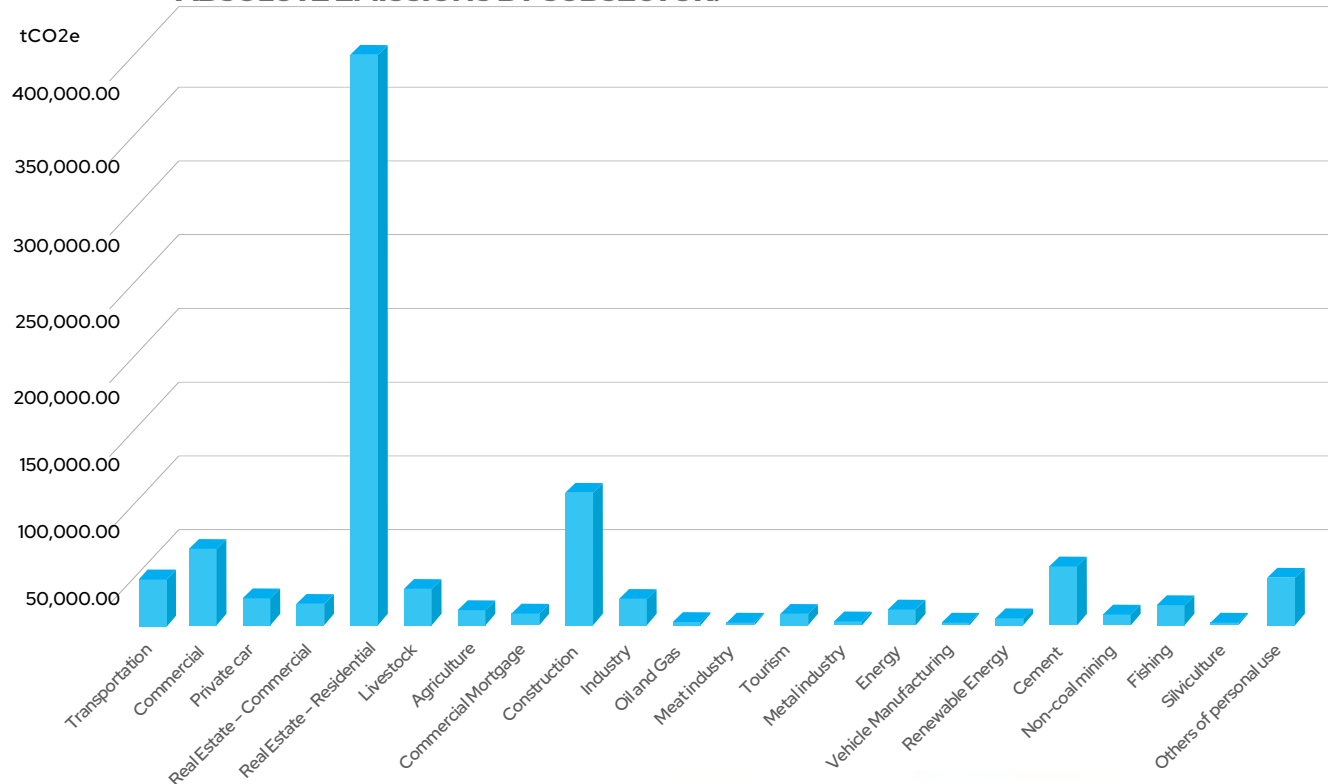


BREAKDOWN OF LOAN PORTFOLIO EMISSIONS BY SECTOR:

SECTOR	SECTOR VOLUM (USD MILLION)	% OF THE TOTAL LOAN PORTFOLIO	TOTAL ABSOLUTE EMISSIONS (TCO ₂ e)	EMISSION INTENSITY (TCO ₂ e / LOAN \$)	TOTAL COVERAGE -% (ABSOLUTE EMISSIONS)	DATA QUALITY SCORE
RESIDENTIAL MORTGAGE	1,875	30.15%	369,493.50	0.00019701	52.39%	5
CONSTRUCTION	470	7.56%	89,099.21	0.00018950	12.63%	5
COMMERCIAL	1,426	22.93%	69,518.83	0.00018984	9.86%	5
INDUSTRIAL	188	3.03%	51,411.66	0.00457978	7.29%	5
TRANSPORTATION	320	5.15%	48,701.16	0.00008763	6.90%	5
AGRICULTURAL	395	6.36%	46,017.64	0.00050823	6.52%	5
CONSUMPTION	761	12.23%	20,672.67	0.00002717	2.93%	5
ENERGY	146	2.35%	10,395.95	0.00015918	1.47%	5
TOTAL LOANS EVALUATED	5,583	89.75%	705,310.64	0.00012632	100.00%	5
TOTAL CREDIT PORTFOLIO	6,221	100%				



ABSOLUTE EMISSIONS BY SUBSECTOR:



A restatement of the funded emissions for the 2019-2020 and 2020-2021 fiscal years was carried out, recalculated with the emission factors of the PCAF standard. The previous year, they were published using the formulas of this standard but with emission factors calculated from national data. Furthermore, the percentage of the considered portfolio was lower than the one included in the 2021-2022 fiscal year.

BREAKDOWN OF ABSOLUTE EMISSIONS FROM LOAN PORTFOLIO BY FISCAL YEAR (tCO_{2e})

TYPE OF LOAN	FISCAL YEAR	2019-2020	2020-2021	2021-2022
RESIDENTIAL MORTGAGE		349,975.14	352,275.88	369,493.50
CONSTRUCTION		149,632.83	124,043.81	89,099.21
COMMERCIAL		42,423.05	38,548.86	69,518.83
INDUSTRIAL		67,594.41	71,593.16	51,411.66
TRANSPORTATION		52,547.64	46,555.43	48,701.16
AGRICULTURAL		51,450.48	48,652.64	46,017.64
CONSUMPTION		20,080.93	19,852.75	20,672.67
ENERGY		20,564.66	8,489.95	10,395.95
TOTAL		754,269.15	710,012.47	705,310.62

Based on the emissions calculation, we are working on defining the reduction objectives, referencing the UNEP-FI Climate Goals Program. We have started with the credit of Corporate Banking sectors, applying the methodology of the Science Based Objectives Initiative (SBTi), which considers a scenario of temperature increase that is limited to 1.5 °C. Our ultimate goal, to be achieved through these intermediate targets, is to achieve zero emissions by 2050. However, we must fine-tune some data and calculations and develop a transition plan according to the Panamanian market and the reality of our customers.

We will seek to achieve those goals by working closely with our customers, helping them measure, monitor, and reduce their emissions. Likewise, we will continue to set placement objectives by sector that consider the contribution to GHG emissions reduction of each one.



6.3 Financial Education and Insurance Culture

(GRI 3-3, FS16) (SASB FN-CB-240a.4)

A fundamental part of our contribution to a responsible banking approach is promoting greater and better knowledge of financial management among the population. It considers our customers so that they can make the best decisions about expenses, savings, and investments, and it also extends to our employees and society.

The financial education program considers various learning methods, such as courses in person and webinars. We also have a financial advice section on our website, where we provide people with valuable tips to guide them in sound financial management.

Additionally, we have established strategic alliances with different media to disseminate financial messages which are easy to understand and can meet the objective of educating citizens in general, such as:



Radio: radio air space to talk about financial issues in radio stations in and outside the capital of the Republic of Panama, participating in opinion programs such as Pauta en Radio, Café con Teclas, and Panamá en Directo, among others.



TV: Rotation of financial, informational video tips during the morning news of Channel 2 TVN.



Digital projects in Prensa.com (Global Tips): Development of financial content in formats such as videos and podcasts.

We complement these actions by launching different messages on financial advice through social networks.

FINANCIAL EDUCATION PROGRAM BY STAKEHOLDER GROUP 2021-2022

INITIATIVE	STAKEHOLDERS	NUMBER OF BENEFICIARIES
Virtual courses: Finance in difficult times Value strategy in customer service	Employees	3,479
Internal training: 1. Properly managing debt 2. Budget types 3. 4-Step Plan in 2022 4. Four Money Tips You Should Listen to 5. Keys to increasing your wealth and maintaining adequate family protection	Employees	401
Other G-Digital courses	Employees	408
Webinars: 1. Learn saving strategies, even when you think it's not possible 2. Proper management of credit cards 3. How to improve your credit references 4. From Inspiration to Action: Steps to Achieve Your Goals 5. Basics on managing your finances and protecting your wealth 6. Finance for Non-Financiers 7. Connect with your personal power to achieve your 2022 goals 8. Properly managing finances as a couple	Customers and public in general**	1,942
Financial Advisory Training	Strategic Allies	341

*It is not identified if they are unbanked, underbanked, or unserved people. We are working to have this classification in the next reports.



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CUSTOMER EXPERIENCE



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



7. CUSTOMER EXPERIENCE

7.1 Added value and transparency

(GRI 3-3, 203-1, 416-1, 417-1) (SASB FN-IN-270a.4, FN-AC-270a.3)

We are a people-centered bank. Our personalized attention, one of the attributes most valued by our customers, allows us to provide them with a unique experience. Thanks to this closeness to customers, we can identify their needs and develop customized solutions that contribute to their development and growth.

We seek to make communication about our products and services simple and transparent. Based on the Code of Ethics and marketing guidelines, we generate clear information about the conditions of products and services so that our clients can make the best decisions. Through the Credit Manual and the Product Services Agreement, our employees deliver a letter of terms and conditions to customers. In addition, we offer our clients personalized attention from our advisors in person or online.

Customer

We work to diversify our channels so that customers can request advice, obtain a product, or file a claim easily.

Customer service channels:



01800 Line



Online
Appointments



Chat bot



WhatsApp



Social Media

To improve our customer service and be more efficient in our processes, we are developing a platform that will allow us to consolidate all service channels and be able to follow customer feedback more closely. This will translate into improvement solutions.

During this fiscal period, we worked to increase the channels available to our customers. On the one hand, we worked on the Full-Service ATM project, which allows our customers to pay their loans and cards through this face to face channel. On the other hand, we reinforced the e-commerce service for our customers, focusing on entrepreneurial customers who want to include an online sales service in their websites.

We use the Net Promoter Score (NPS) methodology to measure customer satisfaction, a tool that indicates the recommendation rate. In the fiscal year 2021-2022, the external NPS was 94%.

We have a Complaints Attention System (SAR for its Spanish acronym), which gathers the reports received through institutional channels and manages them, assigning them an investigation request.



FORMAL COMPLAINTS FILED WITH THE FINANCIAL USER PROTECTION OFFICE 2021-2022

NUMBER OF COMPLAINTS SUBMITTED			NUMBER OF RESOLVED COMPLAINTS					
Number of complaints submitted	Number of complaints investigated by the institution	Number of complaints investigated by the institution	Number of cases with monetary penalties	Value of monetary sanctions (USD)	Number of cases with non-monetary penalties	Of the proceedings resolved, number of them contested	Number of proceedings resolved in favor	Number of proceedings remaining open
48	0	48	1	\$5,000	0	0	4	43

To aid insurance customers, we have a disagreement handling system through which they can file a complaint. Every month, we present to the Superintendence of Insurance and Reinsurance of Panama the statistics on the attention of controversies.

RELATIONSHIP BETWEEN COMPLAINTS AND CLAIMS OF INSURANCE CUSTOMERS

	2020-2021		2021-2022	
	TOTAL NUMBER	AVERAGE RESPONSE TIME	TOTAL NUMBER	AVERAGE RESPONSE TIME
Complaints	3	30 días	2	30 días
Claims	30	15 días	32	15 días



7.2 Information Security and Fraud

(GRI 3-3, 418-1)(SASB FN-CB-230a.1, FN-CB-230a.2, FN-CF-220a.2, FN-CF-230a.1; FN-CF-230a.3)

We are highly committed to protecting our clients' data and the information generated from our activities. For this reason, within the Information Security Governance Framework, we have established a set of policies, norms, and information security standards that aim to identify and manage related risks and, at the same time, comply with the different regulations on the subject. Therefore, we generate trust from our clients by keeping them protected. We also highlight that the continuity of our systems against possible attacks is a pillar of the Business Continuity Plan (BCP).

We have implemented cutting-edge technology subjected to internal and external tests that protects the client's safety. Among the measures implemented in this period are the migration to the cloud and its protection, the installation of Bitlocker on all laptops in the company, and the execution of the second phase of Data Loss Prevention (DLP).

This fiscal year, through our training system, we provided 10,745 hours of cybersecurity training to the teams in charge, along with induction courses, awareness campaigns, phishing tests, and periodic newsletters for all our employees.

Together with the Banking Association of Panama, we share relevant Information through the Computer Security Commission, we share relevant information to provide advice and training to customers and thus prevent them from becoming victims of fraud or information theft.

One of the main risks of information leakage comes from our supply chain. To manage this risk, we classify our suppliers based on the data they handle and periodically assess those whose risk is high.

In the fiscal year covered by this report, we had no critical cybersecurity incidents with information leaks. There were also no complaints of data privacy violations or monetary losses arising from court proceedings related to customer privacy.

Likewise, we ensure the safety of our clients and frauds to which they may be exposed through incident attention mechanisms when reported by customers and by giving these cases proper evaluation and treatment.

TYPE OF FRAUD	NUMBER OF CASES	TOTAL MONETARY LOSSES USD
Losses due to card-related fraud without a card	23	\$1,132
Losses from card-related fraud with card and other types of fraud	25	\$78,518
TOTAL	48	\$79,649



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8 TEAM

<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>4 QUALITY EDUCATION</p> 	<p>5 GENDER EQUALITY</p> 	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 
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8. TEAM

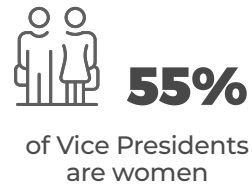
8.1. Labor Demographics

(GRI 2-7, 2-30, 3-3, 401-1, 405-1) (SASB FN-AC-330a.1, FN-IB-330a.1)

At Global Bank, we know our workforce is a fundamental part of the business's success and that it allows us to maintain the satisfaction of our customers. We provide development and work opportunities to maintain an excellent work environment and internal communication.

At the end of the 2021-2022 fiscal year, our team consisted of 1,695 employees. We continue to bet on maintaining employment, even in adverse circumstances derived from the pandemic. 100% of employees have an indefinite, full-time contract.

With a firm commitment to continue promoting gender equality and providing women with growth opportunities, 68% of human talent are women, as are 27% of those in management positions and 55% of vice presidents.





In addition, we highlight that we are committed to young talent, with 21% of our human talent being under 30 years of age, adding to the amazing group of professionals who contribute to the development of Global Bank.

EMPLOYMENT DEMOGRAPHICS BY GENDER, AGE, AND POSITION 2021-2022

PROFESSIONAL CATEGORY*	UNDER 30 YEARS OLD		BETWEEN 30 AND 50 YEARS OLD		OVER 50 YEARS OLD		TOTAL	
	Women	Men	Women	Men	Women	Men	Women	Men
Management Staff, CEO	0	0	2	5	1	4	3	9
Vice presidents	0	0	24	20	11	8	35	28
Managers	1	2	100	40	32	8	133	50
Middle Managers	41	35	402	181	26	24	469	240
Operational and Administrative	196	77	308	124	13	10	517	211
TOTAL	238	114	836	370	83	54	1,157	538

*PROFILES BY PROFESSIONAL CATEGORY:



Management Staff, CEO:
CEO and Senior Vice Presidents



Vice Presidents:
Vice Presidents and Deputy Vice-Presidents



Managers: Managers and Senior Managers



Middle Management:
Coordinators, Supervisors, Senior Officers, Officers, Junior Officers, Assistant Managers, Traders



Operational and Administrative:
Receptionists, Security Guards, Couriers, Cashiers, Assistants, Analysts, Advisors, Office Workers, Collection Managers

EMPLOYEES PER SUBSIDIARY

SUBSIDIARY	WOMEN	MEN
Global Bank Corp.	1,034	505
Global Valores	13	9
Global Financial Funds	23	2
Aseguradora Global	40	12
Progreso	47	10

This fiscal year, we increased the number of new hires by 36%, thus contributing to the economic development of the places where we have presence.

BREAKDOWN OF HIRES, WITHDRAWALS, AND TURNOVER

	2020-2021	2021-2022
Hires	47	111
Voluntary and Involuntary Withdrawals	117	188
Turnover rate (%)	-4	-4

Note: The turnover rate is calculated as: (hires - withdrawals) * 100 / initial number of personnel (corresponding to the previous year's end).

VOLUNTARY AND INVOLUNTARY TURNOVER RATE BY GENDER (%)

	2020-2021			2021-2022		
	Total	Women	Men	Total	Women	Men
Voluntary	3.06	2.34	0.72	6.37	3.82	2.55
Involuntary	3.45	2.17	1.28	4.23	6.37	1.85
TOTAL	6.51	4.51	2.00	10.60	6.20	4.85

*Turnover Formula: (Total Withdrawals/Average Employees per month) *100





8.2 Training and Career Development

(GRI 3-3, 404-1, 404-2)

We promote the skills and talent of our employees through training programs that contribute to their personal and professional growth.

We highlight below our achievements during the fiscal year 2021-22:

TRAINING ACHIEVEMENTS



44,362

Total training hours.



33.37

Training hours per employee.



\$64.82

average spending on training and development per employee.

TRAINING BY PROFESSIONAL CATEGORY

	N° OF EMPLOYEES		N° OF TOTAL HOURS	
	2020-2021	2021-2022	2020-2021	2021-2022
MANAGEMENT STAFF, CEO	15	12	267	531
VICE PRESIDENTS	57	63	1,290	2,328
MANAGERS	187	183	4,677	6,830
MIDDLE MANAGERS	459	709	8,782	19,219
OPERATIONAL AND ADMINISTRATIVE	1,054	728	12,409	15,454
TOTAL	1,772	1,695	27,425	44,362

The main topics addressed this fiscal year within the training plan were:

- Sustainable finance
- Issues related to information management
- Climate change
- Fraud management
- Management and identification of operational risks
- Topics related to Human Resources
- Cybersecurity
- Operating Microsoft and Office tools
- Technical skills workshops (depending on the position)

Our training program is based on the Training Needs Diagnosis (DNC for its Spanish acronym) that we execute annually. Its objective is to identify the main topics that strengthen the knowledge, skills, and abilities of employees, which in turn contributes to the objectives of the business during each fiscal year.

In addition to the annual training, the organization granted an incentive for the educational benefit to 44 employees during the fiscal year 2021-2022, for them to continue their university studies: bachelor's, postgraduate, and master's degrees, related to the area in which they work.

Performance evaluation

(GRI 404-3)

Along with training, and as part of employee development, we conduct yearly 90-degree performance evaluations of all eligible Global Bank employees. This process considers two aspects: skills and achievement of objectives as defined for the fiscal period being evaluated. It includes the participation of the evaluator (supervisor) and the person being evaluated (employee). The performance evaluation is carried out by the Board of Directors of the organization only for the CEO.

EMPLOYEES EVALUATED BY PROFESSIONAL CATEGORY 2021-2022

PROFESSIONAL CATEGORY	NUMBER OF EMPLOYEES	% EVALUATED EMPLOYEES
MANAGEMENT STAFF, CEO	1	100.0%
VICE PRESIDENTS	73	91.8%
MANAGERS	182	98.9%
MIDDLE MANAGERS	693	98.6%
OPERATIONAL AND ADMINISTRATIVE	701	99.4%
TOTAL	1,650	98.7%





8.3 Well-being and Work Environment

Equal opportunities

(GRI 3-3, 405-2, 406-1)

At Global Bank, we are committed to fostering an inclusive work environment based on respect, tolerance, and equal opportunities.

We are very careful to have criteria of inclusion and equity prevail in our recruitment and selection process, trying to hire the best talent. We also work on eliminating any bias that may exist in the processes of incorporation, remuneration, promotion, and performance appraisal.

We establish salaries in an institutionalized manner, with ranks by professional profile, avoiding any difference related to gender. Below we present the salary ratio of women to men broken down by professional category.

Woman/Male Salary Ratio 2021-2022 Total Remuneration (fixed + variable)	Ratio (M/H)
Management Staff, CEO	79%
Vice Presidents	95%
Managers	95%
Middle Managers	90%
Operational and Administrative	98%
Total Personnel	75%

During the current fiscal year, we had no cases of discrimination reported by our employees.

Safety and Health

(GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10)

Protecting the health and safety of our employees is our priority. Given the continuity of the pandemic, we continue working from the Industrial Health and Safety Commission with the protocols and measures necessary for business continuity and the care of our employees and customers.

To reinforce preventive measures against COVID-19, we continue to provide all our employees with specialized medical care, such as telemedicine services to attend to health situations and the psychological assistance line. In addition, we have a program for managing chronic health conditions, including the evaluation and follow-up of a general practitioner and a nutritionist.

Every year we carry out a risk assessment on health and safety issues that allow us to determine the highest risk positions:

- Agricultural technicians, for their constant transfer to areas of difficult access.
- Couriers, for their constant use of vehicles.
- Branch operations, due to the continuous lifting of weight.
- Other positions include: Project Inspectors, Environmental Analysts, Maintenance Coordinators, and Business Banking Officers.

Likewise, we have several processes that help protect the health and safety of our employees:

- ✓ Identification of occupational risks
- ✓ Occupational accidents and diseases
- ✓ Surveillance of workers' health
- ✓ First aid kit management
- ✓ Handling vehicular accidents
- ✓ Conservation of permissible levels and risk factors
- ✓ Fire control system maintenance
- ✓ Emergency plans
- ✓ Safe work analysis
- ✓ Choice and use of personal protective office equipment
- ✓ Office ergonomics
- ✓ Hot work
- ✓ Blocking and tagging

Additionally, we provide instructions and training for our employees, mainly focused on the following:

- Self-Defense
- Active breaks
- Ergonomic tips for teleworking staff
- Fall Protection
- Emergency brigades
- Induction to SISO for new admissions
- Safe work analysis for contractors and custodians

During the 2021-22 fiscal year we had no reported occupational illnesses or fatalities. However, there were absences due to disabilities resulting from accidents within the company, as shown in the following table:

	2020-2021	2020-2021
Number of accidents	6	5
Absent days reported to the authority	22	24

Work environment and benefits

(GRI 401-2, 201-3)

We provide our employees with a place to work that they can be proud of while contributing to improving their quality of life.

We provide benefits that go beyond the law, seeking employees' well-being, satisfaction, and commitment to the Group.

- Health and Life Insurance (with a waiting time of 6 months up to the Officer level)
- Telemedicine Service
- Medical Emergency Service (ambulance)
- Psychological help service
- Salary advances (two-year work time minimum)

- Educational benefit (two-year work time minimum)
- Banking products with preferential fees/interest
- Profit sharing
- Reduced administrative costs for Pension Plan
- Employee transportation service
- Male and female uniforms
- Annual vaccinations
- Cafeteria services at special pricing
- Mobile phone (assigning is evaluated according to position and functions)
- Lactation rooms
- Gifts for Father's Day, Mother's Day, the birth of a child, Administrative Assistant Day
- Gifts recognizing labor seniority (every five years)
- Discounts at certain businesses through signed agreements
- Parking
- Year-End Party
- Contributive Retirement Plan (from managerial level and up)
- Vehicle plan (executives)

We have a Contributory Retirement Plan in which Global Bank provides between 1% and 3% of the salary of the employee who participates in the plan, matching their individual contribution, as long as they make a minimum individual payment of 1% of their monthly salary.



USD\$ 210,000.00

contributed Global Bank to Retirement Plans during 2021-22

It is worth mentioning that at Global Bank, we respect the right of our employees to establish and join a freely chosen labor union, as well as the right of unions to operate freely and carry out their activities without undue interference.

Work environment survey

This year we conducted a work climate survey among employees in which we obtained a satisfaction percentage of 85%. One of the main strengths detected in this exercise was teamwork and communication. Based on the results, we elaborated a work plan for implementing actions that will allow us to improve our areas of opportunity.

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ENVIRONMENTAL MANAGEMENT



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9. ENVIRONMENTAL MANAGEMENT

One of the core concepts of our Sustainable Business Strategy is operational eco-efficiency. We work to make good use of natural resources and reduce the direct impact of our business activity on the environment.

We undertake actions to reduce our energy consumption and make the transition to renewable sources allowing us to reduce the generation of greenhouse gas (GHG) emissions. In addition, we comprehensively manage water consumption and waste generation.

9.1 Energy and Emissions

(GRI 3-3, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5)

We implemented initiatives to move towards greater efficiency in direct energy consumption and increase the use of renewable sources, including panel-generated solar energy.

Aligned with the best practices in sustainable infrastructure, we have LEED certification in three of our buildings:

Leed Certification



LEED Gold:
Santa Maria
Corporate Tower



LEED Platinum:
Centennial
Branch



LEED Silver:
Chiriquí Global Plaza
Branch

Promoting the use of renewable energy

- We increased up to 9 the number of centers with solar panels: 2 administrative buildings and seven branches, representing an investment of US \$ 786,294 from 2016 to date.
- 1,607 solar panels installed, which generate 530,783 kWh annually and save us 16% in resources.
- We are pioneers in installing charging stations for electric cars in branches and the corporate tower to encourage the use of electric vehicles among our employees and customers.

These efforts are in addition to our program that grants credit to renewable energy projects, thus contributing to the country's energy transition.

RENEWABLE ENERGY SELF- GENERATION/CONSUMPTION	2019-2020	2020-2021	2021-2022
Number of branches with solar panels	7	8	9
Number of solar panels installed	1,371	1,511	1,607
Total annual kWh generated	520,125	572,171	530,783
Money saved	\$78,659.80	\$86,530.87	\$80,270.31
Percentage saved	15%	16%	16%
GHG emissions avoided (KgCO2e)	348,579	383,469	376,157



Energy consumption within our main centers for this fiscal period was 31,835 GJ, representing an increase of 11.02% over the previous period. 78.41% corresponds only to the use of electricity. This increase is a result of the reopening of branches that had been closed due to the pandemic, as well as the return of employees who were previously teleworking or working on flextime back to their offices.

ENERGY CONSUMPTION (GJ)

TYPE OF ENERGY/FUEL	2019-2020	2020-2021	2021-2022	
Fuel	Vehicle Diesel	1,801	988	1,453
	Diesel generators	231	249	318
	Vehicle gasoline	4,989	4,025	5,102
Electricity	28,005	23,066	24,962	
TOTAL	35,026	28,328	31,835	

Note: Gasoline 91 and 95 Octane.

Electricity represents our primary source of energy consumption. In 2021-2022, it increased by 7.6% compared to the previous period. This is understandable after its decrease of 21.4% in 2020-2021 when we used less electricity because of the COVID-19 pandemic.

ELECTRICITY CONSUMPTION (kWh)

2019-2020	2020-2021	2021-2022
7,779,063	6,407,333	6,933,948

INTENSITY IN ENERGY CONSUMPTION





UNITS	2019-2020	2020-2021	2021-2022
GJ per employee	18.97	15.98	14.73








Based on our commitment to reducing our carbon emissions (CO2), we adhere to the Declaration of “The 50 First Carbon Neutral Organizations”, part of the national program Reduce Your Corporate Footprint promoted by the Ministry of Environment. This program establishes a standardized process for identifying, calculating, reporting, and verifying that the carbon footprint is within the operational limits of Panamanian organizations.’

In 2021, we started implementing the first phases of the corporate carbon footprint identification and calculation program, with 2020 as the baseline year. This allowed us to establish an intermediate carbon neutral plan for 2021-2030, in which we committed to mitigate and offset 40% of our emissions by 2030 and 50% by 2035. Considering the results of this intermediate plan, we will subsequently define the plan for 2050.

Reduction initiatives included in the action plan:

-  Strengthening the program of clean energy use in the Bank's facilities.
-  Maintain LEED certifications of efficient buildings based on best practices.
-  Replacement and installation of lighting fixtures with LED technology.
-  Replacement of air conditioners with eco-efficient ones.

-  Standardization of schedules for turning lighting and air conditioning equipment on and off.
-  Communication campaign on eco-efficiency and saving of supplies to raise environmental awareness.
-  Establishment of preventive maintenance plan for cooling equipment and fire extinguishers.
-  Acquisition of solar plant.
-  Monitoring of fuel consumption by emission source.

SCOPE 1 EMISSIONS (tCO_{2e})

SOURCE	DESCRIPTION	2020-21	2021-22	Δ21-20
Fixed sources	Use of emergency plants for electricity generation	29.29	18.00	-11.29
Mobile sources	Use of company-owned cars and under pay-per-use of fuel schemes (card delivery and collection)	366.12	467.92	101.80
Fugitive sources	Replenishment of refrigerants in air conditioning systems	361.77	79.14	-282.63
TOTAL		757.18	565.06	-192.12

SCOPE 2 EMISSIONS (tCO₂e)

SOURCE	2020-21	2021-22	Δ21-20
Electric network	902.49	714.20	-188.29

SCOPE 3 EMISSIONS (tCO₂e)

SOURCE	2020-21	2021-22	Δ21-20
Goods and services purchased	37.60	87.63	50.03
Waste generated in operations	12.63	44.14	31.51
Employee transportation	23.20	385.83	362.63
Outsourced fleet	306.09	270.70	-35.39
TOTAL	379.52	788.30	408.78

EMISSION INTENSITY OF GHG - SCOPES 1 AND 2

UNITS	2020-21	2021-22	Δ21-20
tonCO ₂ eq/employee	0.73	0.75	0.02

9.2 Other Environmental Aspects

Other fundamental elements of our environmental management are efficiency in water use, the reduction of waste generated, and increased reuse and/or recycling.

Water

To reduce water consumption in our operations, we have installed energy-saving flowmeters and taps in the bathrooms of different branches.

Waste

We have a Waste Management Plan that allows us to maximize the reuse and recycling of the waste generated, starting from the collection of separated waste.

Through this plan, we manage waste from constant consumable goods, such as paper, cardboard, PET 1 & 2 plastic bottles, and aluminum cans, to durable goods and construction materials.

Furthermore, thanks to the increase in the digitalization of processes, we are reducing our paper consumption.

In the 2021-2022 fiscal year, there was an increase in waste collected and recycled due to the reopening of branches, the return of employees to offices after the pandemic, and the expansion of the recycling program to six additional branches.

WASTE MANAGEMENT	2019-2020	2020-2021	2021-2022
Collected waste (kg)	108,260	40,850	123,551
Recycled waste (kg)	1,820	1,721	10,131
Recycling by product type (kg):			
Paper	1,820	1,292	7,560
Cardboard		256	1,271
Cans		44	487
Tetra pack		14	13
Newspaper		32	5
Plastic		83	799



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COMMUNITY

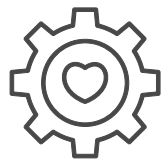


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10. COMMUNITY

We are committed to the social development of the country through the execution of activities, donations, and contributions that generate a positive impact on our stakeholders and that are measurable and sustainable over time.

We support non-profit organizations that work directly with communities through programs focused on activities related to the Sustainable Development Goals that we have selected as an organization. These are focused on education, health, and other social issues. In every case, we adhere to the Donations Policy at the Group level, guaranteeing transparency in the use of resources.



During the 2021-2022 fiscal year, our social contribution was **US\$474,682.14**, benefiting more than 12,000 people.

The main Foundations and Civil Society Organizations (CSOs) supported are:

EDUCATION

FOUNDATION/CSO	DESCRIPTION
Asociación Mujer Cultura y Desarrollo	Promotes initiatives that enhance the capacity of women to be forgers and beneficiaries of development in various aspects: educational, socio-economic, and cultural and promoting the full human development of women and families.
Asociación Pro Niñez Panameña	Its objective is the comprehensive development of Panamanian children nationwide with programs aimed at improving education, food, health and recreation in homes, community kitchens, hard-to-reach schools, and a model school.
Fundación Casa Esperanza	It offers development opportunities to children and adolescents living in poverty, especially those involved in child labor.
Fundación Pro niños del Darién	It aims to reduce child malnutrition through activities interrelated with nutrition, health, education, production, and community development programs.
Enseña por Panamá	Educational leadership program that supports schools located in low-income areas, through trained teachers and professionals who contribute to teaching children.
INCAE	A business school that promotes the development of the region through leadership training, applied research, and the promotion of intersectoral dialogue.

HEALTH

FOUNDATION/CSO	DESCRIPTION
FANLYC	Provides various services to children diagnosed with cancer in Panama, such as medicine delivery, transportation, psycho-social support, healthy meals, education, and more.
Fundacáncer	Helps cancer patients in Panama, particularly those most in need.
Fundación Luces de Panamá	Dedicated to the fight against epilepsy, its main objective is to implement strategies that contribute to improving the quality of life for patients and their families, offering them support, creating an emergency medication center, and educating them on issues related to this condition.
Fundación Psoriasis	Promotes social awareness in the Panamanian population about psoriasis and psoriatic arthritis, through informative campaigns.
Special Olympics	The Special Olympics Health Program aims to ensure that people with intellectual disabilities have every opportunity to be healthy.
Teletón 20-30	It is the most important fundraising event for social work, and it consists of a show of artistic presentations broadcasted on national television with a minimum duration of 27 continuous hours.

COMMUNITY (SOCIAL TOPICS)

FOUNDATION/CSO	DESCRIPTION
Asociación Panameña de Ejecutivos de Empresa (APEDE)	Contributes to the development and economic progress of Panama through the promotion of business activities and the promotion of administrative efficiency.
Biomuseo	Natural history museum dedicated to Panama that explores the relationship between its biodiversity and its culture.
Forum de Periodistas	It encourages expeditious communication and guarantees the free exercise of journalism, always ensuring that due respect for freedom of speech and that the right to information is fulfilled.
Fundación Jesus Luz de Oportunidades	Supports initiatives aimed at reducing and preventing violence in urban areas of Panama and prisons.



Through our volunteer program, our employees have the opportunity to participate in different activities carried out by the non-profit organizations with which we work.

We are transitioning to focus our volunteering on actions related to Responsible Banking, with the purpose that they become more sustainable activities over time.

During the 2021-2022 fiscal year, we had 299 volunteer employees, benefiting 329 people.

Among the organizations supported through volunteerism during the 2021-2022 fiscal year are the following:

VOLUNTEERISM DURING THE 2021-2022

DONATION	ORGANIZATION RECEIVING AID	NUMBER OF PARTICIPATING EMPLOYEES	NUMBER OF BENEFICIARIES
A lecture about savings and financial counseling	Instituto Tecnológico de Ciencias, Letras y Programación Instituto Mercante Juan Sebastián El Cano	11	15 adolescent students
Laptops	Fundación Construyendo Vidas Panamá in the community of Veracruz	19	39 child students
Disposable diapers	Hospital del Niño	52	20 newborns
Maintenance materials	Centro Cumplimiento de Menores (located in Pacora)	68	130 teenagers
Food	Centro de Orientación y Atención Integral Hogar San Juan Pablo II	68	60 adults
Food	Hogar Luisa	68	35 families
Dry food and toiletries	Fundación Pequeños Luchadores	13	30 people



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ECONOMIC PERFORMANCE



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11. ECONOMIC PERFORMANCE

11.1 Relevant Group Information

(GRI 3-3)

Facing a challenging environment, we managed to meet the objectives we had set for ourselves thanks to the trust of our customers in us.

We present below our main financial results, which show the progress in attracting funds and financing, while maintaining the growing profitability reflected in the Return on Equity (ROE).

FINANCIAL INDICATORS

	2020-2021	2021-2022
NET ASSETS	\$ 8,323,543,893	\$ 8,400,596,435
LOAN PORTFOLIO (NET)	\$ 6,007,976,619	\$ 6,138,222,161
DEPOSITS	\$ 5,275,151,088	\$ 5,275,242,825
EQUITY	\$ 789,718,580	\$ 760,154,339
ROE	3.39%	4.05%
CAPITAL ADEQUACY RATIO	15.97%	15.11%
DELINQUENCY RATE *	3.18%	3.14%

* For the previous fiscal year, 31 to 90 days delinquency was reported. This year, the delinquency is reported based on the index of the overdue portfolio; therefore, a restatement of the previous period is made.

11.2 Results by Business

We offer a wide range of financial products and services, through different structured businesses in our principal subsidiaries.





Below, we present the main financial and operational indicators at the level of each business:
(SASB FN-CB-000.A, FN-CB-000.B)

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FISCAL YEAR		2019-2020	2020-2021	2021-2022
	Number of checking and savings accounts (number)			
	Business Banking	28,623	27,561	26,946
	Corporate Banking	1,751	1,680	1,680
	Personal Banking	138,052	136,555	140,616
	Private Banking	4,057	4,191	4,528
	Balance of checking and savings accounts (at the end of the year) (USD)			
	Business Banking	456,584,471	567,644,889	605,225,130
	Corporate Banking	69,088,018	87,013,193	142,009,232
	Personal Banking	454,945,249	546,078,754	605,458,487
	Private Banking	360,524,952	385,523,406	423,366,745
	Loans and credits (number)			
	Personal Banking	133,995	124,842	125,066
	Business Banking	13,322	11,064	10,096
	Corporate Banking	2,042	1,964	1,934
	Loans and credits (value issued) (USD)			
	Personal Banking	3,677,037,815	3,647,875,921	3,797,506,333
	Business Banking	2,366,352,346	2,190,804,834	2,175,033,472
	Corporate Banking	2,060,229,870	1,909,696,604	1,919,719,760
	Balance of portfolio (USD)			
	Personal Banking	2,943,946,298	2,905,098,255	3,041,969,960
	Business Banking	1,826,245,877	1,675,669,766	1,685,956,906
	Corporate Banking	1,565,930,035	1,478,059,550	1,493,049,296

BALANCE BY SECTOR OF ECONOMIC ACTIVITY (10 MAIN SECTORS)

(FS6) (SASB FN-CB-410a.1)

Fiscal year

BREAKDOWN BY SECTOR TYPE (%)	2019-2020	2020-2021	2021-2022
REAL ESTATE	3.30%	4.14%	4.00%
CONSTRUCTION OF APARTMENT BUILDINGS	4.33%	3.87%	2.77%
RENTAL OF COMMERCIAL PREMISES	2.47%	2.55%	2.61%
HOUSING CONSTRUCTION	3.30%	3.11%	2.58%
CENTRAL GOVERNMENT	1.91%	1.97%	2.28%
PURCHASE AND SALE OF GOODS	1.36%	1.63%	2.25%
FATTENING BEEF CATTLE	2.36%	2.15%	1.95%
CONSTRUCTION OF COMMERCIAL BUILDINGS	2.80%	2.63%	1.46%
HOTELS	1.89%	1.47%	1.45%
MORTGAGES OF COMMERCIAL PREMISES - LAND	1.46%	1.54%	1.39%

PERSONAL BANKING:

(SASB FN-CF-000.A, FN-CF-000.B).

Fiscal year

CREDIT AND DEBIT CARDS	2019-2020	2020-2021	2021-2022
NUMBER OF DEBIT CARDS	37,108	38,851	43,929
NUMBER OF CREDIT CARDS	49,077	42,597	34,108
NUMBER OF DEBIT CARD CUSTOMERS	29,488	37,136	41,191
NUMBER OF CREDIT CARD CUSTOMERS	43,665	37,865	33,425



MORTGAGES:
(SASB FN-MF-000.A)

FISCAL YEAR	2019-2020	2020-2021	2021-2022
NUMBER OF MORTGAGES			
RESIDENTIAL	29,793	29,951	30,890
COMMERCIAL	8,853	7,818	6,839
NUMBER OF MORTGAGES (AMOUNT GRANTED) (USD)			
RESIDENTIAL	2,231,424,563	2,272,093,300	2,377,764,085
COMMERCIAL	3,217,525,137	2,968,878,864	2,739,752,336
NUMBER OF MORTGAGES (YEAR-END BALANCE) (USD)			
RESIDENTIAL	1,941,820,079	1,955,686,020	2,040,814,844
COMMERCIAL	2,450,195,524	2,248,421,192	2,061,295,710

PENSIONS AND SEVERANCE PAYMENTS - PROGRESO APFC
(SASB FN-AC-000.B)

FISCAL YEAR	2019-2020	2020-2021	2021-2022
NUMBER OF ACCOUNTS MANAGED - SEVERANCE	1,312	1,285	1,259
NUMBER OF ACCOUNTS MANAGED - RETIREMENT	22,567	21,318	20,162
% CORPORATE	5%	6%	6%
% INDIVIDUAL SUBSCRIPTION	95%	94%	94%
NUMBER OF TRUSTS MANAGED	1,058	1,031	1,007
VALUE OF ASSETS MANAGED - SEVERANCE (USD)	287,721,156	305,339,517	306,211,842
VALUE OF ASSETS MANAGED - RETIREMENT (USD)	222,974,022	232,707,588	225,737,822
% CORPORATE	56%	57%	58%
% INDIVIDUAL SUBSCRIPTION	44%	43%	42%
VALUE OF MANAGED TRUSTS (USD)	1,491,447,919	1,575,488,803	1,548,184,679



As for the activity of Progreso AFPC, the launch of a simplified account with a maximum value of USD\$12,000 is worth noting. This complements the currently available options and allows the integration of new clients who were not being served. It responds to an opportunity due to a regulatory update in the country and allows the extension of the provision of culture and solutions to a broader society.

Likewise, investment alternatives were diversified to respond to the different risk profiles that clients want to assume. The most conservative initial option remains especially important this year for customers' performance against a setting of high market volatility.

Regarding the results, the context is still helpful by companies of severance funds in the decisions taken in the pandemic to let go of personnel; although, Progreso already shows recovery in the value of assets under management. The downward trend in pensions (retirements) is due to competition from financial products with better short-term performance in the experienced scenario of high volatility in the financial markets.

Stock brokerage and investments – Global Valores (SASB FN-IB-000.A, FN-IB-000.B, FN-IB-000.C; FN-AC-000.B)

Below are presented both the results of Global Valores and of Fondo Global de Inversiones, a closed-end investment company focused on a fixed-income strategy.

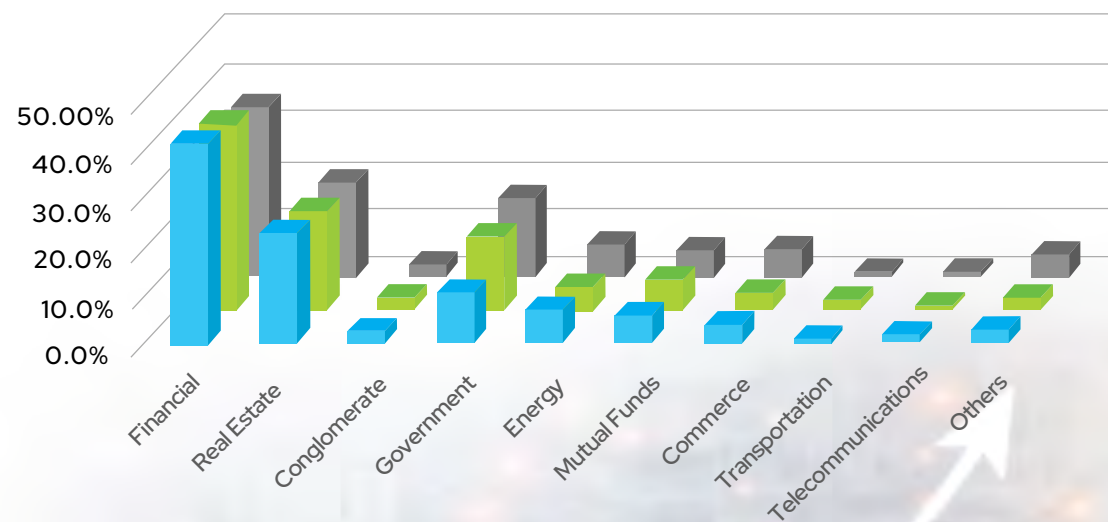
GLOBAL VALORES

FISCAL YEAR	2019-2020	2020-2021	2021-2022
TRANSACTIONS (NUMBER)			
SUBSCRIPTION	473	240	222
SECURITIZATION	3,124	2,301	3,603
TRANSACTIONS (VALUE IN USD)			
SUBSCRIPTION	32,802,757	27,149,043	33,179,518
SECURITIZATION	849,812,724	911,729,051	1,613,989,800
TRANSACTIONS - BREAKDOWN (%)			
FIXED INCOME	38.0%	48.9%	78.89%
STOCK	40.6%	32.4%	15.54%
FOREIGN CURRENCIES	0.4%	0.0%	0.00%
MUTUAL FUNDS	19.7%	15.3%	5.33%
OTHERS	1.3%	3.4%	0.24%

Regarding the breakdown by type of sector, we present below:

- 2019-2020
- 2020-2021
- 2021-2022

BREAKDOWN OF INVESTMENTS BY SECTOR



GLOBAL VALORES - INVESTMENTS BY SECTOR (%)

FISCAL YEAR	2019-2020	2020-2021	2021-2022
FINANCIAL	41.6%	38.9%	35.34%
REAL ESTATE	22.9%	21.2%	19.87%
CONGLOMERATE	2.5%	2.7%	2.89%
GOVERNMENT	10.8%	15.3%	16.53%
ENERGY	6.8%	5.5%	6.67%
MUTUAL FUNDS	5.6%	6.3%	5.51%
COMMERCE	3.8%	3.6%	5.82%
TRANSPORTATION	0.7%	2.7%	1.04%
TELECOMMUNICATIONS	2.3%	1.1%	1.24%
OTHERS (CONSUMPTION, CONSTRUCTION, TECHNOLOGY, HEALTH, HOTELS)	2.9%	2.7%	5.09%

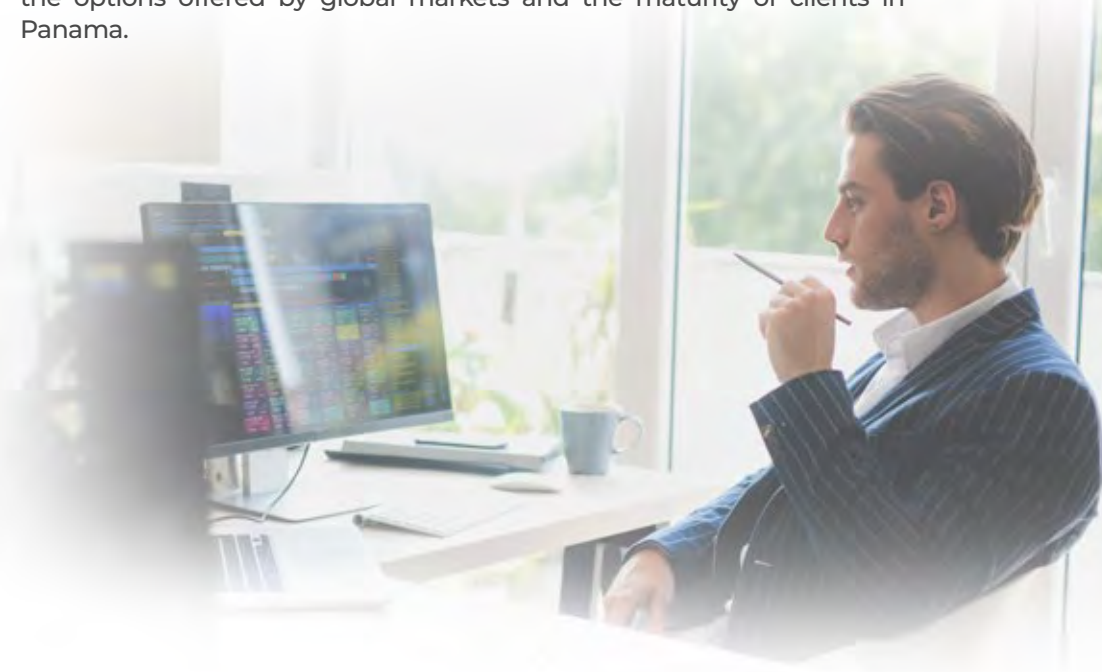
FONDO GLOBAL DE INVERSIONES

FISCAL YEAR	2019-2020	2020-2021	2021-2022
NUMBER OF ACCOUNTS AND/OR MANAGED TRUSTS			
DEPOSITS IN ESCROW	2	2	2
TESTAMENTARY	1	1	1
GUARANTEE	24640	23065	22618
PENSION	1	1	1
SECURITIZATION	0	0	0
ADMINISTRATION	59	55	51
INVESTMENT	37	35	24
VALUE OF ACCOUNTS AND/OR MANAGED TRUSTS (USD)			
DEPOSITS IN ESCROW	574,021	583,308	588,860
TESTAMENTARY	574,761	595,902	507,330
GUARANTEE	2,703,811,959	2,510,666,115	2,636,407,207
PENSION	2,934,612	2,666,938	2,479,089
SECURITIZATION	-	-	-
ADMINISTRATION	56,077,437	143,130,285	303,528,313
INVESTMENT	104,038,791	141,791,159	128,322,823

More information about the nature of each product can be found at: <https://www.globalfinancialfunds.com.pa/#>

The context of low interest rates on deposits made the portfolio of investment products more attractive. In addition, Global Valores continued to serve diversification opportunities. Highlights include launching a more massive investment product, with different risk profiles chosen by the client. This, together with participation in the Global Investment Fund (proprietary), provides opportunities for families to grow their wealth.

Similarly, Global Valores is attentive to opportunities for placing capital within ESG criteria. In this sense, it already has approximately 5% in international mutual funds complying with that nature and is advancing according to the options offered by global markets and the maturity of clients in Panama.





Insurance – Aseguradora Global

(SASB FN-IN-000.A) (SASB FN-IN-410A.1)

ASEGURADORA GLOBAL - PREMIUM ISSUED

FISCAL YEAR	2019-2020	2020-2021	2021-2022
NUMBER OF POLICIES (IN FORCE AT CLOSING) - TOTAL	55,356	53,840	52,343
BREAKDOWN BY SEGMENT/PRODUCT (NUMBER)			
CAR	15,356	14,778	14,257
FIRE	24,752	24,973	25,700
PERSONAL ACCIDENTS	4,984	5,241	4,693
LIFE	9,534	8,143	6,877
FRAUD	1	1	1
MISCELLANEOUS RISKS	6	9	9
ALL RISK CONSTRUCTION	96	102	128
COLLECTIVE LIFE AND UNEMPLOYMENT	3	3	3
BONDS	624	590	675
VALUE OF PREMIUM ISSUED (AT CLOSING) - TOTAL (MM USD)	32,813,415	32,156,700	34,530,975
BREAKDOWN BY SEGMENT/PRODUCT (VALUE IN USD)			
CAR	7,899,456	7,717,369	7,217,183
FIRE	3,024,754	2,946,238	3,085,313
PERSONAL ACCIDENTS	92,781	127,946	208,749
LIFE	592,842	278,594	165,782
FRAUD	1,616,594	1,497,015	1,398,352
MISCELLANEOUS RISKS	600,465	674,637	781,377
ALL RISK CONSTRUCTION	648,000	932,484	1,212,395
COLLECTIVE LIFE AND UNEMPLOYMENT	17,246,812	17,128,844	17,854,405
BONDS	1,091,711	853,573	2,607,419

ASEGURADORA GLOBAL - INVESTMENTS

FISCAL YEAR	2019-2020	2020-2021	2021-2022
INVESTMENT (SPECIFIC TO THE INSURANCE COMPANY) (TOTAL PORTFOLIO VALUE) (USD)	16,287,908	25,363,486	29,408,469
BREAKDOWN BY ASSET TYPE (%)			
STOCK	0.1%	0.1%	6.6%
GOVERNMENT BONDS	2.5%	2.8%	3.5%
PRIVATE BONDS	42.7%	30.3%	36.6%
GLOBAL BANK CORP. BONDS	54.7%	66.9%	53.2%
BREAKDOWN BY SECTOR TYPE (%)			
INDUSTRY: ELECTRICITY PRODUCTION AND GENERATION	23.4%	5.8%	15.6%
FINANCIAL SECTOR: BANKS	26.1%	50.8%	53.2%
FINANCIAL SECTOR: FINANCIAL COMPANIES	13.1%	15.6%	6.6%
SERVICES: COMMUNICATIONS	15.3%	4.1%	0.0%
SERVICES: OTHER	17.5%	10.9%	17.9%
CENTRAL GOVERNMENT	4.5%	4.5%	6.6%
INDUSTRY: OTHER MANUFACTURING INDUSTRIES	0.0%	8.3%	0.0%

More details of the different types of insurance at: <https://www.aseguradoraglobal.com.pa/>

Aseguradora Global's activity focuses on serving the Bank's customers, completing the value proposition we can offer as a Financial Group. It is also worth mentioning the diversification of its own product portfolio, which besides providing coverage of financial products, includes other health products and the most innovative insurance for cybersecurity incidents.

Within the portfolio, the insurance for retired people, which accompanies the credit product and allows specialized health care, stands out for its social impact. Progress is also being made in the incorporation of remote healthcare solutions. A new insurance product is also added to cover serious illnesses, in the search for solutions necessary to all clients.

In this context, results are stable, with the learnings generated by the pandemic. The strength of the reinsurance arrangements available to Aseguradora Global made it possible to cover claims in the life branch.

11.3 Economic Value Generated and Distributed (GRI 201-1)

Our priority is to generate economic value for the company and all our stakeholders. The resulting income is distributed among these groups through different items that include employee salaries and benefits, taxes, payments to suppliers, investment in

infrastructure that benefits customers, and social investment programs.

The resulting retained economic value allows us, on the other hand, to have capital to continue growing, always considering our strict risk controls and commitment to the institution's financial stability.



**ECONOMIC VALUE GENERATED AND DISTRIBUTED
(EVG AND EVD) (IN THOUSANDS OF USD)**

FISCAL YEAR	2019-2020	2020-2021	2021-2022
INCOME (ECONOMIC VALUE GENERATED, EVG)	168,771.0	147,092.5	174,288.0
EXPENSES (ECONOMIC VALUE DISTRIBUTED, EVD)	126,468.8	120,499.3	137,025.0
OPERATING EXPENSES	45,935.8	44,561.3	51,125.4
SALARIES AND ALLOWANCES (TO EMPLOYEES)	58,321.2	57,113.7	59,798.9
PAYMENTS TO THE GOVERNMENT (TAXES AND CONTRIBUTIONS)	1,273.7	3,284.2	4,827.7
ACQUISITIONS	-	-	-
INVESTMENT IN INFRASTRUCTURE	20,152.0	21,305.4	20,767.9
DONATIONS (COMMUNITY)	786.1	803.1	505.2
RETENTIONS (EVG-EVD)	42,302.2	26,593.2	37,263.0

Notes:

- Due to the post-pandemic economic recovery, portfolio volume revenue rose in 2021-2022.
- Additionally, there was a need to increase provisions for bad loans, thus increasing the value of operating expenses.
- In the relationship with the government, concerning taxation, we received a series of deductions and subsidies to cover the preferential mortgage portfolio and commercial agricultural interest as the established laws apply.
- In the case of the 2020-2021 pandemic period, historical levels of bad loan provision expenditures were generated, causing a deferred tax credit (negative). This, in turn, produced a total tax expense that includes income tax plus deferred income tax, to close in negative (credit) for that period.
- The stability of infrastructure investment is part of the commitment to technological transformation and the best customer experience, both in virtual and physical channels.
- After the most challenging contingency stage of the pandemic ended, social support of the institution to different organizations and groups in the form of donations was reduced. However, in 2021-2022 we made an increase aligned with the country's needs.



Besides the taxes directly paid as part of its activity, the tax collected from other interest groups is added. This is the case of the ITBMS (Transfer Tax on Movable Property and Services), which contributed USD \$ 3,005,209, and the Workforce’s Income Tax amounted to USD\$4,406,265.

On the subject of social investment, the breakdown of this according to purpose is presented below:

	2019-2020	2020-2021	2021-2022
INVESTMENT IN COMMUNITIES	95%	95%	95%
BUSINESS INITIATIVES	5%	5%	5%
TOTAL	100%	100%	100%

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ANNEX I:

ESG Management Detail



1. RELATIONSHIP WITH STAKEHOLDERS

(GRI 2-29)

Constant engagement with our stakeholders is essential to achieving our operational objectives and creating shared value with each of them.




We maintain a close relationship with our clients, employees, shareholders and directors, suppliers, community, regulatory bodies, and multilateral entities, establishing mechanisms for dialogue and communication with each of them, always guided by our values, the Code of Ethics, and all applicable legislation.

We identify our stakeholders based on our business's impact on them and their level of influence on our financial and ESG performance.









CHANNELS AND MAIN STAKEHOLDERS OF GLOBAL BANK

STAKEHOLDERS (SH)	VALUE PROPOSITION	CHANNELS	RELEVANT TOPICS PER SH
 <p>Shareholders and Directors</p>	<p>We ensure their investment through constant business growth, which includes the management of ESG factors within the operation.</p> <p>We encourage transparency in the company's decision-making and reporting of financial results.</p>	<ul style="list-style-type: none"> • Board of Directors • Shareholders' Assembly Meeting • Annual report (financial and non-financial) • Quarterly Financial Information • Website • Journals • Folder for Directors (drive) 	<ul style="list-style-type: none"> • Economic performance • Cybersecurity • Product Innovation • Digital transformation • Training and development of employees
 <p>Suppliers</p>	<p>We guarantee agreements with the supply chain according to the fulfillment of high-quality standards.</p> <p>We make transparent and fair acquisitions, which contribute to the development of both parties, generating sustainable relationships over time.</p>	<ul style="list-style-type: none"> • Email • Performance and acquisition evaluations • Purchasing/Administration Area • Website 	<ul style="list-style-type: none"> • Ethics and anti-corruption • Customer Experience • Responsible supply chain
 <p>Employees</p>	<p>We generate a culture of trust, respect, and equal opportunities, aligned with our principles and values.</p> <p>We develop the skills and encourage our employees' professional and personal growth through promotion and training.</p> <p>In the same way, we ensure their well-being, health, and safety.</p>	<ul style="list-style-type: none"> • Intranet • Emails • Signs in common areas • Global Ethics Line • Face-to-face and online training • Performance Evaluations 	<ul style="list-style-type: none"> • Customer Privacy • Cybersecurity • Occupational health and safety • Customer Service • Brand positioning

CANALES Y PRINCIPALES GRUPOS DE INTERÉS GLOBAL BANK

STAKEHOLDERS (SH)	VALUE PROPOSITION	CHANNELS	RELEVANT TOPICS PER SH
 <p>Customers</p>	<p>We provide products and services relevant to our customers' needs, being transparent in product conditions, so that they can make well-informed decisions and by providing personalized service to each of our clients.</p> <p>We offer technological innovation within our services, making it easier for them to operate with our different subsidiaries, being always inclusive. We responsibly manage their data, and we adhere to current legislation always.</p>	<ul style="list-style-type: none"> • Branches • Online Banking / App • Website • Emails • Social Media • Satisfaction survey • Brand Health Survey • Online Appointments • On-site visits 	<ul style="list-style-type: none"> • Customer Privacy • Ethics and anti-corruption • Cybersecurity • Customer Service • Corporate governance
 <p>Community</p>	<p>We promote financial inclusion and education through social investment initiatives (donations, volunteering, etc.)</p>	<ul style="list-style-type: none"> • Social Media • Website • Volunteering & Donations • Engagement with civil society organizations (CSOs) 	<ul style="list-style-type: none"> • Socio-economic development of communities
 <p>Regulatory and Government Entities</p>	<p>We focus on complying with the legislation in force, safeguarding the rights of our clients and other stakeholders.</p>	<ul style="list-style-type: none"> • Statement and reports of results • Public Partnerships • Open dialogue • Website 	<ul style="list-style-type: none"> • Eco-operational efficiency • Climate change risks • Investor Relations • Corporate governance • Ethics and anti-corruption
 <p>Multilateral entities and associations</p>	<p>We move hand in hand with their requirements, promoting the management of ESG aspects. Their support is key in the consolidation of efforts in the company.</p>	<ul style="list-style-type: none"> • Statement and reports of results • Participation in specialized forums • Credit subscriptions and technical advisory processes. 	<ul style="list-style-type: none"> • Corporate governance • Ethics and anti-corruption • Financial education • Climate change risks • Diversity • ESG financing and investment • Financial inclusion • Products and services with an environmental benefit



2. ALLIANCES AND MEMBERSHIPS

(GRI 2-28)

To face sustainable development challenges, it is essential to form alliances between the different parties (government, private sector, and civil society) and build on shared principles and values. Each party contributes its experience and knowledge, working together towards achieving the objectives.

For this reason, we have joined various chambers, associations, and initiatives, both national and international, adopting commitments that contribute to strengthening our sector and the country's social and environmental development.



Among the most relevant alliances are the following:

AREA	INSTITUTION/INITIATIVE
 Associations	<ul style="list-style-type: none"> ✓ Asociación Bancaria, Panamá Oeste chapter ✓ Asociación Bancaria de Panamá ✓ Asociación Panameña de Ejecutivos de Empresas ✓ Instituto de Gobierno Corporativo de Panamá ✓ Sumarse
 Chambers	<ul style="list-style-type: none"> ✓ Cámara de Comercio, Industria y Agricultura de Panamá ✓ Cámara de Comercio, Industria y Agricultura Aguadulce ✓ Cámara de Comercio La Chorrera ✓ Cámara Panameña de la Construcción ✓ The American Chamber of Commerce & Industry of Panama
 Initiatives	<ul style="list-style-type: none"> ✓ Responsible Banking Principles of UNEP-FI ✓ United Nations Environment Programme Finance Initiative (UNEP-FI) ✓ Protocolo de Finanzas Sostenibles de la Asociación Bancaria de Panamá ✓ Reduce Tu Huella Corporativa of Panama's Ministry of Environment ✓ Partnership for Carbon Accounting Financials (PCAF)

3. MATERIALITY STUDY

(GRI 3-1, 3-2)

We carry out a **materiality study** to identify the critical environmental, social, and corporate governance issues for the Group based on the perspective of our stakeholders and the business's strategic vision.

For identifying these potential issues, we take as sectoral reference documents, rating agencies and investors, analysis of the COVID-19 context and financial activity itself, and pre-existing research.

We conducted direct consultations with more than 850 employees to prioritize material issues. We consulted the teams in charge of the relationship with these groups regarding authorities and clients. Finally, we involved the Board of Directors to know the shareholders' priorities. Furthermore, the strategic focus of the company was raised with senior management in an exhaustive exercise.

Below, we present the detail of the process:



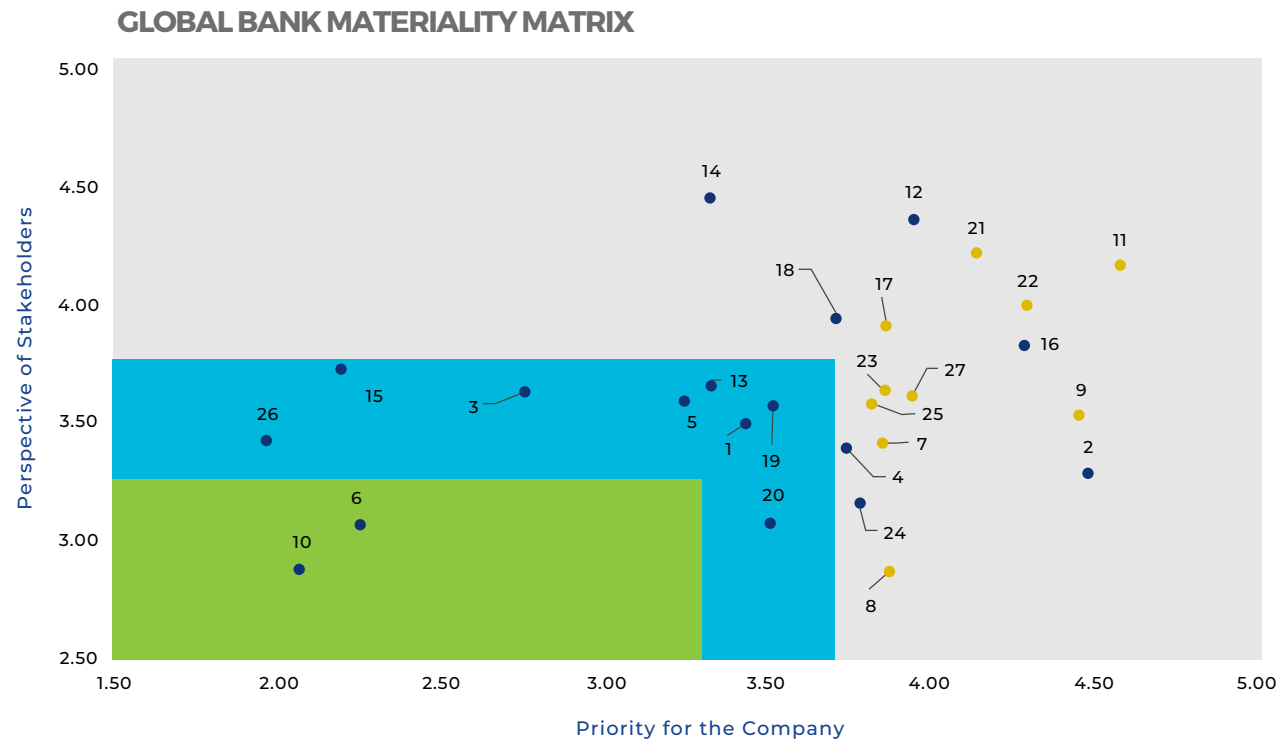


Next, we present the materiality matrix in which the issues are grouped into three categories:

Material issues are especially critical at present, both for stakeholders and the company. They serve as the basis for strategic ESG initiatives and determine the contents of this report.

Emerging issues: those we will pay attention to because they may become material in the short term, derived from a significant change in the context and/or our operation.

Non-material issues: those of low significance, which do not require particular action.



NO.	ISSUES
MATERIAL ISSUES 17	
11	Customer Service
21	Ethics and anti-corruption
12	Digital Transformation
22	Corporate Governance
16	Economic performance
9	ESG Financing and investment
17	Regulatory Compliance
14	Cybersecurity
2	Employee attraction and retention
18	Customer privacy
27	Eco-operational Efficiency
23	Disclosure and transparency of ESG information
25	Products and services with an environmental benefit
7	Financial Education
4	Labor health and safety
24	Relations with investors
8	Financial Inclusion
ISSUES POTENTIALLY MATERIAL IN THE SHORT-TERM 8	
19	Brand positioning
13	Product innovation
1	Employee training and development
5	Work environment
20	Relations with authorities
3	Diversity and opportunity equity
15	Sales practices
26	Climate change risks
NON-MATERIAL ISSUES 2	
6	Socio-Economic development of communities
10	Responsible supply chain

Adicionalmente, integramos la **materialidad financiera**, que corresponde a aquellos temas críticos por el impacto que pueden tener sobre nuestros resultados financieros, balance y acceso a fondeo.

Utilizamos para ello los temas determinados por *Sustainability Accounting Standards Board (SASB)* para las industrias de su clasificación en que operamos (tipo de actividades financieras).

Review of material issues and business model

To review and improve our sustainability strategy, in 2022, we became part of the "Training Program: Business Management and ESG Factors" promoted by Sumarse. This organization supports Corporate Social Responsibility (CSR) in Panama.

This program seeks to evolve the business strategy and connect the business with the teams, which includes an impact approach and institutionalization of management, integrating ESG factors into the activities of the areas.

For this exercise, the material issues resulting from the previous materiality analysis and other relevant topics for senior management and the different stakeholders were considered. These are framed in initiatives such as Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Standard & Poor's (S & P), adding to our business model relevant topics, such as:

- ✓ Diversity and inclusion among employees
- ✓ Climate strategy
- ✓ Human Capital Development
- ✓ Risk and Crisis Management
- ✓ Lending Practices
- ✓ Environmental risk of mortgaged properties

As a result of this program, we strengthened our sustainability strategy by improving the business model, giving visibility to relevant pillars for our stakeholders. In addition, new initiatives covering the bank's subsidiaries were identified.





4. IDENTIFICATION AND DIMENSIONING OF IMPACTS

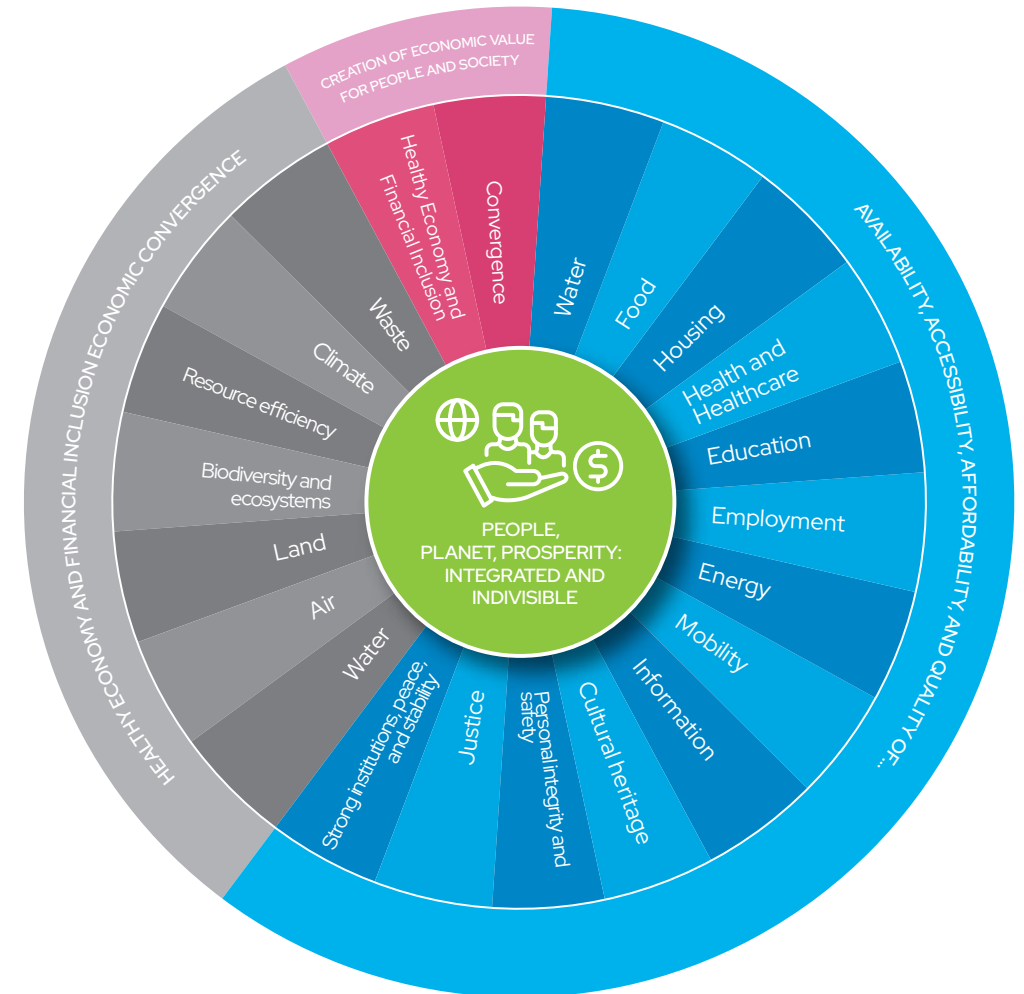
As part of the commitments acquired with UNEP-FI in adopting the Principles for Responsible Banking, we analyzed the potential impacts of our credit portfolio in 2020. The results established a series of objectives which we report in the chapter on Responsible Banking.

We use UNEP FI's "Portfolio Impact Analysis Tool," which consists of a data input-output workflow that helps determine the most significant impact areas of the entity. These areas correspond to a previous classification of UNEP FI, created to transfer the set of possible impacts to a standard category system for all financial institutions.

It should be noted that in the prioritization, we considered both the relationship the issues have with our portfolio composition and how critical these are in the context of Panama.

Next, we present the process followed and the description of the areas of impact that came out to be relevant for our institution.

Impact Radar



Identification and dimensioning of impacts: characteristics of the analysis



Organizational scope:

The bank's activity in terms of credit products and deposits are included. The financial subsidiaries (securities, etc.) were left out this year. Still, they will be incorporated in a future update of this analysis, according to the progress of the Sustainable Business Strategy.



Geographical scope:

The analysis was carried out locally, that is, only in Panama, which represents 95% of the total credit portfolio. Loans from the international portfolio are not included because they represent a low percentage of total credit. 100% of the loans in Personal Banking are local (Panama), as are 90% in Business Banking. It should be noted that the Impact Tool Version 2 can only include 30 activities, and this represented 97% of the Corporate Banking portfolio.



Business types:

We considered the main lines of business: (i) Personal Banking (Consumption) (represents 49% of loans and 57% of gross income; the funding business was also considered) and (ii) Business Banking (Commercial / Corporate) (represents 51% of loans and 43% of gross income).



Exposure scale:

To determine the potential impacts on Business Banking, we considered the sectors of economic activities that we finance (see details in the following table). For Personal Banking, we used the socioeconomic categories of customers.

In the case of Corporate Banking, in subsequent exercises to update the impact maps, we will integrate the analysis at the level of the technologies we finance to customers.



Context and relevance:

Once the economic, social, and environmental impact issues of our portfolio have been determined, we also analyzed how critical these issues are in the country. Balancing both aspects, we determined the main themes/areas of final impact. Those to be prioritized were established with the Senior Management of each banking area based on the planned commercial strategy. These were also reported internally to the different levels of the organization, which monitor progress in adopting the Principles for Responsible Banking.



Identification and dimensioning of impacts: results

We present below the relevant areas in the analysis carried out in June 2021, which is the first estimation using data as of December 31, 2020. We will announce when we make a new update, especially when integrating additional financial business into the Bank's activity.

Business Banking

100% of local credits (in Panama) were considered and distributed, as shown in the following table. The data used in 2021 and the current situation of the portfolio (at the end of the fiscal year 2021-2022) are presented.

% CREDIT PORTFOLIO OF BUSINESS BANKING (LOCAL)

CUSTOMER ACTIVITY	2020-2021 (IMPACT ANALYSIS)	2021-2022 (CURRENT STATUS)
CONSTRUCTION	24	19
REAL ESTATE	12	19
LIVESTOCK	9	9
RETAIL BUSINESS (EXCEPT MOTOR VEHICLES AND MOTORCYCLES)	5	8
GENERATION, DISTRIBUTION, AND TRANSMISSION OF ELECTRICITY	4	2
AGRICULTURE (PERENNIAL AND NON-PERENNIAL CROPS)	4	4
WHOLESALE AND RETAIL BUSINESS OF MOTOR VEHICLES AND MOTORCYCLES	3	4
LODGING	3	3
FOOD PROCESSING	2	3
ADMINISTRATIVE ACTIVITIES AND OFFICE SUPPORT	2	3
STORAGE AND TRANSPORTATION SUPPORT ACTIVITIES	2	1



Main positive impacts:
Employment, Food, Housing, and Mobility.



Main negative impacts:
Climate, Resource Efficiency, Land, Waste, Biodiversity, and ecosystems.

In Business Banking, 19% of the portfolio is to finance construction projects, 19% for real estate activities, 9% for livestock, and 4% for agriculture, among other activities. These activities have a positive impact on job creation. Livestock and agriculture contribute to the production and cultivation of food, and the construction of housing and residential buildings promotes housing solutions for Panamanian families.

However, we recognize that construction generates large amounts of waste and that agricultural activity negatively impacts the environment, such as the generation of greenhouse gases, soil degradation, and the loss of ecosystems and biodiversity.

We have outlined a course of action until 2024 to create environmental and social products and services that help mitigate these impacts. In addition, we are working on a transition plan to reduce funded GHG emissions.

Personal Banking

Types of products considered:



Credits:
personal loans, mortgages, and car loans.



Deposits:
Savings, checking, and time deposits (Certificates of Deposit).

40% of customers have personal loans, 16% have mortgages, and 12% have car loans as the most significant products.

Regarding deposit products, 69% of customers have savings accounts, and 3% use fixed-term deposits as the most significant products.

Please note that the impacts were determined by working with the socioeconomic breakdown of customers for each Personal Banking product.

PRODUCT TYPE	2020-2021	2021-2022
PERSONAL LOANS	41%	40%
MORTGAGES	14%	16%
CAR LOANS	12%	12%
SAVINGS ACCOUNTS	56%	69%
CERTIFICATES OF DEPOSIT	3%	3%
CHECKING ACCOUNTS	1%	1%





Main positive impacts:

Employment, Healthy Economy and Financial Inclusion, Housing, and Mobility.



Main negative impacts:

Climate, Resource efficiency and security, Healthy Economy, and Financial Inclusion (negative and positive impact).

Consumer loans, in any of their forms, enable the development of professional and personal projects, including self-employment and / or the generation of ventures that incorporate personnel. Access to credit of this nature is inclusive. It also has a positive impact on the acquisition of housing and the mobility of people.

If financial education is not strengthened and its correct use is not safeguarded during marketing, over-indebtedness can harm the progress of inclusion. In the same way, given that Panama's vehicle market is mainly fuel, it may be affecting the climate. The same is applicable if the financed homes do not have eco-efficient systems.

The objectives established in response to these impacts are presented in the chapter on Responsible Banking.

IMPACT TOPICS*	SUSTAINABLE DEVELOPMENT AREA	RELATED SDG
Food: Accessibility of the population to sufficient, safe, and nutritious food that meets their dietary needs and food preferences for an active and healthy life.	Social	2
Housing: Accessibility of the population to adequate, safe, and affordable housing to live safely, with peace and dignity.	Social	3 y 11
Biodiversity and ecosystems: Various living organisms from all sources, including land, marine, and aquatic ecosystems, and their environment.	Environmental	4 y 16
Climate: The composition of the global atmosphere and its exposure to greenhouse gases (GHG) as a direct contributor to climate change.	Environmental	13
Inclusive and healthy economies: Developing and creating sustainable, diverse, and innovative markets that add value to society and the economy, including vulnerable social groups, labor markets, finance, and business. Likewise, access to affordable, effective, and safe financial services for individuals and micro, small, and medium enterprises.	Economic	8 y 9
Resource efficiency/security: Efficient use of non-renewable and renewable natural resources in the process of production and consumption.	Environmental	6, 12, 13, 14 y 15
Employment: Accessibility of the population to full and productive employment and decent work, generating fair income, security in the workplace, social protection for families, personal development and social integration, freedom to express concerns and equality of opportunity and treatment.	Social	8
Mobility: Accessibility of the population to safe, affordable, inclusive, efficient, and sustainable mobility and transportation systems and infrastructure.	Social	9 y 11
Waste: Ability to manage and reduce waste.	Environmental	6, 12, 14 y 15
Land: Soil composition and ability to produce food and regulate gases, water, and nutrients. Also, exposure to pollutants that interfere with this capacity.	Environmental	5 y 15

*In the context of the Principles for Responsible Banking, impact means (aligned with the GRI definition) the bank's effect on people/society, the economy, and the environment and thus on sustainable development. Impacts can be positive or negative, direct or indirect, actual or potential, intentional or unintentional, short-term or long-term.

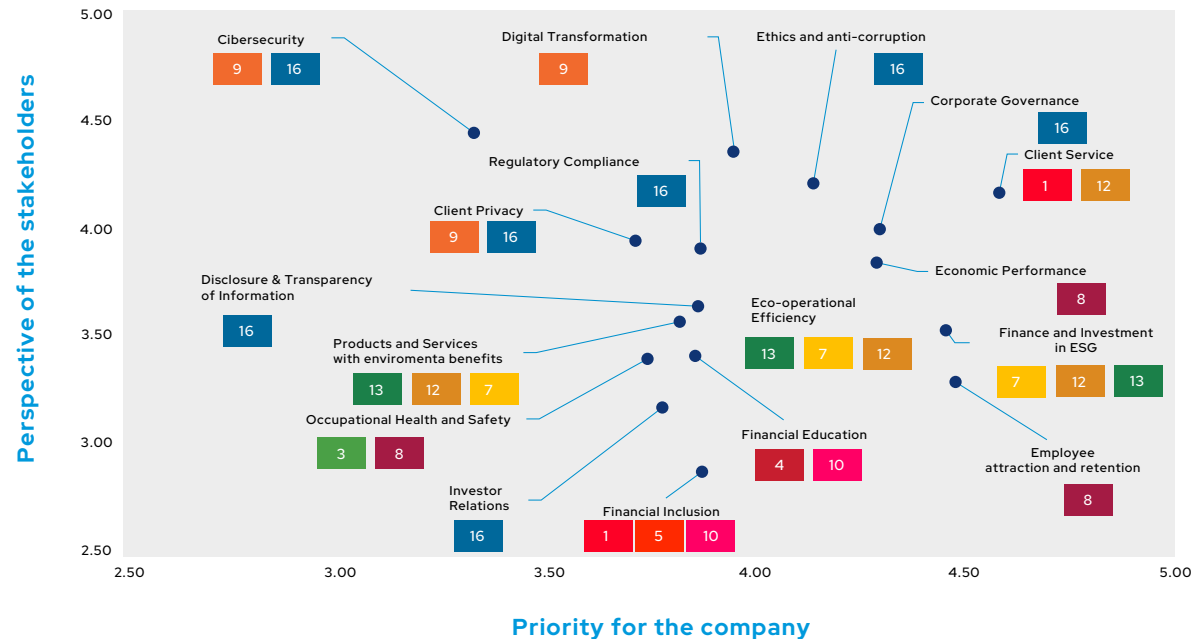
The concept of significant impact is used to ensure that banks focus where their actions/businesses (may) be most important to people, the economy, and the environment and to provide a reasonable and practical threshold on which issues should be considered/included.

5. CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

At Global Bank, we are committed to contributing to solving the main challenges we face as a society. Based on our business model's sustainability and shared value creation approach, we contribute to achieving the Sustainable Development Goals (SDGs) adopted by the United Nations (UN) in 2015.

We prioritize the SDGs where we can contribute the most, considering our type of business, operation, and the audiences we serve. We obtained these by correlating the objectives with the relevant issues of our materiality analysis.

Materiality – Correlation with SDGs



Relationship with SDGs





We detail below our contributions to the SDGs, which are also commented on throughout the report.

TABLE: CONTRIBUTION TO THE SDGs

SDG	Material Subject	Contribution	Indicators	Page
1 No poverty	<ul style="list-style-type: none"> Financial inclusion Customer Service 	We have different financial products and services for each segment, meeting the needs of our customers and understanding the most significant difficulties to access, emphasizing the impact on SMEs and the agricultural sector as a whole.	<ul style="list-style-type: none"> We granted US\$113,411,362 in credit to women, exceeding the established goal (126%). US\$ 34,857,620 approved for the agricultural sector. Closing balance of US\$ 1,419,237,036 in products with impact on other groups. 	11, 59
3 Health and Well being	<ul style="list-style-type: none"> Occupational health and safety 	<p>We try to maintain and preserve our employees' health and quality of life by training them on Industrial Safety and Occupational Health (SISO for its Spanish acronym), promoting prevention.</p> <p>We maintain our health and safety measures. We provide psychological support, biosafety supplies, and PCR tests.</p>	<ul style="list-style-type: none"> Zero (0) occupational diseases nor reported fatalities. Creating awareness and training of employees on health and safety issues: <ul style="list-style-type: none"> -Defensive driving -Pain management in patients with musculoskeletal diseases -Fall protection for maintenance personnel and contractors Induction of SISO to new employees Blocking and tagging aimed at maintenance personnel, custodians, and contractors Anchor points for fall protection 	85
4 Quality education	<ul style="list-style-type: none"> Financial Education 	<p>We develop webinars in different aspects of finance for training and complement them with online material: https://www.globalbank.com.pa/es/asesoria-financiera.</p> <p>We also train our employees, fostering their knowledge and skills.</p> <p>We collaborate with different media and involve our business partners (promoters).</p>	<ul style="list-style-type: none"> 2,283 participants in finance webinars. 4,288 participants in financial education training for employees. 	21, 59, 85, 99
5 Gender equality	<ul style="list-style-type: none"> Financial inclusion 	We develop products that help reduce gender gaps through specialized loans for women. (Complementary to SDG 1)	<ul style="list-style-type: none"> 51% of the total Personal Banking portfolio comprises women. 48% of the total balance of the Personal Banking loan portfolio is represented by women. 	21, 59, 85

TABLE: CONTRIBUTION TO THE SDGs

SDG	Material Subject	Contribution	Indicators	Page
7 Affordable and clean energy	<ul style="list-style-type: none"> Eco-operational efficiency 	<p>We maintain the use of renewable energy in our offices and branches.</p> <p>We provide financing to projects for the generation of renewable energies.</p>	<ul style="list-style-type: none"> 1,607 solar panels installed, which generate 655,067 kWh annually and have allowed us to save 16% in resources. 25% reduction in fossil fuel energy consumption. We increased the number of centers with solar panels to 9. USD\$9,101,616.52 granted to finance 7 renewable energy projects, 91% of the established goal. A total of USD\$ 199,625,820.77 were granted to finance eco-efficient projects. 	21,59,93
8 Decent work and economic growth	<ul style="list-style-type: none"> Occupational health and safety Attraction and retention of employees 	<p>We promote employment stability and access to benefits that contribute to employee well-being while prioritizing equal opportunities.</p> <p>We provide technical training, allowing us to have the best talent and a competitive workforce while promoting its development.</p>	<ul style="list-style-type: none"> 1,695 employees. 100% of employees with permanent contracts. 68% of employees are women. 33.37 hours of training per employee. \$64.82 spent on average in training and development per employee. Educational benefit to 44 employees for continuity of studies. 85% satisfaction in the work climate survey. 	85,103
9 Industry innovation and infrastructure	<ul style="list-style-type: none"> Cybersecurity Customer Privacy Digital transformation 	<p>We constantly provide cybersecurity, data privacy, and information management training to our work team.</p> <p>We have state-of-the-art systems, regularly monitored and tested for vulnerability.</p>	<ul style="list-style-type: none"> 168 hours of training on related topics (30 employees). Information Security policies, norms, and standards and Information Security Governance Framework. Absence of cybersecurity incidents regarding data theft. 	27,81



TABLE: CONTRIBUTION TO THE SDGs

SDG	Material Subject	Contribution	Indicators	Page
10 Reducing inequalities	<ul style="list-style-type: none"> • Financial inclusion • Financial education 	We provide financing access to the most vulnerable groups, such as women entrepreneurs and SME entrepreneurs. (Complementary to SDGs 1 and 5)	(See SDGs 1 and 5)	59, 99
12 Responsible production and consumption	<ul style="list-style-type: none"> • Products and services with an environmental benefit • ESG financing and investment • Customer Service 	We have an evaluation of the social and environmental risks of credit granted to companies and for project financing (SARAS for its Spanish acronym). Through financing, we promote good practices in customers.	<ul style="list-style-type: none"> • 335 clients evaluated by SARAS • USD\$ 401,132,777 of the credits reviewed by SARAS. 	11, 21, 27, 59, 81, 93
13 Climate action	<ul style="list-style-type: none"> • Products and services with an environmental benefit • Eco-operational efficiency 	<p>We have different initiatives for protecting the environment and developing products and services with environmental benefits.</p> <p>We provide financing for renewable energy projects.</p> <p>In addition, we promote sound environmental practices through SARAS, evaluating clients before providing financing.</p> <p>Likewise, as part of the Sustainable Finance Protocol in Panama, we train our employees on issues related to the analysis of environmental and social risks, environmental indicators, and green financing, among others, in sustainable banking. (Complementary to SDG 7)</p>	<ul style="list-style-type: none"> • Training for SARAS employees: • Virtual Course on Environmental and Social Risk Analysis (ESRA) taught by UNEP-FI. • Internal training of the Environmental and Social Risk Management System (SARAS) Process. • (See SDG 7) 	21, 27, 59, 93

TABLE: CONTRIBUTION TO THE SDGs

SDG	Material Subject	Contribution	Indicators	Page
16 Peace, justice, and strong institutions	<ul style="list-style-type: none"> • Ethics and anti-corruption • Compliance • Corporate Governance • Cybersecurity • Customer Privacy • Disclosure and transparency of ESG information • Investor Relations 	<p>We have a Code of Ethics and Conduct, which serves as self-regulation for our employees when added to the rest of the policies on these topics. We require their compliance.</p> <p>We also provide training to prevent possible risks and strengthen the organizational culture of ethics.</p>	<p>-5,935 hours of ethics and anti-corruption training.</p> <p>-5,038 employees trained explicitly in anti-corruption.</p>	11, 21, 41, 55, 81
17 Partnerships to achieve the goals	<ul style="list-style-type: none"> • Ethics and anti-corruption • ESG financing and investment • Cybersecurity • Eco-operational efficiency • Financial education • Financial inclusion 	<p>We have established alliances with associations and chambers of the financial sector and with civil society organizations regarding initiatives on business-related issues and contributions to sustainable development.</p> <p>Other partnerships we have established are:</p> <p>-Ecobusiness Fund: to carry out multiple technical aids and training to customers and employees.</p> <p>-ENSA: to offer credit for solar panels to its customers.</p> <p>-IFC (International Finance Corporation): to offer technical assistance with the UNICA program, an action plan to identify products and services that benefit women.</p>	<ul style="list-style-type: none"> • Alliances with over 15 associations, chambers, and initiatives representative of the sector and sustainable development. 	119



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ANNEX II:

Self-assessment of Principles for Responsible Banking (PRB)

ANNEX II. SELF-ASSESSMENT OF PRINCIPLES FOR RESPONSIBLE BANKING (PRB)

As part of our commitment to generating value from the business for different stakeholders, Global Bank signed in 2019 the Principles for Responsible Banking, coordinated by UNEP FI.

Since then, we have informed progress in implementing the PRB through our sustainability reports and by completing the self-assessment questionnaire requested by the initiative (which is integrated into the report).

We note that for the first time this year, we submitted the information provided in Principle 2 and in Section 1 of Principle 5 for external verification. It is referenced in the letter issued by the verification team.





PRINCIPLE 1: ALIGNMENT



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Global Bank is a multiple banking institution that operates in Panama. Most of the banking activity is concentrated in the country, but it is also complemented by international banking. Through our different subsidiaries, we provide a wide range of financial products and services, always characterized by a close relationship with the customer. Financial products and services are organized into the business areas of Personal Banking, Private and Wealth Banking, and Business Banking.

- For Personal Banking, our value offer includes personal loans, mortgages, car loans, and credit cards.
- In Business Banking, we have various products such as lines of credit and overdrafts, short and long-term loans, leasing, factoring, corporate credit cards, and syndicated loans. The main sectors we serve are commercial, construction, agricultural, industrial, energy, and transport.
- In Private and Wealth Banking, we have different strategies and solutions related to estate management, protecting our customers' assets.
- Furthermore, our clients in any banking area may have deposit products such as checking accounts, savings accounts, cash management, and fixed term deposits.

Links and references

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PRINCIPLE 1: ALIGNMENT

Regarding products for raising funds, we reached 173,771 savings and checking accounts, of which 81% corresponds to Personal Banking. Based on the balance, Corporate Banking accounts for 42% and Personal Banking for 34% (followed by Private Banking).

About loans and credits, in units, 91% corresponds to Personal Banking. By portfolio balance, 51% corresponds to Business Banking and 49% to Personal Banking.

Concerning our loan portfolio, activities related to the real estate sector and construction are above 4% of the total balance; followed by primary activities such as livestock farming and services such as hotel operations.

In the case of Global Securities, investments are mainly placed in the financial sector, real estate, and government schemes (71.7% of the total).

The data is presented in detail within the chapter on Economic Performance.

The financial group integrates the banking operation with the following subsidiaries:

- **Global Bank Overseas:** Foreign banking.
- **Global Valores:** Stock exchange seat. It also operates Fondo Global de Inversiones (Global Investment Fund), a closed-end investment company focused on a fixed income strategy.
- **Global Financial Funds:** Fiduciary products and services.
- **Aseguradora Global:** Insurance in different branches, offered to Global Bank customers.
- **Progreso AFPC:** Social security solutions (pension and unemployment funds).

Links and references

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PRINCIPLE 1: ALIGNMENT

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk – please specify which ones:

Response: We applied the recommendations of The Task Force on Climate-Related Financial Disclosures (TCFD) on risk analysis and scenario consideration (in addition to the guidelines for public reporting). We also applied the climatic contents of the GRI and SASB Standards (the latter of the industries applicable to Global Bank).

- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones:

Response: We are working on articulating the identification of human rights risks and specific work plans. However, we are already responding in aspects related to diversity, supply chain, and other related issues, through the use of the GRI and SASB Standards (the latter of the industries applicable to Global Bank).

- None of the above

PRINCIPLE 1: ALIGNMENT

Response

We have a Sustainability Strategy which is built from:

- 1) A business vision that contributes to sustainable development;
- 2) Gap analysis and diagnosis of the bank's practices against the Principles of Responsible Banking;
- 3) The ESG (environmental, social, and governance) commitments that we acquired at national and international levels;
- 4) Results of the Bank's portfolio impact analysis carried out in 2020 and updated in 2021;
- 5) The material issues resulting from the 2021 application;
- 6) Sustainability model update from application in 2022;
- 7) Attention to the relationships we maintain with our stakeholders, including our roles as employer, provider of financial products and services, etc.

As part of this Strategy, we integrate responsible banking actions with products and services aimed at financial inclusion, environmental protection, financial education, and insurance culture.

The different strategic pillars and lines of action of the Sustainability Strategy are connected to the Sustainable Development Goals, especially those in which we can contribute more value, determined from the material themes.

The Strategy, composed of different initiatives, has a scorecard of the leading indicators for which objectives were established and against which we are monitoring our progress.

Our trade strategy also aligns with the country's agenda for compliance with the Paris Agreement. To this end, we reviewed the Nationally Determined Contribution (NDC) document, among other relevant instruments and frameworks, to align our business strategy with the national strategy and thus contribute to climate change mitigation and adaptation.

We are also making progress in calculating the emissions of our credit portfolio under the PCAF standard, which will allow us to make funding decisions. We have considered Personal Banking (private vehicle credit, residential mortgage credit, and other consumer loans) and Business Banking (credit for the construction, agricultural, commercial, transportation, energy, and industrial sectors).

Links and references

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Strategy
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PRINCIPLE 2: IMPACT AND TARGET SETTING



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d) :

Scope:

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

Response

In the impact analysis, the bank's operations at the country level (Panama) were included, leaving out the financial subsidiaries (Global Valores, etc.). The scope will be extended in subsequent years. International Banking, which represents 5% of the loan portfolio, is not included. For Personal Banking, both loans and deposits were considered

Links and references
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b) Portfolio composition:

Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope
i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

PRINCIPLE 2: IMPACT AND TARGET SETTING

Response:

The risk analysis included loans from all sectors and industries we finance in Corporate Banking. For Personal Banking, all loans and deposits were included.

Panama's credit portfolio has been integrated in terms of geographical scope, accounting for 95% of the credit (the rest corresponds to international operations). For Personal Banking, it comprises 100% of the credit, and for Business Banking, it is 90% of the credit.

For Personal Banking, 40% of customers have personal loans, 16% have loans for homes, and 12% have one for cars, standing out as the most significant products.

The composition of the loan portfolio (Business Banking by sector of economic activity) is presented in the Annex of Identification and dimensioning of impacts.

Links and references

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PRINCIPLE 2: IMPACT AND TARGET SETTING

c) Context

What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis. This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

The challenges for sustainable development in Panama were integrated from the relationship of criticality that that issues and level of criticality that the UNEP-FI Portfolio Impact Analysis Tool V.2 already has.

To advance a better understanding and action on the country's priorities and needs, we analyzed several national and regional documents, including:

- Sixth Assessment Report (AR6) (IPCC, 2021)
- Second Biennial Update Report (IBA2) of Panama (Ministry of Environment of Panama, 2021).
- Panama's Nationally Determined Contribution (NDC1), first update (Ministry of Environment of Panama, 2020)
- National Energy Plan 2015 – 2050.
- National Energy Transition Agenda 2020–2030.
- Climate Change Vulnerability Index of the Republic of Panama.
- National Plan on Gender and Climate Change.
- National Climate Action Plan 2022.
- National Environment Strategy (ENA) 2021-2031.
- Climate change scenarios in Panama. Vision 2030, 2050, and 2070.
- Toolkit for the Application of Women's Empowerment Principles in the Private Sector. UN Women. 2019.
- Credicorp Financial Inclusion Index. Gender gaps: an intersectional approach. Ipsos. 2021
- Market Research – Getting to Know the Panamanian Woman. Global Bank-Ipsos. 2021
- Panama's Gender Parity Initiative
- Global Gender Gap Report 2022. World Economic Forum (WEF).
- The Gender Dimension in Business Digital Transformation in Latin America and the Caribbean. IDB. 2022.

Once the economic, social, and environmental impact issues of our portfolio were determined and the criticality of these issues in the country was analyzed, we then considered the main areas of final impact, considering the balance of both of these aspects. Those to be addressed as a priority were established with Senior Management of the businesses based on the planned commercial strategy. We want to highlight that we updated the national and regional context in 2022.

In the chapter on Responsible Banking, one can find details of the context analysis of the country and region. Some relevant data of the country, for the prioritized impact areas are listed below:

Links and references

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³ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

PRINCIPLE 2: IMPACT AND TARGET SETTING

Impact Area – Climate: Reducing the potential negative impact on climate

- It generates 0.05% of global greenhouse gas (GHG) emissions (CAIT Climate Data Explorer, 2019).
- It is carbon negative because our forests (silvicultural activities and land use change - LULUCF) absorb more carbon (CO2) than the total GHG emissions we generate as a country.
- 0.81 Climate Vulnerability Index; ranges from 0 to 1, with 1 being the most vulnerable (ND-GAIN Index, 2020)
- 0.61 Human Development Index; ranges from 0 to 1, with 1 being a very high level of development (UNDP, 2021)

Impact Area – Inclusive and healthy economies: Strengthening the potential positive impact on inclusive and healthy economies (especially gender equality)

- 49.8% of the population are women.
- 132 years to achieve gender parity.
- WEF gender parity gap score: 0.743 (where parity = 1 and non-parity = 0)

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) ? Please disclose.

Response

In Business Banking, the following areas of major potential impacts were identified:

- **Positive:** Employment, Food, Accommodation, and Mobility.
- **Negatives:** Climate, Resource efficiency and security, Soils, Waste, Biodiversity and ecosystems.

In Personal Banking, the following areas of significant potential impacts were identified:

- **Positive:** Employment, Inclusive and healthy economies, Housing, Mobility.
- **Negatives:** Climate, Resource efficiency and security, inclusive and healthy economies (also negative impact).

Based on these main areas, the analysis of the needs and priorities of the country and the level of acceptable risk to the Business, the following areas of significant impact are prioritized:

1. **Climate:** Reduction of the potential negative impact on climate.
2. **Inclusive and healthy economies:** Strengthening the potential positive impact on inclusive and healthy economies, with a particular focus on gender equality.

Links and references

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⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.



PRINCIPLE 2: IMPACT AND TARGET SETTING

d) For these (min. two prioritized impact areas):

Performance measurement: Has your bank identified which sectors & industries and types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response

When setting the objectives for the main impact areas, it was considered where the most significant result was possible.

For this, the compositions of business credit and people portfolios were analyzed.

The objectives were established with these two main impact areas: Corporate Banking (objective related to Climate) and Personal Banking (objective related to inclusion – gender equality).

The complete result of the impact analysis can be found in the **Annex Identification and dimensioning of impacts**.

In the chapter on **Responsible Banking**, you can see the complete picture of the new objectives set, with the result of the five steps in a row:

Step 1: Country/Regional Context

Step 2: Bank Portfolio Baseline and Priorities

Step 3: SMART Objectives

Step 4: Determine measures and actions

Step 5: Define KPIs

Links and references

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PRINCIPLE 2: IMPACT AND TARGET SETTING

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

- | | | | | |
|---------------------------------|-----|-------------------------------------|---|-----------------------------|
| Scope: | Yes | <input checked="" type="checkbox"/> | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Portfolio composition: | Yes | <input checked="" type="checkbox"/> | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Context: | Yes | <input checked="" type="checkbox"/> | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Performance measurement: | Yes | <input type="checkbox"/> | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion (gender equality), human rights, decent employment, water, pollution, other: please specify.

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

- Up to 6 months prior to publication Up to 12 months prior to publication Up to 18 months prior to publication Longer than 18 months prior to publication*

**The values of the portfolio data were updated at the end of June-2022, no significant variation was found in the percentages, so we consider that the impact analysis carried out as of 30-Jun-21 is in force.*

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

Response: We are developing a data update plan to improve data availability and quality, especially customer revenue data and funded technology.

⁵ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.



PRINCIPLE 2: IMPACT AND TARGET SETTING

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

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

a) Alignment:

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

You can build upon the context items under 2.1.

Response

Initially, objectives pertaining to the placement of credits related to (i) climate change mitigation and (ii) financial inclusion (with a gender equality approach) were proposed. In 2021-2022, these objectives were expanded to include intermediate goals to reduce emissions from the credit portfolio and increase the percentage share of women in certain Personal Banking products. For climate change, the country context was updated and, for gender equality, a country and regional context analysis was carried out.

Inclusion and gender equality:

Among other statistics, in Panama, we are still 132 years away from achieving gender parity. 71% of Panamanian companies do not have women in senior executive positions, only 2 out of 10 entrepreneurs are women, and men earn 13% more on average than women. The gender parity initiative of Panama includes 4 objectives and 15 measurements. The regional average of women with an achieved level of financial inclusion is 11% (vs. 22% of men), and the most vulnerable groups are women over 43 years of age (7%), women from low socioeconomic levels (6%), rural women (5%) and housewives (3%).

Links and references

IS21/22: Annex: Identification and dimensioning of impacts. (Page 123)

IS21/22: Responsible Banking (Page 59)

⁶ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not within the scope of the PRB.

⁷Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

PRINCIPLE 2: IMPACT AND TARGET SETTING

Response:

Climate change:

According to Panama's Second Biennial Update Report to the CMNUNN (2021), it is concluded that Panamanian forests capture more carbon than the total emissions of gases causing the climate crisis generated in the country. Also, Panama is a carbon-negative country or carbon sink because its forests absorb more harmful carbon dioxide gases than the gases emitted into the atmosphere by all human activities carried out in the country.

The Energy sector accounts for 50.6% of emissions due to the increase in the consumption of liquid fuel in land transportation, which is linked to the growth of the vehicle fleet in the country.

Concerning the trend scenario, the National Energy Transition Plan seeks to reduce Panama's GHG emissions by 11.5% in 2030 and at least 24% in 2050.

- **Electric mobility:** Reduction of Co2e emissions of approximately 15-25% of emissions from the Energy sector.
- **Energy efficiency:** air conditioners, refrigerators, and household freezers resulting in savings in electricity consumption. By 2030, 1.6MtCo2e reduced.
- **Solar thermal market:** By 2030, 274,904 m2 collectors installed (a reduction of 130,568 tCo2e). By 2050, 1,016,100 m2 collectors installed (2,229,697 tCo2e reduced).

The Land Use, Land Use Change, and Forestry (LULUCF) sector accounts for 19.6% of emissions. The Agriculture, Livestock, and Aquaculture sector accounts for 15.6% of emissions.

By 2030, Panama commits to (i) Implement Nationally Appropriate Mitigation Actions (NAMAS) of the rice and livestock sectors, (ii) restore 130M hectares of degraded lands under the modalities of agroforestry and silvopastoral systems, and (iii) in Livestock, an annual absorption of 0.78Mg CO2e (increase in tree coverage) is estimated as a goal.

In terms of sustainable infrastructure, all buildings must meet a minimum % of energy savings of 15% with respect to an estimated baseline during the first 2 years, and 20% after that. This does not apply to industrial buildings such as factories, generation plants, pumping plants, etc. It applies to homes, offices, educational centers, shopping centers, hotels, hospitals, etc.

Construction was the country's 3rd largest generator of jobs in 2020, accounting for 15% of the GDP.

The alignment of objectives with the context above is detailed in the Responsible Banking chapter and section 2.2 c) of this self-assessment report.

Links and references

IS21/22: Annex: Identification and dimensioning of impacts. (Page 123)

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PRINCIPLE 2: IMPACT AND TARGET SETTING

b) **Baseline:**

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

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

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

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

Impact area	Indicator code	Response
Climate change mitigation	A.1.1	Climate Strategy: In progress In the Risk Management chapter there is a section about risk analysis and opportunities to climate change according to the TCFD, with a column of actions.

PRINCIPLE 2: IMPACT AND TARGET SETTING

Impact area	Indicator code	Response
Climate change mitigation	A.1.2	<p>Paris Alignment Objective: In progress. We initially established a general objective of reducing absolute emissions by 34% for 2031 in the prioritized sectors of Business Banking (construction, agriculture, energy, transport, industry, real estate, commercial), according to the SBTi tool for all sectors (Target Setting Method: Absolute Contraction Approach) and adjusting to zero emissions by 2050 (annual linear index is 3.4%). For any sector, the result would be the same, because we do not have specific information nor quality data, so a general goal is established while we continue working on the data's quality to establish objectives by sector.</p>
	A.1.3	<p>Customer Relations Policy and Process: No. We are working on the development of the transition plan, which includes supporting customers in measuring and reducing their GHG emissions.</p>
	A.1.4	<p>Portfolio analysis: Yes. In the chapter on Responsible Banking you can find the results. It is carried out on 89.75% of the total credit portfolio (types of credit included: loan and financial leasing. Types of credit excluded: overdraft in checking accounts, credit cards, factoring).</p>
	A.1.5	<p>Business opportunities and financial products: In progress. We are in the second stage of the project of creating green financial products and the labeling system.</p>
	A.2.1	<p>Customer engagement process: In progress. We are developing the transition plan.</p>



PRINCIPLE 2: IMPACT AND TARGET SETTING

Impact area	Indicator code	Response
Climate change mitigation	A.2.2	Absolute funded emissions / Scope 3 – category 15: Total GHG or CO ₂ e emissions = 705,310.64 tCO ₂ e
	A.2.3	Sector-specific emission intensity: overall loan portfolio is 0.00012632 tCO ₂ e/\$ Loan The breakdown by sector can be found in the chapter on Responsible Banking.
	A.2.4	Share of funded emissions covered by a decarbonization target: This analysis has not yet been carried out. To be determined.
	A.3.1	Financial volume of green assets/low-carbon technologies: USD\$204,919,204 (balance at closing of sustainable renewable energy and agricultural projects – not deforestation). Credit placed in 2021-2022 for renewable energy projects: USD\$9,101,616.52.
	A.3.2	Financial volume borrowed/invested in carbon-intensive sectors and activities and transition financing. See chapter on Responsible Banking.
	A.4.1	Reduction of GHG emissions: Not yet applicable. We have only set an overall reduction target.
	A.4.2	Portfolio alignment: Not applicable yet.

PRINCIPLE 2: IMPACT AND TARGET SETTING

Impact area	Indicator code	Response
Financial health & inclusion	C.1.1	# of products and services in portfolio with a focus on financial inclusion: Preferential mortgages, Retirees, Loans to women (UNICA program – See chapter on responsible banking)
	C.1.2	% of relevant employees supported with effective training in financial inclusion, responsible credit and/or financial health: See table “Financial education program by stakeholder group 2021-2022” in the chapter on Responsible Banking.
	C.1.3	# of active alliances to achieve objectives of inclusion and financial health: We have alliances with the media (radio, TV, press). Future editions of our sustainability report would detail the exact amount.
	C.2.1	# of people supported with dedicated and effective financial and/or digital education initiatives: See table Financial education program by stakeholder group 2021-2022 in the chapter on Responsible Banking.
	C.2.2	% of customers with effective access to basic banking products: See the Economic Performance chapter. This indicator will be more detailed in the next sustainability report.
	SFI-1	Personal banking - % customers with deposits (women): 48%
	SFI-2	Personal banking - % customers with credit (women): 51%
SFI-3	Mortgage credit provided (women): USD\$88,860,937	
SFI-4	Corporate Banking - % female customers: 21%	
SFI-5	SME credit provided (women): USD\$24,550,428	

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

Response: For inclusion-gender equality, indicators with codes SFI-1 through SFI-5 are included.



PRINCIPLE 2: IMPACT AND TARGET SETTING

Response

The 2020-21 fiscal year was considered as the baseline for the first objectives set after the signing of the Principles for Responsible Banking and the mapping of the areas of potential impact.

The 2021-2022 value is considered the baseline for the new objectives set.

For the indicators shown above in subsection b), the 2021-22 (fiscal year) value is presented.

Links and references
IS21/22:
Responsible Banking
(Page 59)
IS21/22:
Economic Performance
(Page103)

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

Response

Based on the areas of impact prioritized from the impact analysis and the country context, the following two (2) responsible banking objectives and the intermediate goals corresponding to the fiscal year covered by this report (2021-2022) were established:

Objective 1 - Climate Contribute to the reduction of greenhouse gas (GHG) emissions through financing of activities and projects that contribute to the transition to a low-carbon economy.

Intermediate Goal 2021-2022: Financed USD\$10 million in renewable energy. 90% was achieved, including short-term loans

Objective 2 - Financial inclusion / gender equality

Develop products and services promoting a better quality of life in vulnerable sectors, especially health, education, and gender equality.

Intermediate Goal (between March 2020 and June 2022): Grant USD\$90 million in financing to women. USD 113.4 million was reached, including residential mortgage and commercial credit to SMEs.

Update

The degree of progress was monitored, and, having strengthened the context and baseline analysis of our institution about the potential impacts addressed, we have set the following intermediate goals:

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8 Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

PRINCIPLE 2: IMPACT AND TARGET SETTING

Objective 1- Climate

SMART Objectives	Measures and Actions	KPIs
<p>Intermediate goal 1*:</p> <p>Reduction of 34% of absolute emissions from financed sectors of Corporate Banking in general by 2031. Starting with evaluated sectors of Corporate Banking (47.4% of the total loan portfolio) and prioritizing subsectors, taking as a baseline the data at the end of fiscal year 2021-2022. In the coming years, we will fine-tune the calculations and goals and include other sectors.</p> <p>Intermediate goal 2:</p> <p>Placement of products with an environmental approach:</p> <ul style="list-style-type: none"> • \$30 million until 2025 in credits to the agricultural sector for sustainable practices/ technologies / methods, avoiding deforestation. • \$40 million in renewable energy by 2030. (This reformulates the previous goal of \$10 million as of 30-Jun-22). 	<p>Measures:</p> <p>Creation of green products:</p> <ul style="list-style-type: none"> i Sustainable agricultural line; including: biodigesters, silvopastoral systems, drip risk, pasture improvements, live fences, etc.; ii distributed solar energy; iii energy efficiency; iv hybrid and electric cars; v sustainable construction; circular economy (includes recycling). <p>Actions:</p> <ul style="list-style-type: none"> • Improve the quality of internal data and databases. • Collection of relevant information from our customers. • We are working on the Emissions Reduction Transition Plan with customers. • Creation and promotion of green products (development of labeling system). • Increase portfolio of green products or with an environmental approach (eliminating or reducing GHG emissions). • Make strategic public and private alliances, primarily focused on the agricultural sector. 	<ul style="list-style-type: none"> • Improvement in data quality. • Number of customers benefited. • Number of green financial products created. • Number of customers working to reduce emissions. • Profitability of green businesses. • Number of projects with an environmental focus financed. • Amounts granted in activities with an environmental focus. • Absolute funded emissions (tCO2e). • Sector-specific emission intensity (tCO2e/\$). • Percentage reduction of absolute funded emissions. • Percentage reduction in emission intensity by sector.

*This goal is aligned to the 1.5°C scenario according to the Absolute Contraction Approach method of the Science-Based Objectives Initiative (SBTI) tool at an annual linear reduction rate of 3.4%.



PRINCIPLE 2: IMPACT AND TARGET SETTING

Objective 2 - Inclusion / Gender Equality

SMART Objectives	Measures and Actions	KPIs
<p>Intermediate Goal: Develop products and services that promote a better quality of life in vulnerable sectors, especially regarding quality education and gender equality.</p> <p>To meet this objective, we have established specific actions detailed below.</p> <p>By December 2025, increase the percentage participation (%) of female customers, in the following products and segments (according to age and income):</p> <ul style="list-style-type: none"> • Credit Card: from 35.9% to 37.9% (All age ranges; income >\$2,500) • Credit Card: from 56.8% to 57.8% (Income <=\$800 and >800 to <\$2,499.99) • Car loan: from 37.9% to 39.9% (Ages 22 to 61 years; income >\$2,500) • Global Tap Savings: from 39.7% to 41.7% (Age >18 years; general income) • Global Tap Loans: from 42% to 44% (Age between 20 to 52 years; minimum income of \$650) 	<p>Measures: Launch in the next 12 months (year 2023), the UNICA Program aimed at female customers, starting with Credit Card and Auto Loan products. We will improve the profiling of the Global Tap Savings and Global Tap Loan products in the next three years, making efforts aimed at the female segment. These products will be complemented with insurance and special rates, discounts and offers, and added values in assistance aimed at this segment.</p> <p>Actions</p> <ul style="list-style-type: none"> • Establish new parameters and more flexible policies for the female gender. • Work on the necessary developments for Credit Card and Car Loan products. • Negotiate with suppliers and strategic partners to grant promotions and offers. • Develop talks on non-financial products and services, to educate this segment with relevant information. Therefore, we will promote better management of their personal finances and supporting entrepreneurship for greater independence of women along with the generation of new and more significant income. 	<ul style="list-style-type: none"> • # of Bank accounts – broken down by gender, age and income • \$ / # / % of deposit accounts (savings, checking account, time deposits) – broken down by gender, age and income • \$ / # / % of Credits (granted) – broken down by gender, age and income • \$ / # / % of Loans (personal, residential mortgage, car and others) – broken down by gender, age and income • \$ / # / % of Credit Card – broken down by gender, age and income • % of women with credit card – broken down by age and income • % Increase of women's share in cards – broken down by age and income • % of women with auto loans – broken down by age and income • % Increase of women's share in car loans – broken down by age and income • % of women with Global Tap Savings – broken down by age and income • % increase in share of women with Global Tap Savings – broken down by age and income • % of women with Global Tap Loans – broken down by age and income • % increase in share of women with Global Tap Loans – broken down by age and income • % of customers with effective access to primary banking products – broken down by gender, age, and income • # of active partnerships to achieve financial health and inclusion goals • # of new customers per month – broken down by gender, age, and income • # of products and services in the portfolio with a focus on financial inclusion • # of people supported with financial and/or digital education initiatives (focused and effective) – broken down by gender, age and income • % of customers with 2 or more active financial products of different categories with the bank – broken down by gender, age, and income.

See the full table of the new objectives in the Responsible Banking Chapter.

This goal of gender equality responds to the Bank's interest in providing women greater access to financial opportunities, increasing their share, and reinforcing customer engagement. Initially, this will be focused on Personal Banking, with expectations of expansion to Commercial Banking (SMEs) as we improve the quality of information.

In addition, it is aligned with the country's interests described in both the Gender Parity Initiative and the Gender and Climate Change Plan, which seek to generate opportunities to promote greater access for women to technical and financial resources such as incentives, credit facilities, among other solidarity economy systems in sustainable production initiatives.

PRINCIPLE 2: IMPACT AND TARGET SETTING

d) Action plan:

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

Response

The objectives and goals result from an exhaustive analysis of our portfolio and the participation of the different business areas.

The overall action plan and KPIs were described in the previous section. We continue working on the more detailed plans published in our next progress report. To achieve the objectives, we have the collaboration of different bank areas. For example, commercial teams participate in the granting of credit, and data analytics teams monitor this by the variables established for customers: renewable energy projects, mortgage loans requested by women, and SME loans in which companies are led and/or owned by women.

We are also working to understand the current data and see the need for new information to create indicators of the significant indirect (potential) effects of the objectives established within the impact area or in other areas of impact. This is to include the relevant actions to avoid, mitigate, or compensate for these possible negative impacts within the action and transition plan.

Links and references

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Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (Climate) (please name it)	... second area of most significant impact: ... (Inclusion-Gender equality)(please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact:..... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART Objectives	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No



PRINCIPLE 2: IMPACT AND TARGET SETTING

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

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

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

Response:

In this report, we describe the progress made in each objective concerning the previous and new targets. See subparagraphs b) and c) of point 2.2.

Links and references

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PRINCIPLE 3: CLIENTS AND CUSTOMERS



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

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

We encourage clients to adhere to the best environmental and social practices, primarily through credit.

1. Application of the Environmental and Social Risk Management System (SARAS for its Spanish acronym).
2. Development of credit linked explicitly to social and/or environmental purposes. Customers who are the object of them are already committed to their use for the purposes declared in the conditions of the product.
3. Due diligence regarding customer governance and ethics through applying the Know Your Customer Policy.
4. Create awareness in and provide support to our clients in the application of sustainable practices.
5. Development of the transition plan to achieve the decarbonization goals of the credit portfolio.

These commitments are part of the General Sustainability Policy. Not only in this way do we seek to strengthen the contribution to the SDGs, the Paris Agreement, and the country's NDC, but also through our customers' activities.

Links and references

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General Sustainability Policy

Environmental and Social Policy.

9 A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

10 Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.



PRINCIPLE 3: CLIENTS AND CUSTOMERS

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

Developing the products indicated for environmental and social purposes constitutes a business opportunity.

Within the chapter on Responsible Banking, the existing products can be found:

- Credit for renewable energy
- Mortgage credit to women
- Business Credit SMEs Led/Owned by Women

We are in the project's second phase to create green products and a labeling system for distributed solar energy, sustainable vehicles, sustainable agriculture, and a circular economy.

These are complemented by other credit products already being implemented, although they have not been included as objectives of the Principles for Responsible Banking:

- Credit for sustainable livestock: With the support of the eco.business Fund, we have been running a fund since 2017 that enables the delivery of credit together with professional advice, including good environmental practices.
- Loans to retirees - Intended for retirees and pensioners of the Social Security Fund, amounts between \$ 2,000 and \$ 80,000, with income from \$ 175 per month.
- Preferential mortgages – mortgage loans for homes of a different nature, including those object of the Housing Solidarity Fund

Links and references

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PRINCIPLE 4: STAKEHOLDERS



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

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

As part of our operation, we actively involve stakeholders through different channels. Their participation is necessary for the activity of the financial group. The specialization of our employee teams allows a direct and efficient relationship based on transparency and the creation of value for both parties.

As part of the **impact analysis** of our products, different business areas were consulted to estimate the profiles of associated customers and the possible impacts.

Additionally, we conducted our first materiality analysis to understand our impacts on the relationship with other stakeholders. This way, we identified the critical issues in our roles as employer, customer, etc.

As part of this process, we consulted employees, customers, authorities, and shareholders, directly or indirectly through the staff who have a relationship with them.

Links and references

IS21/22: Annex:
Relations with Stakeholder
(Page 116)

IS21/22: Annex:
Materiality study
(Page 120)

¹¹ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations



PRINCIPLE 5: GOVERNANCE & CULTURE



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

a) 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

a) Response

The Sustainability Commission monitors the Sustainability Strategy, which includes responsible banking initiatives and actions to advance the objectives set (credits for renewable energies and inclusive credits for women). Their responsibilities are publicly available in the regulations.

It is worth noting the following:

- 1) Propose to Senior Management and the Board of Directors sustainability strategies that include, among others, the financing of responsible businesses and plans to decarbonize the portfolio. Follow up on these strategies and communicate the results.
- 2) Review periodically (annually) the sustainability strategy and policy and propose its modification and updating to the Corporate Governance Steering Committee and the Board of Directors.

From the two previous objectives, it can be inferred that the Board of Directors and the Corporate Governance Steering Committee are involved. The Committee reports to the CEO and the Corporate Governance Steering Committee, which in turn to the Board of Directors.

The composition required for the Commission is also detailed in the regulations, and it includes: areas of Sustainability, Credit Management, Risk, Marketing, Human Resources, Management, Projects and Processes, Business areas, Finance, Treasury, Legal, Operations, Technology, Auditing, Aseguradora Global, Progreso.

The Sustainability Commission meets regularly every three months and may also have sessions of an extraordinary nature. For 2022-2023, performance objectives linked to the Sustainability Strategy will be included for the teams with responsibilities.

Links and references

IS21/22:
Sustainability Strategy
(Page 21)

Regulations of the
Sustainability Commission

PRINCIPLE 5: GOVERNANCE & CULTURE

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

Our employees have been active in defining the Sustainability Strategy, including critical milestones such as the materiality study. Business teams were also key in determining areas of potential impact.

As part of our regular activity, we provide employees with sustainability training with a more general program and other specific areas with a more specialized role in the strategy: risks and commercial teams.

Among the regular initiatives, a monthly newsletter on sustainability issues and the bank's progress is sent to all staff. Likewise, every quarter a training on these topics is sent in digital format to all staff.

Links and references
IS21/22:
Responsible Banking

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5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? ¹² Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

¹² Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.



PRINCIPLE 5: GOVERNANCE & CULTURE

Response

We have an Environmental and Social Risk Management System (SARAS for its acronym in Spanish) that allows us to identify, evaluate, manage, and monitor the possible environmental and social risks of the activities we finance.

This system is consistent with the eight International Finance Corporation (IFC) Performance Standards and is aligned with the International Labor Organization Fundamental Conventions (ILO).

There is a list of excluded activities, which the bank does not finance, and a list of activities conditioned to only a percentage of the credit portfolio for financing.

SARAS applies to Corporate Banking loans. The credits are categorized into C (Low), B (Medium), or A (High) risk through tools created for this purpose. These consider the risk of the activity being financed and the risks associated with the territory are taken into account. These include risks of natural hazards, natural resources, involuntary resettlement, cultural heritage, indigenous people, and forests or areas of high conservation value (included in a recent improvement). An evaluation by the Environmental Analyst is required of the credits for activities, works, or projects to be financed are on the exhaustive list (which requires an environmental impact study according to Panamanian legislation) or are categorized into risks B (Medium) or A (High); that is, with indirect, cumulative and/or synergistic negative socio-environmental impacts of quantitative and/or qualitative significance and which may also be diverse, irreversible and unprecedented. If the activities are categorized C (Low), they only require verifying the licenses or permits that apply to the activity to be financed. However, if their real estate guarantees have a value equal to or more than \$ 1 million, these must be evaluated by the Environmental Analyst.

The stages of SARAS can be found in the chapter on Responsible Banking.

The following documents are available: (i) Environmental and Social Policy, where the guidelines are established, as well as the governance structure and responsibilities, and (ii) SARAS Procedure, which details step by step the process, its actors, principles, and controls.

Likewise, we apply due diligence regarding governance and ethics in clients, through the Know Your Client Policy and the Prevention and Money Laundering procedures.

Links and references

IS21/22: Responsible Banking
(Page 59)

IS21/22: Ethics and Compliance
(Page 55)

Management Policy
Environmental and
Social Risks

PRINCIPLE 5: GOVERNANCE & CULTURE

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No



PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY



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

6.1 Assurance

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

Yes Partially No

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

Response

Per the commitments made to adhere to the Principles of Responsible Banking, we have diligently fulfilled the roadmap that UNEP-FI establishes and the key steps of the process.

In this third progress report, we add the external verification required for the information detailed in Principle 2 and part of Principle 5. The task is integrated with the verification of a selection of key performance indicators of the Strategy, corresponding to the international reporting standards we use: Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB)

Links and references

IS21/22: External Assurance Letter (Page 191)

PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY

6.2 Reporting on other frameworks

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

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other _____:....

Response

In our sustainability report, we use the indicators of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). This way, we address the materiality of impact (with the related GRI standards) and the financial materiality (with the parameters of the topics established by SASB for the industries of the financial sector in which we operate – e.g., commercial banking).

For the first time, we also integrated the response to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. This is possible after continuing to calculate our Greenhouse Gas (GHG) emissions annually, but above all, based on the analysis of the risks and opportunities of climate change on the Group's direct activity and our loan portfolio.

Additionally, we use stakeholder capitalism metrics from the International Business Council (IBC) of the World Economic Forum (WEF). These seek to communicate how the company creates long-term value, considering the needs of different stakeholders, with people and the planet at the center of the strategies. We used the core and expanded metrics related to the double materiality mentioned above.

Likewise, committed to transparency towards the market, which includes risk rating agencies, we advance in considering the S&P Global Corporate Sustainability Assessment (CSA) requirements in this report.

The above described is part of our first approach to integrating reporting standards.

Links and references

IS21/22: Introduction of the report.

(Page 3)



PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY

6.3 Outlook

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

Response

- ✓ Update the scope and detail of the goals established for the two objectives related to climate impact and inclusion-gender equality, including the action and transition plan.
- ✓ Analysis of the climate change risks of the portfolio, including geography and expanding the scope of the portfolio.
- ✓ Improve data availability and quality for:
 - calculation of the GHG emissions of the portfolio, to be able to establish science-based emission reduction targets by sector (through the SBTi initiative),
 - analysis of financial health and inclusion and establish impact indicators,
 - Portfolio impact analysis to expand reach.
- ✓ Active involvement of subsidiaries will enhance the responsible banking agenda, especially in investment and insurance activities (in this case, in the insurance company as an institutional investor).
- ✓ Permanent reinforcement of the sustainability culture and responsible banking in employees.
- ✓ Continue to create awareness and give support to our customers in the application of sustainable practices

Links and references

IS21/22: Responsible Banking
(Page 59)

¹³ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁴ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualize the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

Response

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input checked="" type="checkbox"/> Assurance |
| <input type="checkbox"/> Other _____:... | <input type="checkbox"/> Prioritizing actions internally |

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

Response

- Establishment of objectives:** involvement of different areas of the bank maintaining interest and commitment, establishing action plans with clients. Decarbonization objectives represent a challenge in the country, considering that it is necessary to sensitize customers and support them with the measurement of GHG emissions and development of a plan to reduce them.
- Data availability and quality:** to improve the objectives and indicators, as well as the required analyses, it is necessary to capture customer information, as well as to improve and update the existing data in our databases. This requires an action plan that includes adapting fields in our databases, obtaining data with our customers, establishing procedures for tabulating and updating the information, and managing / evaluating the data.
- Assurance:** For the first time we carried out verification of the sustainability report that requires the participation of different areas of the bank, having documented evidence and different interviews. This leads us to improve and automate the availability of information and documentation that speeds up this type of verifications and reporting processes.



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ANNEX III:

Report Framework

ANNEX III. REPORT FRAMEWORK

1. GRI Content Index

Global Bank has prepared the report in accordance with the GRI Standards for the period between July 1, 2021 and June 30, 2022

Material Topics	GRI Standard	Disclosure	Description	Omission	Page/s
GRI 1: Foundation 2021 It is applied throughout many aspects in the report.					
GRI 2: General Disclosures 2021					
The organization and its reporting practices	GRI 2-1	Organization details			12
	GRI 2-2	Entities included in the organization's sustainability reporting			4
	GRI 2-3	Reporting period, frequency, and contact point			5
	GRI 2-4	Restatement of information			4
	GRI 2-5	External assurance			4
Activities and workers	GRI 2-6	Activities, value chain and other business relationships			12, 40
	GRI 2-7	Employees			86
	GRI 2-8	Workers who are not employees	Not applicable. Global Bank works with its own employees.		NA
	GRI 2-9	Governance structure and composition			42
	GRI 2-10	Nomination and selection of the highest governance body			43
	GRI 2-11	Chair of the highest governance body			42
	GRI 2-12	Role of the highest governance body in overseeing management of impacts			29
	GRI 2-13	Delegation of responsibility for managing impacts			30
	GRI 2-14	Role of the highest governance body in sustainability reporting			4
	Governance	GRI 2-15	Conflicts of interest		
GRI 2-16		Communication of critical concerns	Confidentiality restrictions.		NA
GRI 2-17		Collective knowledge of the highest governance body			43
GRI 2-18		Evaluation of the performance of the highest governance body			43
GRI 2-19		Remuneration policies			43
GRI 2-20		Process to determine remuneration			43
GRI 2-21		Annual total compensation ratio	Confidentiality restrictions.		NA
GRI 2-22		Statement on sustainable development strategy			8
GRI 2-23		Policy commitments			56
GRI 2-24		Embedding policy commitments			57 - 58
Strategy, policies and practices	GRI 2-25	Processes to remediate negative impacts			57-58
	GRI 2-26	Mechanisms for seeking advice and raising concerns			57-58
	GRI 2-27	Compliance with laws and regulations			57-58
	GRI 2-28	Membership associations			22, 119
Stakeholder engagement	GRI 2-29	Approach to stakeholder engagement			117-118
	GRI 2-30	Collective bargaining agreements			N/A
GRI 3: Material Topics 2021	GRI 3-1	Process to determine material topics			120
	GRI 3-2	List of material topics			121
	GRI 3-3	Management of material topics	It is informed throughout the report. See table below.		



Material Topics	GRI Standard	Disclosure	Description	Omission	Page/s
Economic Performance	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics		
	GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Direct economic value generated and distributed		112-114
		201-2	Financial implications and other risks and opportunities due to climate change		34-39
		201-3	Defined benefit plan obligations and other retirement plans		92
		201-4	Financial assistance received from the government		N/A
	GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Infrastructure investments and services supported		20
		203-2	Proportion of spending on local suppliers	Not available. The company is working to incorporate it into the next report.	20
	GRI 204: PROCUREMENT PRACTICES 2016	204-1	Share of spending on local suppliers		40
Financial services sector supplement		FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector		15-17
Ethics and Anticorruption	GRI 3: MATERIAL TOPICS 2021	3-3	Material topic management		
	GRI 205: ANTI-CORRUPTION 2016	205-1	Operations assessed for risks related to corruption		56-58
		205-2	Communication and training about anticorruption policies and procedures		57
		205-3	Confirmed incidents of corruption and actions taken		58
Regulatory Compliance	GRI 3: MATERIAL TOPICS 2021	3-3	Material topic management		
	GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		58
Eco-operational Efficiency	GRI 3: MATERIAL TOPICS 2021	3-3	Material topic management		
	GRI 302: ENERGY 2016	302-1	Energy consumption within the organization		94
		302-2	Energy consumption outside of the organization	Not applicable. Global Bank provides financial products and services that do not require significant energy consumption for their use/operation.	N/A
		302-3	Energy intensity		94
	GRI 305: EMISSIONS 2016	302-4	Reduction of energy consumption		94
		302-5	Reductions in energy requirements of products and services		N/A
		305-1	Direct (scope 1) GHG emissions		94
		305-2	Energy indirect (Scope 2) GHG emissions		94
		305-3	Other indirect (Scope 3) GHG emissions		94
		305-4	GHG emission intensity		94
		305-5	Reduction of GHG emissions	Not applicable. Global Bank's activity essentially generates GHG emissions and not any other type.	94
	305-6	Emissions of ozone-depleting substances (ODS)		N/A	
305-7	Nitrogen oxides (NOx), Sulphur oxides (SOx), and other significant air emissions		N/A		

Material Topics	GRI Standard	Disclosure	Description	Omission	Page/s
Attraction and retention of employees	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics		
	GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover		86
		401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees		92
		401-3	Parental leave		NOT AVAILABLE
Work Health and Safety	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics		
	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational health and safety management system		91-92
		403-2	Hazard identification, risk assessment, and incident investigation		91-92
		403-3	Occupational health services		91-92
		403-4	Worker participation, consultation and communication on occupational health and safety		91-92
		403-5	Worker training on occupational health and safety		91-92
		403-6	Promotion of worker health		91-92
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		91-92
		403-8	Workers covered by an occupational health and safety management system		91-92
		403-9	Work-related injuries		91-92
Training and development of employees	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics		
	GGRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee		89
		404-2	Programs for upgrading employee skills and transition assistance programs		89-90
		404-3	Percentage of employees receiving regular performance and career development reviews		90
Diversity and Equal Opportunities	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics		
	GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity in governance bodies and employees		86-88
	GRI 406: NON-DISCRIMINATION 2016	405-2	Ratio of basic salary and remuneration of women to men		91
Relations with Authorities	GRI 3: MATERIAL TOPICS 2021	406-1	Incidents of discrimination and corrective actions taken		91
	GGRI 415: PUBLIC POLICY 2016	3-3	Management of material topics		
Customer Service	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics		
	GRI 416: CUSTOMER HEALTH AND SAFETY 2016	415-1	Political Contributions		NOT AVAILABLE
		416-1	Assessment of the health and safety impacts of product and service categories		82
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		83
	GRI 417: MARKETING AND LABELING 2016	417-1	Requirements for product and service information and labeling		82
	417-2	Incidents of non-compliance concerning product and service information and labeling		83-84	
	417-3	Incidents of non-compliance concerning marketing communications		83-84	



Material Topics	GRI Standard	Disclosure	Description	Omission	Page/s
Customer Privacy	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics		
	GRI 418: CUSTOMER PRIVACY 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		84
FINANCIAL SECTOR SUPPLEMENT					
ESG Financing and Investing	FINANCIAL SERVICES SECTOR SUPPLEMENT	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	
		FS1		Policies with specific environmental and social components applied to business lines	72-73
		FS2		Procedures for assessing and screening environmental and social risks in business lines	72-73
		FS3		Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	73-76
		FS4		Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	72
		FS5		Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	73
		FS9		Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	74
		FS10		Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	78
Products and Services with Environmental benefits	Financial services sector supplement	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	76
		FS8		Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	
Financial Inclusion	Financial services sector supplement	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	75
		FS7		Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	15-17
		FS13		Access points in low-populated or economically disadvantaged areas by type	75
		FS14		Initiatives to improve access to financial services for disadvantaged people	
Sales Practices	Product and Service Labelling	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	18
		FS15		Policies for the fair design and sale of financial products and services	
Financial Education	Product and Service Labelling	GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	80
		FS16		Initiatives to enhance financial literacy by type of beneficiary	

SASB Topic	Code	Topic Description	Omissions and/or Modifications	Page
Activity Metric				
Activity Metric	FN-CF-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small businesses		105
Activity Metric	FN-CF-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small businesses and (c) corporate		105
Accounting Metric				
Data Security	FN-CB-230a.1	Number of data breaches		84
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks		84
Financial Inclusion and Capacity Building	FN-CB-240a.1	Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development		75
	FN-CB-240a.2	Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Information not available	NA
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Information not available	NA
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers		80
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure by industry		77, 106
	FN-CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis		72-73
Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, unfair competition, market manipulation, malpractice, or other related financial industry laws or regulations		58
	FN-CB-510a.2	Description of whistleblower policies and procedures		56-58
Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Information not available	NA
	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities		NA



SASB Topic	Code	Topic Description	Omissions and/or Modifications	Page
Activity Metric				
Activity Metric	FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account		106
Activity Metric	FN-CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts		106
Accounting Metric				
Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Information not available	NA
	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy		56, 84
Data Security	FN-CF-230a.1	Number of data breaches		84
	FN-CF-230a.2	Card-related fraud losses from card-notpresent fraud	Information not available	NA
		Card-related fraud losses from card-present and other fraud	Information not available	NA
	FN-CF-230a.3	Description of approach to identifying and addressing data security risks		106
Selling Practices	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Information not available	NA
	FN-CF-270a.2	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	Information not available	NA
	FN-CF-270a.3	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660	Information not available	NA
	FN-CF-270a.4	1.1 Number of complaints filed with the Consumer Financial Protection Bureau (CFPB) 1.2 Percentage with monetary or non-monetary relief 1.3 Percentage disputed by consumers 1.4 Percentage that resulted in investigation by the CFPB	Information not available	58 58 58 58
	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products		58

SASB Topic	Code	Topic Description	Omissions and/or Modifications	Page
Activity Metric				
Activity Metric	FN-IN-000.A	Number of policies in force, by segment: (1) property and casualty, (2) life, and (3) assumed reinsurance		111
Accounting Metric				
Transparent information and fair advice for customers	FN-IN-270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance products related information to new and returning customers		58
	FN-IN-270a.2	Complaints to claims ratio	Information not available	NA
	FN-IN-270a.3	Customer retention rate	Information not available	NA
	FN-IN-270a.4	Description of approach to informing customers about the products		82
Incorporation of environmental, social, and governance factors in investment management	FN-IN-410a.1	Total invested assets, by industry and asset class		111
	FN-IN-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	Information not available	NA
Policies designed to incentivize responsible behavior	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	We are still developing specific products for this type of projects.	NA
	FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors		NA
Environmental risk exposure	FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather related natural catastrophes	Information not available	NA
	FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Information not available	NA
	FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm level risks and capital adequacy	Information not available	NA
Systemic Risk Management	FN-IN-550a.1	Exposure to derivative instruments by category: (1) total potential exposure to non centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	Information not available	NA
	FN-IN-550a.2	Total fair value of securities lending collateral assets	Information not available	NA
	FN-IN-550a.3	Description of approach to managing capital and liquidity related risks associated with systemic non-insurance activities	Information not available	NA



SASB STANDARD: ASSET MANAGEMENT AND CUSTODY ACTIVITIES 2018

SASB Topic	Code	Topic Description	Omissions and/or Modifications	Page
Activity Metric				
Activity Metric	FN-AC-000.A	(1) Total registered assets and (2) total unregistered assets under management (AUM)	Information not available	NA
Activity Metric	FN-AC-000.B	Total assets under custody and supervision		107-108
Accounting Metric				
Transparent Information & Fair Advice for Customers	FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Information not available	NA
	FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial productrelated information to new and returning customers		58
	FN-AC-270a.3	Description of the approach to informing customers about products and services	Information not available	82
Employee Diversity & Inclusion	FN-AC-330a.1	1.1 Percentage of gender and racial/ethnic group representation for executive management		86-87
		1.2 Percentage of gender and racial/ethnic group representation for non-executive management		87-88
		1.3 Percentage of gender and racial/ethnic group representation for professionals		87
		1.4 Percentage of gender and racial/ethnic group representation for all other employees		87
Incorporation of Environmental, Social, and Governance factors in Investment Management & Advisory	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Information not available	NA
	FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Information not available	NA
	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	Information not available	NA
Business Ethics	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations		58
	FN-AC-510a.2	Description of whistleblower policies and procedures		57

SASB Topic	Code	Topic Description	Omissions and/or Modifications	Page
Activity Metric				
Activity Metric	FN-IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions		108
Activity Metric	FN-IB-000.B	(1) Number and (2) value of proprietary investments and loans by sector		108
Activity Metric	FN-IB-000.C	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products		108
Accounting Metric				
Employee Diversity and Inclusion	FN-IB-330a.1	1.1 Percentage of gender and racial/ethnic group representation for executive management		86-87
		1.2 Percentage of gender and racial/ethnic group representation for non-executive management		87-88
		1.3 Percentage of gender and racial/ethnic group representation for professionals		87
		1.4 Percentage of gender and racial/ethnic group representation for all other employees		87
Incorporation of Environmental, Social, and Governance factors Investment Banking and Brokerage activities	FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	We currently do not have products with the specific focus on the environment; however, we are working on their development	NA
	FN-IB-410a.2	(1) Number and (2) total value of the investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	We currently do not have products with the specific focus on the environment; however, we are working on their development	NA
	FN-IB-410a.3	Description of approach to incorporation environmental, social and governance (ESG) factors in investment banking and brokerage activities	We currently do not have products with the specific focus on the environment; however, we are working on their development	NA



SASB STANDARD: INVESTMENT BANKING AND BROKERAGE 2018

SASB Topic	Code	Topic Description	Omissions and/or Modifications	Page
Business Ethics	FN-IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Information not available	58
	FN-IB-510a.2	Description of whistleblower policies and procedures		57
Professional integrity	FN-IB-510b.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Information not available	NA
	FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	Information not available	NA
	FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	Information not available	NA
	FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care		56-57
Systemic Risk Management	FN-IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Information not available	NA
	FN-IB-550a.2	Description approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Information not available	NA
Employee Incentives & Risk Taking	FN-IB-510b.1	Percentage of the total remuneration that is variable for Material Risk Takers (MRT)	Information not available	NA
	FN-IB-510b.2	Percentage of variable remuneration of Material Risk Takers (MRT) to which malus or clawback provisions were applied	Information not available	NA
	FN-IB-510b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	Information not available	NA

SASB Topic	Code	Topic Description	Omissions and/or Modifications	Page
Activity Metric				
Activity Metric	FN-MF-000.A	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial		107
Activity Metric	FN-MF-000.B	(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	Information not available	NA
Accounting Metric				
	FN-MF-270a.1	(1) Number and (2) value of residential mortgages by the following types: (a) hybrid or optional Adjustable Rate Mortgages (ARM), (b) prepayment penalty, (c) higher rate, (d) total by FICO (Fair Isaac Corporation) score above or below 660	Information not available	NA
Lending practices	FN-MF-270a.2	(1) Number and (2) value of (a) residential mortgages modifications, (b) foreclosures, and (c) shortsales or deeds in lieu of foreclosure, by FICO scores above or below 660	Information not available	NA
	FN-MF-270a.3	Total amount of monetary losses as a result of legal proceedings associated with communication to customers or remuneration of loan originators	Information not available	58
	FN-MF-270a.4	Description of remuneration structure of loan originators	Information not available	NA
Discriminatory Lending	FN-MF-270b.1	(1) Number, (2) value and (3) weighted average Loan To Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660	Information not available	NA
	FN-MF-270b.2	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	Information not available	NA
	FN-MF-270b.3	Description of policies and procedures for ensuring non discriminatory mortgages origination		NA
Environmental risk to mortgaged properties	FN-MF-450a.1	(1) Number and (2) value of mortgage loans in 100-year flood zones	Information not available	NA
	FN-MF-450a.2	(1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loans default and delinquency due to weather related natural catastrophes, by geographic region	Information not available	NA
	FN-MF-450a.3	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting		NA



3. Table of recommendations to TCFD

Recommended report	Code	Page(s)	Additional Information
GOVERNANCE			
a) Description of Board Oversight of Climate-related Risks and Opportunities.	GEN-GOV.a	34	<p>A Sustainability Commission has been established, which has among its objectives to ensure compliance with the General Sustainability Policy, develop and monitor the execution of the sustainability strategy, and supervise the implementation of the UNEP-FI Principles for Responsible Banking. Part of the committee's agenda is to monitor risks and opportunities related to climate change.</p> <p>The Commission is composed of a member of the Board of Directors, a member of Senior Management, a member of the Sustainability area, a member of Credit Management (of the Environmental and Social Risk section), one or two members of each of the following areas to form a working group: Risk, Marketing, Human Resources, Administration, and Business, and one or two members from each of the following areas as a support group: Finance, Treasury, Legal, Operations, Technology, Auditing, Aseguradora Global, Progreso, Projects and Processes.</p> <p>This committee reports every six months to the Corporate Governance Steering Committee and once a year to the Board of Directors. Additional issues requiring approval from these bodies are submitted upon request.</p> <p>The Risk Steering Committee is regularly informed of the pertinent issues related to this case.</p>
b) Description of the role of administration in assessing and managing climate-related risks and opportunities.	GEN-GOV.b	34	<p>The climate risk analysis was carried out with the participation of members of the Sustainability Commission. The initial results were reported to the appropriate organisms. The full results will then be presented to the Risk Steering Committee and the Board of Directors.</p>
STRATEGY			
a) Description of the climate-related risks and opportunities identified by the organization in the short, medium, and long term.	GEN-STRAT.a	35	<p>Climate-related risks and opportunities are described in Chapter 3 – Risk Management and are listed below.:</p> <ul style="list-style-type: none"> • Transition risks: political and legal, technological, marketing, and reputation. • Physical risks: acute and chronic. • Opportunities: resource efficiency, energy sources, and products and services.
b) Description of the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	GEN-STRAT.b	36-39	<p>The financial impact of risks and opportunities is described in Chapter 3 – Risk Management, along with the short, medium, and long-term impacted portfolio sectors.</p>

Recommended report	Code	Page(s)	Additional Information
Strategy			
c) Description of the resilience of the organization's strategy, considering different climate-related scenarios, such as 2°C or less.	GEN-STRAT.c	Not Available	We have yet to conduct a scenario analysis. We will be developing it as part of the steps to follow from the risk and opportunity analysis carried out.
Risk Management			
a) Description of the organization's processes for identifying and assessing climate-related risks.	GEN-RISK.a	30-33	The climate risks were identified in an exhaustive process with the participation of different areas of the Bank. The identification and evaluation of the risks considered were: (i) Climate Change Vulnerability Index of the Republic of Panama, (ii) Study of Climate Change scenarios of the Republic of Panama - Vision 2030-2050-2070, (iii) our operation, and (iv) the activities carried out by our clients. In particular, we analyzed which sectors receiving credit had a greater vulnerability and their nature. The efforts are part of the initiatives set out in the sustainability strategy. As the next steps, the results will be incorporated into the Group's comprehensive risk map and the prevention and mitigation initiatives that will be considered.
b) Description of the organization's processes for managing climate-related risks.	GEN-RISK.b	72-73	Our initiatives to manage climate-related risks are described in the applicable chapter. The most important ones are detailed below: <ul style="list-style-type: none"> •Controls established in SARAS. •Creation of green products to finance low-emission technologies or sustainable methods. •Set green product placement goals. •Funded emissions reduction transition plan. •Support clients transitioning to a low carbon economy with green products, awareness, emissions measurement, and their reduction plan. •Carbon neutrality plan by 2050, with an intermediate goal by 2030, in our direct operations (scope 1 and 2).



Recommended report	Code	Page(s)	Additional Information
Risk Management			
c) Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	GEN-RISK.c	30-33	The climate change risk analysis results are being reviewed by our Risk team to be integrated into the Group's risk maps. These results will be updated regularly by the sustainability area and the specialists of the different business units and will be presented to the relevant Steering Committees.
Metrics and objectives			
a) Disclosure of metrics the organization uses to assess climate-related risks and opportunities in line with its strategy and risk management process.	GEN- METRIC.a	94, 96	The leading indicators are presented throughout the report and include the analysis of environmental and social risks of the Corporate Banking portfolio, financial products with a social and environmental focus, and the calculation of the emissions of the loan portfolio. We also report metrics of our energy consumption and Scope 1, 2, and 3 of GHG emissions.
b) Disclosure of Scope 1, Scope 2, and, if applicable, Scope 3 of greenhouse gas (GHG) emissions and their related risks.	GEN- METRIC.a	77-79, 94-97	We calculate our Scope 1, 2, and 3 GHG emissions and our loan portfolio (scope 3, category 15). Its scope includes Personal Banking (loans for private vehicles, residential mortgage credit, and personal consumption) and Business Banking (loans for the construction, agricultural, commercial, transportation, energy, and industrial sectors).
c) Description of the objectives used by the organization to manage climate and performance-related risks and opportunities compared to the objectives.	METRIC.c	46, 60-66, 96	This year we published our action plan as part of our carbon neutrality initiative by 2050, with an intermediate target by 2030, in our direct operations (scope 1 and 2). As part of this plan, we carry out the monitoring of key indicators related to climate change.

Note: the codes have been developed for the current exercise of this report.

4. Stakeholder Capitalism Contents – WEF

PILLAR: PRINCIPLES OF GOVERNANCE

Topic	Metric	Central/Expanded	Description	Page(s)	Supplementary Response
Governing Purpose	Setting purpose	Central	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental, and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	4, 12	
	Purpose-led management	Expanded	How the company's stated purpose is embedded in company strategies, policies, and goals.	18	
Quality of Governing Body	Governance body composition	Central	Composition of the highest governance body and its committees, including their responsibilities.	42, 47	
		Expanded	Progress against strategic milestones.	NA	Not available
		Expanded	Remuneration (highest governance body and senior executives)	NA	Not available
Stakeholder Engagement	Material issues impacting stakeholders	Central	A list of the topics that are material to key stakeholders and the company, how the topics were identified, and how the stakeholders were engaged.	116-118, 120-121	
Ethical Behavior	Anticorruption	Central	1) Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region.	57	
	Anticorruption	Central	1.a) Total number and nature of incidents of corruption confirmed during the current year but related to previous years.	58	
	Anticorruption	Central	1.b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.	58	
	Anticorruption	Central	2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	117-118	



PILLAR: PRINCIPLES OF GOVERNANCE

Topic	Metric	Central/Expanded	Description	Page(s)	Supplementary Response
Ethical Behavior	Protected ethics advice and reporting mechanisms	Central	A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; 2. Reporting concerns about unethical or lawful behaviour and organizational integrity.	57	
		Expanded	Alignment of strategy and policies to lobbying positions.	NA	
		Expanded	Monetary losses from unethical behaviour.	58	
	Monetary losses from unethical behavior	Expanded	Total amount of monetary losses as a result of legal proceedings associated with: fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or violations of other related industry laws or regulations.	58, 83-84	
Risk and Opportunity Oversight	Integrating risks and opportunity into business process	Central	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental, and social issues, including climate change and data stewardship.	28-33	
		Expanded	Economic, environmental and social topics in capital allocation framework (How the highest governance body considers economic, environmental, and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestures).	NA	Not available

Topic	Metric	Central/Expanded	Description	Page(s)	Supplementary Response
Climate Change	Greenhouse Gas (GHG) emissions	Central	For all relevant greenhouse gases (e.g.: carbon dioxide, methane, nitrous oxide, F-gases, etc.): (1) report in metric tons of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. (2) Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	77-79/ 96-97	Credit portfolio emissions calculation / Corporate carbon footprint calculation
	TCFD Implementation	Central	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).	34-39	Qualitative analysis of risks and opportunities
	Paris-aligned GHG emissions targets	Expanded	Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement.	79	The first goal of decarbonization of the portfolio with SBTi methodology is established.
Nature loss	Land use and ecological sensitivity	Central	Report the number and area (in hectares) of the sites owned, leased, or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	NA	Due to the type of activity, it is not a material topic for Global Bank.
		Expanded	For operations (if applicable) and full supply chain (if material): <ul style="list-style-type: none"> - Year-on-year change in the area of land used for the production of basic plant, animal or mineral commodities. - Percentage of land area in point 1 or of total plant, animal and mineral commodity unputs by mass or cost, covered by a sustainability certification standard or formalized sustainable management programme. Disclose the certification standards or description of sustainable management programmes along with the percentage of total land area, mass or cost covered by each certification standard / programme. 	NA	Due to the type of activity, it is not a material topic for Global Bank.



PILLAR: PLANET

Topic	Metric	Central/Expanded	Description	Page(s)	Supplementary Response
<p>Fresh water availability</p>	<p>Water consumption and withdrawal in water-stressed areas</p>	<p>Central</p>	<p>Report for operations where material, mega litres of water withdrawn, mega litres of water consumed and the percentage of each in regions with high or extremely high baseline water stress according to WRI Aqueduct Water Risk Atlas Tool.</p> <p>Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.</p>	<p>NA</p>	<p>Due to the type of activity, it is not a material topic for Global Bank.</p>
		<p>Expanded</p>	<p>Impact of freshwater consumption and withdrawal: Report wherever material along the value chain, the valued societal impact of freshwater consumption and withdrawal.</p>	<p>NA</p>	<p>Due to the type of activity, it is not a material topic for Global Bank.</p>

Topic	Metric	Central/Expanded	Description	Page(s)	Supplementary Response
Dignity and Equality	Diversity and inclusion (%)	Central	Percentage of employees per employee category, per age group, gender and other indicators of diversity (e.g. ethnicity).	86-89	98.5% of employees are Panamanian. 1.5% of employees have disabilities. 37% of employees who are women have STEM positions (Such as: analysts, programmers, data base and project engineers).
	Pay equality (%)	Central	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men; minor to major ethnic groups; and other relevant equality areas.	91	Male to female salary ratio available by professional category. The differences represent, at the same time, the gender proportion within the different profiles of each category and takes into account other aspects, such as years of service.
	Wage level (%)	Expanded	1. Ratio of standard entry-level wage by gender compared to local minimum wage.	1. 91	Point 2 is not available.
	Discrimination and Harassment: Incidents (#) and the Total Amount of Monetary Losses (\$)	Expanded	2. Ratio of the CEO's total annual compensation to the median total annual compensation of all employees (excluding the CEO). 1. Number of discrimination and harassment incidents, status of the incidents and actions taken. 2. Total amount of monetary losses as a result of legal proceedings associated with: (a) law violations and (b) employment discrimination.	2. NA	
	Freedom of association and collective bargaining at risk (%)	Expanded	1. Percentage of active workforce covered under collective bargaining agreements. 2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk including measures taken by the organization to address these risks.	1. NA 2. NA	
	Risk of incidents of child forced, or compulsory labour.	Central	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour.	NA	In the next fiscal periods, we will work to integrate this process and the social and environmental performance of suppliers.
	Human rights review, grievance, impact, and modern slavery (#,%)	Expanded	1. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. 2. Number and type of grievances reported with associated impacts related to a salient human right issues in the reporting period and an explanation of impacts. 3. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour.	NA	Due to the type of activity, it is not a material topic for Global Bank.



Topic	Metric	Central/Expanded	Description	Page(s)	Supplementary Response
Health and Wellbeing (%)	Health and safety (%)	Central	The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries, main types of work-related injury; and the number of hours worked. An explanation of how an organization facilitates workers' access to non-occupational medical and healthcare services and the scope of access provided for employees and workers.	92	
	Monetized impacts of work-related incidents on organization (#, \$)	Expanded	By multiplying the number and type of occupational incidents by the direct costs for employees, employers per incident (including actions and/or fines from regulators, property damage, healthcare costs, compensation costs to employees).	NA	Due to the type of activity, it is not a material topic for Global Bank.
	Well-being (%)	Expanded	1. The number and rate of fatalities as a result of work-related ill-health; recordable work-related ill-health injuries, main types of work-related injury; and the main types of work-related ill-health for all employees and workers. 2. a) Percentage of employees participating in 'best practice' health and well-being programs that help to reduce absenteeism and improve productivity, and b) employee absentee rate (AR) of all employees.	91-92	
Skills for the future	Training provided (#)	Central	1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees). 2. Average training and development expenditure per full time employee (total cost of the training provided to employees divided by the number of employees).	89 89	
	Number of unfilled skilled positions (#, %)	Expanded	1. Number of unfilled "Skilled" positions (#). 2. Percentage of Unfilled "Skilled" positions for which the company will hire unskilled candidates and train them. (%)	NA	Not available.
	Monetized impacts of training. Increased earning capacity as a result of training intervention (%,\$)	Expanded	1. Investment in training as percentage (%) of payroll. 2. Effectiveness of the training and development through increased revenue, productivity gains, employee engagement and/or internal hire rates.	NA	Not available.

Topic	Metric	Central/Expanded	Description	Page(s)	Supplementary Response
Employment and wealth generation	Absolute number and rate of employment	Central	<ol style="list-style-type: none"> Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region. 	88	
	Economic Contribution	Central	1. Direct economic value generated and distributed (EVG&D) – on an accrual basis, covering the basic components for the organization’s global operations.	1. 104	
			2. Financial assistance received from the government - Total monetary value of financial assistance received by the organization from any government during the reporting period.	2. NA	
	Financial investment contribution disclosure	Central	<ol style="list-style-type: none"> Total capital expenditures (CapEx) – Depreciation supported by narrative to describe the company’s investment strategy. Share buybacks + Dividend payments supported by narrative to describe the company’s strategy for returns of capital to shareholders. 	104-111	
Infrastructure Investments and service supported	Expanded	<p>Qualitative disclosure to describe the below components:</p> <ol style="list-style-type: none"> Extent of development of significant infrastructure investments and services supported. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. Whether these investments and services are commercial, in-kind, or pro bono engagements. 	113-114		



PILLAR: PROSPERITY

Topic	Metric	Central/Expanded	Description	Page(s)	Supplementary Response
Innovation in better products and services	Total R&D Expenses (\$)	Central	Total expenses related to research and development.	40	In the 2021-2022 fiscal year, Global Bank invested \$1,059,796 in technology and \$8,155,136 in innovation.
	Social value generated (%)	Expanded	Percentage of revenue from products and services designed to deliver specific societal benefits or to address specific sustainability challenges.	114	Investment in communities.
	Vitality index	Expanded	Percentage of gross revenue from product lines added in last three (or five) years calculated as the sales from products that have been launched in the past three (or five) years divided by total sales, supported by narrative that describes how the company innovates to address specific sustainability challenges.	NA	Not available.
Community and Social Vitality	Total tax paid (\$)	Central	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company, by category of taxes.	113	
	Total social investment (\$)	Expanded	Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECP Valuation Guidance.	NA	Not available.
	Additional tax remitted	Expanded	The total additional global tax collected by the company on behalf of other taxpayers, including VAT and employee-related taxes, that are remitted by the company on behalf of customers or employees, by category of taxes.	113	Amount of sales tax withheld and paid to the Panama's revenue directorate during the 2021-2022 fiscal year = B/. 3,005,208.56. Income tax discounted from employees from July 2021- June 2022 = \$ 4,406,264.81.
	Total and additional tax paid breakdown by country for significant locations	Expanded	Total tax paid and, if reported, additional tax remitted, by country for significant locations.	NA	Global Bank only has significant operations in Panama.

5. Correlation Between The Principles For Responsible Banking (Prb) and the GRI and SASB Standards

Principle for Responsible Banking	GRI /SASB indicator related to the PRB
2.1 Impact Analysis	GRI G4 FS3 GRI G4 FS11 FN-CB-410a.2
2.2 Target Setting	GRI G4 FS3 GRI G4 FS11 FN-CB-410a.2
2.3 Target implementation and monitoring	GRI G4 FS3 GRI G4 FS11 FN-CB-410a.2
5.1 Governance Structure for Implementation of the Principles	Content 2-12 Content 2-14





INDEPENDENT LIMITED ASSURANCE REVIEW REPORT ON SUSTAINABILITY REPORTING

To the Management of Global Bank Corporation

Identification of the information that is the subject of the engagement

We have been engaged by **Global Bank Corporation** (the "Bank") to perform a limited assurance engagement on certain non-financial information contained in the 2022 Sustainability Report (the "2022 Report") of Global Bank Corporation and Subsidiaries (the "Group") for the period from July 1, 2021 ended June 30, 2022.

Our work was performed by an independent, multidisciplinary team including assurance professionals and sustainability specialists.

Our limited assurance engagement was performed only in relation to the selected sustainability information included in Appendix A and does not extend to information in respect of prior periods or to any other information not included in the 2022 Report or linked from the Sustainability Information or from the Report, including embedded images, audio files or videos.

Criteria used for the preparation of the information subject to the engagement ("Criteria")

The criteria used by the Bank to prepare the information contained in the 2022 Report, subject of the limited assurance engagement, were established considering the terms and conditions set forth in the *Global Reporting Initiative* ("GRI") Standards, which are detailed in Annex A attached.

The Group's responsibility for the information subject to the assurance engagement

The Group is responsible for:

- The content of the 2022 Report, which involves determining the scope and non-financial performance indicators to be included, and of the relevance to the stakeholders to whom it is addressed;
- The selection and definition of the criteria applicable to the preparation of the 2022 Report. The criteria adopted by the Group in accordance with those defined in the GRI Standards "in accordance" essential to limited assurance;
- The maintenance of appropriate records to support the process of managing the relevant information for the purposes stated herein and the execution of the performance measurement based on the established criteria;
- The design, implementation, and performance of internal control over information relevant to the preparation of sustainability information that is free from material misstatement, whether due to fraud or error;
- The preparation and presentation of the 2022 Report.

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Inherent limitations of the assurance engagement

The Group's 2022 Report is subject to inherent uncertainty due to the use of non-financial information which is subject to greater inherent limitations than financial information, given the nature of the methods used to determine, calculate, sample or estimate such information. In preparing the 2022 Report, the Group makes qualitative interpretations about the relevance, materiality and accuracy of information that are subject to assumptions and judgments.

Our independence and quality control

We have complied with the ethical and independence requirements of the Professional Code of Ethics for Chartered Accountants issued by the *International Ethics Standard Board for Accountants* (IESBA), which is based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our Firm applies the *International Standard on Quality Management 1* (ISQM 1) and, therefore, maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and requirements of applicable laws and regulations.

Responsibility of independent professionals in relation to the engagement

Our responsibility is to express a limited assurance conclusion on the non-financial information in the engagement included in Appendix A for the year ended June 30, 2022 in accordance with the Standards referred to above, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, Assurance Engagements, other than Audits or Reviews of Historical Financial Information ("ISAE 3000") issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires planning and performing the engagement to obtain limited assurance about whether the selected information is free from material misstatement.

A limited assurance engagement performed in accordance with ISAE 3000, involves assessing the appropriateness in the circumstances of the Group's use of GRI-compliant methodologies as a basis for preparing the selected sustainability information, assessing the risks of material misstatement of the information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and assessing the overall presentation of the selected sustainability information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement with respect to risk assessment procedures, including an understanding of internal control, and procedures performed in response to assessed risks.

The procedures we performed were based on our professional judgment and included consultation, observation of processes performed, inspection of documents, analytical procedures, evaluation of the adequacy of quantification methods and reporting policies, and agreement or reconciliation to the underlying records.

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Given the circumstances of the engagement, we performed the following procedures:

- Interviews with Management and Group personnel responsible for collecting the information and developing the selected performance indicators to obtain an understanding of the Entity's policies on sustainability.
- Through inquiries, we obtained an understanding of the Group's control environment and relevant Group information systems; however, we did not evaluate the design of particular control activities or obtain evidence on their implementation, nor did we test their operating effectiveness.
- We evaluated whether the Group's methods for determining estimates are appropriate and have been applied consistently in the preparation of selected information.
- Understanding of the tools used to generate, add and report non-financial information through inquiries with those responsible for the related processes.
- Substantive testing on a random selective basis of sustainability information identified by the Group, to determine the standards and indicators subject to limited assurance and to corroborate that the data have been appropriately measured, recorded, collected, and reported through:
 - Observation
 - Confirmation
 - Re-calculations

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. Accordingly, the level of assurance obtained in a limited assurance engagement is substantially less than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the Group's selected information has been prepared, in all material respects, in accordance with the GRI guidelines.

Appendix A details the sustainability performance standards and indicators included in the scope of our work.

Our limited assurance engagement was conducted solely with respect to the sustainability performance standards and indicators included in Appendix A, for the period from July 1, 2021 ending June 30, 2022; and we have not performed any procedures with respect to prior years, future projections and targets, or any other elements included in the Sustainability Report for the period described and, therefore, we do not express a conclusion in this regard.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Limited Assurance Conclusion

Based on the work performed and described in this report, the procedures performed, and the evidence obtained, no matters have come to our attention that cause us to believe that the sustainability performance standards and indicators for the period from July 1, 2021 ended June 30, 2022, have not been met in all material respects, as set out in the criteria section of this report.

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Restriction on use of the report

Our report is issued solely for the purpose set out in the first paragraph and, is not to be used for any other purpose or distributed to other parties on its own. This report refers only to the matters mentioned in the preceding sections and the sustainability information identified and does not extend to any other financial and non-financial information included in the 2022 Sustainability Report of Global Bank Corporation and Subsidiaries for the period from July 1, 2021 ended June 30, 2022, nor to its financial statements, taken as a whole.

Signed by Deloitte

Deloitte, Inc.

June 2, 2023
Panama, Republic of Panama



ANNEX A

List of assured indicators:

Indicator	Description
GRI 2-9 (2021)	Governance structure and composition
GRI 2-10 (2021)	Nomination and selection of the highest governance body
GRI 2-11 (2021)	Chair of the highest governance body
GRI 2-12 (2021)	Role of the highest governance body in overseeing management of impacts.
GRI 2-14 (2021)	Role of the highest governance body in sustainability reporting.
GRI 2-26 (2021)	Mechanisms for seeking advice and raising concerns.
GRI 2-27 (2021)	Compliance with laws and regulations
GRI 205-1 (2016)	Operations assessed for risks related to corruption
GRI 205-2 (2016)	Communication and training about anti-corruption policies and procedures.
GRI 205-3 (2016)	Confirmed incidents of corruption and actions taken
GRI 302-1 (2016)	Energy consumption within the organization
GRI 302-3 (2016)	Energy intensity
GRI 302-4 (2016)	Reduction of energy consumption
GRI 305-1 (2016)	Direct GHG emissions (scope 1)
GRI 305-2 (2016)	Indirect GHG emissions (scope 2)
GRI 305-3 (2016)	Other indirect GHG emissions (scope 3)
GRI 305-4 (2016)	GHG emission intensity
GRI 305-5 (2016)	Reduction of GHG emissions
GRI 401-1 (2016)	New employee hires and employee turnover
GRI 401-2 (2016)	Benefits provided to full-time employees that are not provided to temporary or part-time employees
GRI 418-1 (2016)	Substantiated complaints concerning breaches of customer privacy and losses of customer data
GRI G4 FS1	Policies with specific environmental and social components applied to business lines
GRI G4 FS2	Procedures to assess and protect business lines in terms of environmental and social risks.
GRI G4 FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.
GRI G4 FS4	Process(es) for improving staff competency to implement the environmental and social policies as applied to business lines.
GRI G4 FS5	Interactions with clients, investees, and business partners regarding environmental and social risks and opportunities.
GRI G4 FS6	Percentage of the portfolio by business line broken down by region, size (large, SME, and micro), and sector.
GRI G4 FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose.
GRI G4 FS8	Monetary value of products and services designed to deliver a specific environmental benefit by business line broken down by objectives.

GRI G4 FS10	Percentage and number of companies held in the Group entity's portfolio with which the reporting organization has interacted on environmental or social issues.
GRI G4 FS11	Percentage of assets subject to positive or negative environmental or social screening.
GRI G4 FS13	Access points in low-populated or economically disadvantaged areas by type.
GRI G4 FS14	Initiatives to improve access to financial services for disadvantaged people.
GRI G4 FS15	Policies for the fair design and sale of financial products and services.
GRI G4 FS16	Initiatives to enhance financial literacy by type of beneficiary.
FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings related to customer privacy.
FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected.
FN-CB-230a.2	Description of approach to identifying and addressing data security risks.
FN-CB-240a.4*	Number of participants in financial literacy initiatives for unbanked, underbanked, and underserved customers
FN-CB-410a.1	Commercial and industrial lending exposure, by industry
FN-CB-410a.2	Description of approach to incorporating environmental, social and governance (ESG) factors in credit analysis.
FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated to fraud, insider trading, anti-trust, unfair competition, market manipulation, malpractice, or other related financial industry laws or regulations
FN-CB-510a.2	Description of whistle-blower policies and procedures.

* The indicator was reviewed qualitatively; the courses were validated and the number of participants was outside the scope of the review.

This Annex is an integral part of our Report dated June 2, 2023.



Independent Practitioner's Limited Assurance Report for the Principles for Responsible Banking disclosure of Global Bank Corporation

Information Subject to the Assurance Engagement

We have been engaged by Global Bank Corporation ("Global Bank " or the "Entity") to perform a limited assurance engagement on selected information related to the Principles for Responsible Banking (the "Selected Information" or "PRB") included in the UN PRB Reporting and Self-Assessment Template included as Annex II in the 2021-2022 Sustainability Report.

We have not performed any work, and do not express any conclusion over any other information that may be included in the UN PRB Reporting and Self-Assessment Template or displayed elsewhere on Global Bank' website for the current or for previous periods unless otherwise indicated.

Our limited assurance engagement was performed solely in respect of the selected information related to the Principles for Responsible Banking included in Appendix A. Our assurance report does not extend to information from previous periods or other information included in the PRB Reporting and Self-Assessment Template or in the 2021-2022 Sustainability Report, including other information related to such report that may contain images, audio or videos.

Our work was performed by an independent, multidisciplinary team including assurance practitioners and sustainability specialists.

Criteria used for the preparation of the information subject to the assurance engagement ("Criteria")

The Selected Information is based on the Reporting and Self-Assessment Template published by UNEP FI and prepared using the Basis of Reporting as detailed in Appendix B.

Global Bank Corporation's Responsibility for Selected Information

The Entity is responsible for:

- Selecting and establishing the Criteria and Basis of Reporting.
- Preparing, measuring, presenting, and reporting the Selected Information in accordance with the Applicable Criteria and Basis of Reporting.
- Publishing the Applicable Criteria and Basis of Reporting publicly in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.

Deloitte, Inc.

Contadores Públicos Autorizados
RUC 16292-152-155203 D.V. 65
Torre Banco Panamá, piso 12
Avenida Boulevard y la Rotonda
Costa del Este, Panamá
Apartado 0816-01558
Panamá, Rep. de Panamá

Teléfono: (507) 303-4100



- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of our independent limited assurance engagement.
- Confirming to us through written representations that they have provided us with all information relevant to our engagement of which they are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria and Basis of Reporting, including that all relevant matters, are reflected in the Selected Information.

Inherent limitations to the Assurance Engagement

Inherent limitations exist in all assurance engagements. The Criteria, Basis of Reporting, the nature of the Selected Information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organizations and from year to year within an organization as methodologies develop.

Furthermore, selected information is subject to inherent uncertainty due to the use of non-financial information, which is subject to greater inherent limitations than financial information, given the nature of the methods used to determine, calculate, sample, or estimate such information. In preparing the selected information, the Entity makes qualitative interpretations about the relevance, materiality and accuracy of the information that are subject to assumptions and judgments.

The PRB is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of Global Bank' impact management system that each individual user may consider important.

Our Independence and Quality Control

We have complied with the independence and ethical requirements of the *Code of Ethics for Public Accountants* issued by the *International Ethics Standard Board for Accountants* (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The Firm applies *International Standard on Quality Management 1 (ISQM 1)* and, accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on selected information for the year ended June 30, 2022, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000- *Assurance Engagements other than audits or reviews of historical financial information* ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board (IAASB). That standard requires that we plan and perform this engagement to obtain limited assurance about whether the selected information is free from material misstatement.

The scope of our work on the PRB was limited to assessing whether the disclosed statements of the Bank display an accurate reflection of the steps and activities the Bank has undertaken. Our work does not include an assessment whether the bank's disclosure is in line with the PRB commitments in terms of a qualitative assessment of whether the bank's disclosed progress is sufficient.



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The PRB and Criteria have been developed to assist Global Bank in preparing the disclosure required by the Principles for Responsible Banking. As a result, Global Bank's PRB disclosures may not be suitable for another purpose.

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the directors of Global Bank.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and opportunity from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

In carrying out our limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures to obtain sufficient appropriate evidence in order to express our independent limited assurance conclusion on the Selected Information:

- We planned our procedures which were informed by the Guidance for assurance providers – Providing limited assurance for report published by UNEP FI, considering the Global Bank's stage of implementation of the Principles for Responsible Banking.
- We conducted interviews with process owners and internal stakeholders to understand the processes and control activities for measuring, reporting, and presenting information in the Global Bank's Reporting and Self -assessment Template, in accordance with the Applicable Criteria.
- We made inquiries with process owners and internal stakeholders, obtained and reviewed supporting evidence to assess whether disclosures within the Selected Information in the Global Bank's Reporting and Self -Assessment Template reflect the Global Bank's assessment of the stage of implementation of the Principles.
- In respect of Principle 2.1 (Impact analysis), based on inquiries made and information obtained and reviewed, we checked that the Global Bank's business areas and scope are clearly described. We reconciled portfolio composition to management information and checked that challenges and priorities have been analyzed, including the rationale for business areas where the analysis was not performed. We also checked that Global Bank has disclosed the method for determining its impact areas and has selected what was determined as the two most significant areas of impact. For the one impact area/two impact areas where performance has been measured, we reconciled to published information referenced in the response and to supporting management information. Finally, we

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- In respect of Principle 2.2 (Target setting), based on inquiries made, information obtained and reviewed, we checked that the Global Bank sets targets for both of its significant impact areas and that the targets are linked to that impact area/those impact areas. We checked that Global Bank has identified frameworks to align with and explained how targets contribute to relevant goals.
- In respect of Principle 2.3 (Target implementation and monitoring), based on inquiries made with process owners and internal stakeholders, we obtained and reviewed supporting evidence to assess whether disclosures within the selected responses in the Global Bank's Reporting and Self -Assessment Template reflect the Global Bank's assessment of the Principle's stage of implementation.
- In respect of Principle 5.1 (Governance Structure for Implementation of the Principles), based on inquiries made and information obtained and reviewed, we checked consistency on supporting evidence, including organization charts and meeting minutes with the disclosures of the Global Bank's governance structure for implementation of the Principles. We checked that there is oversight over the implementation and monitoring and that the structure is in line with existing governance structures as defined by the Global Bank. Further, we checked that the Board of Directors obtained information on the Global Bank's stage of implementation of the Principles for Responsible Banking on an annual basis.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Limited Assurance Conclusion

Based on the procedures performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information included in Appendix A for the year ended June 30, 2022, has not prepared, in all material aspects, in accordance with the Criteria section and Basis of Reporting of this report.

Restriction on Use and Distribution

This Assurance Report is intended solely to the directors of Global Bank Corporation in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the directors of Global Bank Corporation those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than Global Bank Corporation and its directors, we acknowledge that the directors of Global Bank may choose to make this report available to the UNEP FI Secretariat and publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Global Bank Corporation and its directors, for our work, for this report, or for the conclusions we have formed.

The Applicable Criteria and Basis of Reporting were designed for the purposes of Global Bank Corporation preparing and publishing a Reporting and Self-Assessment Template under the UNEP FI Principles for Responsible Banking ("PRB") Framework, and as a result the Selected Information may not be suitable for another purpose.

(Signed by Deloitte)

Deloitte Inc.
Member of Deloitte Touche Tohmatsu Limited

(Signed by Luis Antonio Castro)

Luis Antonio Castro
Panamá, the Republic of Panamá
October 30, 2023

Appendix A

The Selected Information includes the disclosed statements related exclusively to the following principles:

Principle for Responsible Banking
2.1 Impact Analysis
2.2 Target Setting
2.3 Target implementation and monitoring
5.3 Governance Structure for Implementation of the Principles

Appendix B

Basis of reporting

The following table shows the Criteria and Basis of Reporting applied to the Selected Information, and lists the procedures we performed to obtain sufficient appropriate evidence in order to express our independent limited assurance conclusion on the Selected Information

PRINCIPLE 2: IMPACT AND TARGET SETTING
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts
<p>2.1 Impact Analysis (Key Step 1)</p> <p>Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting.</p> <p>The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d) (Scope, Portfolio composition, Context, Performance measurement)</p>
Applicable Criteria and Basis of Reporting
<p>The process and actions carried out to prepare the information reported were as follows:</p> <ul style="list-style-type: none"> Choosing the methodology to be used to perform the impact analysis: Unep FI's Impact Tool was chosen and the guidelines published by UNEP FI have been used. Establish the scope and request the data required to perform the analysis to the respective areas. Conduct a context and needs analysis of the country and region. Conduct an analysis of positive and negative impacts. Prioritize impact issues on which to focus actions and goals with the participation of the business' Vice Presidents. Identify and determine portfolio goals and indicators with the different areas of the bank. Participate in UNEP FI workshop to establish goals and indicators, using theory of change. Present the results to the corresponding approvers.

<p>In a complementary manner, the following bases for the preparation of the reported information are described:</p> <p>In order to perform the analysis of positive and negative impacts of the credit portfolio, UNEP FI's "Portfolio Impact Analysis Tool" has been used.</p> <p>The first analysis was carried out in 2020 with version 1 of the tool and the results were subsequently confirmed by repeating the exercise with data at the close of June-2021 with version 2 of the tool.</p> <p>With data at the close of June-2022 it was corroborated that the sectoral percentages of the composition of the loan portfolio were maintained, so the results were considered to be still valid.</p> <p>The characteristics of the analysis are detailed below:</p> <p>(a) Scope: analysis conducted at the local level, i.e. only in Panama, which represents 95% of the credit of the total credit portfolio. International loans are not included because they represent a low percentage of the total loan portfolio. The bank's activities in terms of credit and deposit products were included. Financial subsidiaries (securities, etc.) were excluded in this exercise.</p> <p>(b) Portfolio composition: For Personal Banking, 100% of loans are local (Panama) and for Corporate Banking, 90% of loans are local (Panama). It should be noted that in the "Impact Tool Version 2", it was only enabled to include a total of 30 activities, and this represented 97% of the Corporate Banking portfolio.</p> <p>Additionally, the main lines of business have been considered: (i) Personal Banking (Consumer) (representing 49% of loans and 57% of gross revenues; in addition, the deposit business was considered) and (ii) Business Banking (Commercial/Corporate) (corresponding to 51% of loans and 43% of gross revenues).</p> <p>(c) Scale of exposure: To determine the potential impacts in Corporate Banking, the sectors of economic activities to which financing is granted have been considered; for Personal Banking, the socioeconomic categories of the clients have been used.</p> <p>(d) Context and relevance: The challenges for sustainable development in Panama were integrated from the list of critical issues and level of criticality already included in UNEP-FI's "Impact Tool Version 2".</p> <p>In order to advance in a better understanding and action on the priorities and needs of the country, a series of national and regional documents have been considered.</p> <p>Once the economic, social and environmental impact issues of our portfolio were determined, and the needs in the country were analyzed; with the balance of both aspects, the final main impact areas were determined. Those to be addressed as a priority were established with the senior management of the businesses based on the planned business strategy.</p> <p><u>Resources used:</u></p> <ul style="list-style-type: none"> UNEP FI Guidance Document: Impact Analysis Impact analysis and target setting process Interactive Guidance V 1.1



<p>2.2 Target Setting (Key Step 2)</p> <p>Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.</p> <p>The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately: Alignment, Baseline, SMART targets, Action plan.</p>
<p align="center">Applicable Criteria and Basis of Reporting</p>
<p>Based on the impact areas prioritized from the impact analysis and the country context, the two (2) responsible banking objectives and the intermediate goals corresponding to the fiscal year covered by this report (2021-2022) were established. The process and actions carried out to establish the reported goals were as follows:</p> <ul style="list-style-type: none"> Review country/regional context: To advance a better understanding and action on the country's priorities and needs, we analyzed a series of national and regional documents, among them (we highlight that we conducted an update of the national and regional context in 2022): <ul style="list-style-type: none"> Sixth Assessment Report (AR6) (IPCC, 2021). Second Biennial Update Report (IBAU) of Panama (Ministry of Environment of Panama, 2021). Panama's Nationally Determined Contribution (NDCN1), first update (Panama Ministry of Environment, 2020). National Energy Plan 2015 - 2050. National Energy Transition Agenda 2020-2030. Climate Change Vulnerability Index of the Republic of Panama. National Gender and Climate Change Plan. National Climate Action Plan 2022. National Environmental Strategy (ENA) 2021-2031 Panama's Climate Change Scenarios. Vision 2030, 2050 and 2070. Toolkit for the Application of the Women's Empowerment Principles in the Private Sector. UN Women. 2019. Credicorp Financial Inclusion Index. Gender gaps: an intersectional approach. Ipsos. 2021 Market study - Knowing Panamanian Women. Global Bank-Ipsos. 2021 Panama Gender Parity Initiative. Global Gender Gap Report 2022. World Economic Forum (WEF). The Gender Dimension in the Digital Business Transformation of Latin America and the Caribbean. IDB. 2022. <p>A detailed analysis of the country and regional context can be found in the Responsible Banking chapter.</p> <ul style="list-style-type: none"> Baseline of the bank's portfolio and priorities. The first indicators were obtained from core banking for both financial inclusion and climate data. The PCAF Methodology was used for the quantification of the financed emissions of the loan portfolio, plus data obtained from core banking. Define SMART objectives. The SBTi tool was used to obtain objectives aligned with the Paris Climate Agreement and the country's context. The objectives and goals are the result of an exhaustive analysis of our portfolio and the participation of the different business areas. For the intermediate goals of financial inclusion-gender, an analysis of different products of Personal Banking was carried out, disaggregating the information by gender, age and income level.

<ul style="list-style-type: none"> Determine measures and actions. We worked with the different business areas, reviewed the UNEP FI guidelines and examples, and based on the analysis carried out and the reality of the Panamanian market, we established the measures and actions to achieve the goals and objectives. Define KPIs. To choose the KPIs, we used the examples in the UNEP FI guidelines, theory of change, and the list of indicators provided in the self-assessment form for the implementation of the UNEP FI Principles of Responsible Banking. An analysis was made of the data available in our core banking, identifying which indicators could be obtained and which would need to be constructed and then measured and reported. The results were presented to the corresponding approvers. It should be noted that, initially, objectives related to the placement of loans related to (i) climate change mitigation and (ii) financial inclusion (with a focus on gender equality) were established. In 2021-2022 these objectives were expanded to include some intermediate goals to reduce emissions in the loan portfolio and to increase the percentage participation of women in certain personal banking products. For climate change, the country context was updated and for gender equality, a country and regional context analysis was conducted. <p><u>Resources used from UNEP FI:</u></p> <ul style="list-style-type: none"> Guidance for Banks - Climate Change Target-Setting Guidance for Banks - Foundations of Climate Mitigation Target Setting Regional Climate Target Setting Support Program LAC: <ul style="list-style-type: none"> Workshop 1: Fundamentals of Science-based Target Setting Workshop 2: Foundations of science-based target setting Guidance for banks - Setting targets for Gender Equality Guidance for Banks - Goal Setting for Financial Inclusion and Financial Health Theory of Change for Financial Health and Inclusion Selecting Financial Health and Inclusion Indicators Workshop - Defining Financial Inclusion and Financial Health Targets Case Studies on Impact Analysis and Target Setting <p>In addition, the guides or manuals of the PCAF and SBTi initiatives have been used:</p> <ul style="list-style-type: none"> Financial Sector Science-Based Targets Guidance The Global GHG Accounting & Reporting for the Financial Industry Standard

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:
 Show that your bank has implemented the actions it had previously defined to meet the set target.
 Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Applicable Criteria and Basis of Reporting

The process and actions carried out for the implementation and monitoring of the reported goals have been as follows:

- Implementation of goals:
- The business areas involved have specific targets for compliance:
 - Business/Corporate Banking: placement of green products.
 - Banking for individuals: financial inclusion from a gender perspective. "Única" Program.
 - The sustainability area, together with other areas of the bank, participates in the development of the transition plan for climate goals and in the construction of financial education and financial inclusion and health indicators.

Monitoring:

- The sustainability area follows up on compliance by monitoring indicators established in principle 2.2. Constant data is requested from areas such as Business, Business Intelligence, Risk, Credit Management (Environmental and Social Risk Management and Green Portfolio Data).
- Indicators were created according to data availability, using UNEP FI guidelines listed in previous section and according to the theory of change.

Principle 5: Governance & Culture

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

5.1 Governance Structure for Implementation of the Principles

Applicable Criteria and Basis of Reporting

The process and actions carried out to prepare the information reported, related to the governance structure has been as follows:

- Identify the governance structure, Steering Committees and Boards of Directors, in charge of managing the positive and negative impacts identified and follow up on sustainability related issues including the implementation of the Principles of Responsible Banking.
- The roles and responsibilities of the different corporate governance structures defined were established.
- Describe the process and frequency of monitoring the Principles of Responsible Banking.
- Identify and develop the relevant policies and procedures for the preparation of the information reported. The information is available on the entity's website.
- The defined governance structure, policies, principles and procedures developed were approved by the bank's Board of Directors.

* * * * *



GRI 2-3
Torre Global Bank: Santa María Business District Panamá, República de Panamá
Apartado Postal: 0831-01843 Tel.:(507) 206 2000 Fax:(507) 206 2072

     [GlobalBankPA](#)

globalbank.com.pa