


**Principles for Responsible Banking**  
**Reporting and Self-Assessment Template**

**BAC CREDOMATIC 2022**



We created the report "First Report on BAC Credomatic's Responsible Banking Principles" to account for the main advances related to compliance with the PRB. To access the report, click [here](#).

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
 <p><b>Principle 1: Alignment</b>  <b>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.</b></p>		
<p>1.1 <i>Describe</i> (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, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p><b>Our Business Model</b></p> <p>BAC is the only bank with a significant presence in every country in Central America, with a diversified portfolio in the region's economies that allows us to achieve adequate profitability with a lower risk exposure.</p> <p>Regionally, we are leaders in asset markets, portfolios, deposits, and profits, with increasing market share in the first three areas listed. By December 2021, our share of financial system assets was 9.9%. We have increased our portfolios by 26 base points (with respect to December 2020), achieving a regional share of 11.1%, maintaining our leadership position in net portfolio loans.</p> <p>We continued our outstanding performance in 2021, maintaining our strategy of fostering loyalty among our international clients combined with constant cutting-edge implementation and increased use of digital channels, which we achieved through a proactive digital transformation strategy based on modern and versatile online banking.</p> <p>We positioned ourselves as the leading bank in deposit attraction, with a 10.8% market share, and an increase of 18 base points over the same period in 2020.</p> <p>In December 2021, we led regional market share in profits, with 14.9% of the total profits of the financial system.</p>	<p>Our Business Model, pp.5</p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p><b>Triple Positive Value Strategy</b></p> <p>Our sustainability and commercial strategies are completely aligned and complement each other perfectly, working toward a responsible business model that is in tune with both society and the environment, and which identifies and takes action in the areas that are most important for our stakeholders and our business.</p> <p>At BAC, we have integrated our vision of sustainability into our corporate strategy. We aspire to evolve and become an institution that offers financial solutions that are simple, digital, and offer triple positive value: economic, environmental, and social.</p> <p>In the current context, and with all the economic, environmental, and social challenges that exist, we at BAC have set out to be NET POSITIVE, not just for the environment, but also for society. This means that we seek to generate more</p>	<p>Triple Positive Value Strategy, pp.6</p>

environmental and social value than we consume, using the same excellence and rigor we apply when maximizing economic value. We will also work to maximize and share economic, social, and environmental value with all our stakeholders.

In 2021, we began to redefine our corporate strategy, carrying out a number of studies and interviewing our leaders and other stakeholders. This culminated in the identification of our objective and the simplification of our values, two aspects that materialized at the start of 2022. Using a regional collaborative process, we identified the culture that we want to promote at BAC, and which will allow us to successfully meet future challenges.

**Our Strategic Objective of Triple Positive Value**

Our ambitious objectives seek to go above and beyond the traditional definition of corporate success, and to redefine the role of banking in generating prosperity and improving people’s quality of life in harmony with the environment. These three objectives address the economic, environmental, and social spheres, with the social sphere being divided into two areas: internal and external.

At BAC, we want to become catalysts for triple positive value in Central America. To this end, we have defined concrete lines of action and aspirational objectives in each area, which are integrated into specific programs and projects.

Find more detail in our First Report on Principles for Responsible Banking.

**Our contribution to the Sustainable Development Goals**

At BAC, we have aligned our strategic objectives with the targets of the SDGs, and we have identified and prioritized the SDGs to which we can contribute in the most direct manner.

- 1.No poverty
- 4.Quality Education
- 5.Gender Equality
- 8.Decent Work and Economic Growth
- 12.Responsible Consumption and Production
- 13.Climate Action
- 17.Partnerships for the Goals

**Commitments to Sustainable Finances**

We are signatories to the main initiatives among financial institutions to align their commercial strategies with the SDGs, the Paris Agreement and ones that promote zero greenhouse gas emissions by 2050.

- Net Zero Banking Alliance
- PCAF

Our Strategic Objective of Triple Positive Value, pgs. 7, 8

Our contribution to the Sustainable Development Goals., pp 9

Commitments to Sustainable Finances, pp 10

**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:**

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

- a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies, and geographies.
- c) Context & Relevance: Your bank has taken into account the

a) We recognize our important role as the only bank with a strong presence in all six countries, we at BAC have made a commitment to transform our portfolio of services. In addition to being simple, innovative, and digital, they will also become instruments that will permit our clients and users to achieve their objectives while simultaneously reducing their negative impacts, serving as tools for generating positive economic, environmental, and social value.

Composition of our portfolio:

Per product

- Corporate 46%
- Consumption 35%
- Housing 19%

Per Country

- Guatemala 20%
- Honduras 13%
- El Salvador 11%
- Nicaragua 5%
- Costa Rica 28%
- Panamá 23%

For the impact analysis of the portfolio, we prioritize the corporate portfolio, including the 6 countries where BAC operates.

b) Our Corporate portfolio is composed of the following sectors:

- Commerce 22,5%
- Real Estate 17,8%
- Services 11,7%
- Food industry 11,7%
- General industry 11.6%
- Agricultural 9,6%
- Hotel and restaurants 5,1%
- Financial 3,3%
- Transport 2,8%
- Construction 2,5%
- Telecommunications 1,4%

c) Impact Analysis

For our first impact analysis, we used the new version of UNEP FI's Impact Analysis Tool for Banks. The analysis's context included the six Central American countries in which we operate: Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama, and it encompasses our commercial, corporate, and SME portfolios. The information was limited to the International Resources of the Context Module of the impact analysis tool.

Composition of our portfolio, pgs. 12, 13

Impact Analysis, pgs. 14, 15

<p>most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic, and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> <li>Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>Identified strategic business opportunities in relation to the increase of positive impacts /</li> </ul>	<p>The priority areas with impact needs according to the context of the countries are detailed below, for each area the associated needs of higher value are detailed:</p> <ul style="list-style-type: none"> <li>Availability, accessibility, affordability, quality of resources and services: water, food, housing, health and sanitation, education, information, connectivity, finance</li> <li>Livelihood: employment, social protection</li> <li>Socio-economic convergence: social mobility, wage inequality</li> <li>Biodiversity and healthy ecosystems: species, habitat</li> </ul> <p>d) Results by financed sectors</p> <p>According to the exercise carried out and in line with the criteria defined in the analysis tool, in our region and according to the composition of our portfolio, the areas of positive impact are Health and safety, Availability, accessibility, affordability, quality of resources and services, Livelihood, Healthy economies, Infrastructure, Climate stability and Biodiversity and healthy ecosystems and Circularity.</p> <p>On the other hand, the most important areas that could have negative impacts are Health and safety, Availability, accessibility, affordability, quality of resources and services, Livelihood, Climate stability, Biodiversity and healthy ecosystems, Circularity and Integrity and safety of people.</p> <p>After analyzing these results and in line with our triple value strategic objectives, at BAC we have prioritized six areas in which we will focus actions, define commitments, and establish goals to increase positive impacts, as well as reduce negative ones.</p> <ul style="list-style-type: none"> <li>Healthy economies: SMEs, Diversity of sectors</li> <li>Availability, accessibility, affordability, quality of resources and services: Finance, Connectivity, Education, Water, Housing, Health, and Sanitation</li> <li>Livelihood: Employment, Wages, Social Protection</li> <li>Climate Stability: Climate Change Risks, Emissions Reduction</li> <li>Circularity: Energy consumption, water, material footprint, solid waste, recycling</li> <li>Biodiversity and healthy ecosystems: Species Survival, vegetation loss</li> </ul> <p><b>Alignment of the loan portfolio with triple positive value</b></p> <p>Using best practice and international standards, we have created an internal classification system for the environmental and social aspects of our loan portfolio, using data on the use of funds as well as the environmental and/or social impact of the loan operations of our Commercial, Corporate, and SME portfolio.</p> <p>The initial objective of this is to identify our main areas of opportunity and to build an information base, which, when taken together with the impact analysis published in this report, will allow us to define our priorities around the commitments that we have undertaken.</p> <p>Main environmental categories financed:</p>	<p>Results by financed sectors, pp 16</p> <p>Our priority issues, pp. 17</p> <p>Alignment of the loan portfolio with triple positive value, pp. 23</p>
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reduction of negative impacts	<ul style="list-style-type: none"> <li>• Clean transport: sustainable mobility, emission reduction</li> <li>• Energy: renewable energy, energy efficiency</li> <li>• Sustainable urban development: sustainable construction</li> <li>• Industry: industrial processes</li> </ul> <p>Main social categories funded:</p> <ul style="list-style-type: none"> <li>• Access to essential services</li> <li>• Employment generation, crisis relief, unemployment prevention</li> <li>• Socio-economic inclusion and empowerment</li> </ul>	
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Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

With our new Corporate Strategy, at BAC we have proposed to be a NET POSITIVE Bank, not only with the environment, but also with society. Three of our twelve strategic objectives are deeply linked to PRBs: 1. Transform our portfolio into NET POSITIVE; 2. To be leaders in simple, digital and triple value positive financial solutions, and 3. To be the bank that promotes a Circular Central America and promotes Sustainable Mobility, and for this, we have begun the process of guiding our portfolio of loans with Triple Positive Value, which will allow us to define a baseline on which we identify positive impacts on our current portfolio, at the same time that we manage to meet the need of our current and potential customers, through financing lines for products with positive social and environmental impacts.

We have clarified the context for the 6 countries where we operate: Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Panama; because although it is true that we will develop a regional strategy, we will also determine the main needs of each local operation, so that our approach is comprehensive, contextualized and above all, aligned with the fulfillment of the SDGs. and the goals of the Paris Agreement. For this analysis we used the latest impact analysis tool provided by UNEP-FI, as well as the NDCs of each country.

As a result of this analysis, we have established our prioritized areas 1. Climate strategy, 2. Inclusion and financial health.

To advance the achievement of our triple positive value strategy and as part of our commitments as a signatory to the Net Zero Banking Alliance, we are currently working on the measurement of Scope 3 category 15 GHG emissions, i.e., THE GHG emissions from our financed portfolio. With this exercise completed, we will set our medium-term goals associated with our climate strategy. We will report these goals in the first half of 2023.

<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two <b>Specific, Measurable</b> (can be qualitative or quantitative), <b>Achievable, Relevant and Time-bound</b> (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p>	<p>The objectives we have set ourselves are not only part of our commitment to Responsible Banking, but also serve as an important first step on our roadmap for the Net Zero Banking Alliance and, most importantly, are aligned with our new Triple Positive Value strategy. We have created objectives in two areas that will allow us to move toward our aspiration to create positive value for people and the environment:</p> <ul style="list-style-type: none"> <li>• Climate strategy</li> <li>• Financial inclusion and health</li> </ul> <p><b>a) Climate strategy</b></p> <p>To set the targets and indicators that we will use to keep our stakeholders informed of our advances and challenges in each of the objectives we have set, we are currently developing measurements for GHG emissions from the main sectors in our Commercial, Corporate, and SME portfolios. These will be done using the Global Greenhouse Gas Accounting and Reporting Standards for the Financial Industry, provided by PCAF, enabling us to publish our targets for 2025 and 2030 in our next Integrated Report, scheduled for the first half of 2023.</p>	<p>Setting objectives, pp. 17</p> <p>Climate strategy, pgs. 18,19,20</p>
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*Show that these 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. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.*

*Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.*

Our climate goals will focus on:

1. Reducing greenhouse gas emissions in the most polluting sectors.
2. Increasing the percentage of financing allocated to areas like energy, clean transport, and sustainable urban development.

**b) Inclusion and financial health**

Financial and digital education have always been a fundamental pillar of BAC's strategy. We are currently adding another component to allow our financial education initiatives to transform into actions aimed at digital financial education and inclusion. Our working plans for 2022 incorporate new targets that will allow us to improve quantitative tracking. Until now, this has focused on the numbers of people trained, but it will now include indicators to determine the relationship between training and the acquisition and use of financial and digital services.

These 2022 targets will serve as the baseline to define the new targets, which we will focus on in the coming years and which will be reported in BAC's next Integrated Report.

Find more detail in our First Report on Principles for Responsible Banking.

Inclusion and financial health, pp. 21, 22

Our strategic objective of triple positive value, pgs. 7, 8

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

Aligned with our Triple Positive Value Strategy, we define ambitious goals that represent concrete lines of action and ambitious objectives in each of the spheres: economic, environmental, and social. We have engaged with our stakeholders to:

- To be the leading bank in simple, digital, and triple value financial solutions.
- Transform our loan portfolio into Net Positive
- To be the bank that promotes a circular Central America
- Massify inclusion and financial and digital education
- Make banking inclusive and especially equitable in gender
- To be leaders in strategic social investment

These goals, as well as the two themes prioritized thanks to the impact analysis: 1. Climate strategy, 2. Inclusion and financial health, will allow us to mitigate our negative impacts and maximize the positive impacts.



<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p>The Sustainability Strategy from 2022 is the Corporate Strategy of the Bank, thus allowing to have strategic objectives in the economic, environmental, and social.</p> <p>Find more detail in our First Report on Principles for Responsible Banking.</p> <p><b>Evaluation and Compensation mechanisms</b></p> <p>In keeping with best international practices, at BAC we use evaluation mechanisms at every level. In keeping with our strategic objectives, we have set out to measure our performance and that of our working group from the highest level. This measurement is not limited to the economic sphere, but rather involves setting targets and indicators to systematically evaluate our environmental and social objectives with the same level of rigor and excellence.</p> <p>In 2022, evaluations using the Balanced Score Cards (BSC), a performance evaluation tool, now include a weighting of up to 15% for environmental and/or social targets. These evaluations are applied to our CEO, Country Managers, Regional Directors, Area Vice Presidents, and Managers. The results of this evaluation will be linked to the compensation of the leadership team.</p> <p>We are currently working on a roadmap for the decarbonization process of our portfolio that will be reported in our Annual Integrated Report, in the first half of 2023. Each year, we will inform our stakeholders about our progress and challenges.</p>	<p>Triple Positive Value Strategy, pp.6</p> <p>Our Strategic Objective of Triple Positive Value, pgs. 7, 8</p> <p>Evaluation and Compensation mechanisms, pp. 41</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>At BAC we have defined implementation plans for the achievement of goals associated with our Corporate Strategy that include compliance with indicators in the annual evaluation of leaders. This process has a defined monitoring plan for each objective, it feeds back on progress, and action plans are defined for the objectives that for some reason have not been 100% met.</p>		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i></p>	<p>In the next months we will define at BAC, the goals associated with our Climate Strategy and Inclusion and financial health, these being the two priority issues for the fulfillment of Principle 2 of the PRB.</p> <p>These goals will be included in our 2022 Annual Report that will be published in the first half of 2023. This Report will include the details of the 2022 progress of the goals associated with BAC's TRIPLE POSITIVE VALUE strategy, as well as our main challenges.</p> <p>Find more detail in our First Report on Principles for Responsible Banking.</p>	<p>Triple Positive Value Strategy, pp.6</p> <p>Our Strategic Objective of Triple Positive Value, pgs. 7, 8</p> <p>Presentation of our upcoming Sustainability Reports, pp. 44</p>



Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

We recognize that environmental and social issues are priorities in our business strategy, which is why we have incorporated them into the mechanisms for evaluation and compensation. This allows us to constantly monitor the fulfillment of these objectives, the timely attention of the plans for closing gaps.



**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 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

**Our clients**

Our product and service portfolio offers a wide variety of options right from the beginning of our relationship with our clients, from bank accounts and credit or debit cards to support with products for personal growth like mortgages, secured and consumer loans, and different types of savings or investment certificates.

In the last year, we have focused on getting to know our clients better in order to strengthen the packages of products and services in a manner that is suited to clients' needs, and which deepens our relationship with them by offering them more than just one or two isolated products. Instead, we offer integrated solutions that do more than meet a specific need, allowing our clients to join the digital financial ecosystem in a smooth, safe, and successful manner.

Our clients, pp. 25

3.2 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. This should

**Solutions for promoting sustainable production and consumption by our clients**

One of the twelve objectives which we have set in our new Triple Positive Value Strategy is the gradual transformation of our portfolio into simple and digital solutions with triple value.

We will approach the transformation of our financial solutions using a combination of tools including benchmarking, context analysis, mapping

Solutions for promoting sustainable production and consumption by our clients, pgs. 25, 26

include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

opportunities in our portfolio, and national priorities. Starting from the design stage, we will incorporate analysis criteria to ensure that every one of our products is made to take potential environmental and/or social impacts into account, as well as their potential as instruments through which our clients can generate positive value.

Current initiatives include important steps like the development of a product design toolkit and catalogues of triple value products. Some of these products are already available to our clients beginning in 2022, while others will be launched over the coming months.

- Crédito vehículos eléctricos
- Crédito paneles solares
- CrediVerde
- Crédito Mujer puedes +
- Tarjeta de crédito Universitaria
- Portafolio de inversión ASG con producto internacional
- Fondo de avales cultivemos II
- Seguro BAC Empresarial con coberturas sobre riesgos asociados al cambio climático

Find more detail in our First Report on Principles for Responsible Banking.

**Projects for promoting Responsible consumption and sustainable practices**

a) Regional BAC card strategy

Through an ambitious circular economy project, we have committed to migrating our card portfolio by replacing the fossil fuel-derived PVC plastic they contain to PLA plastic made from plant-based sources (inedible corn), 85% of which is biodegradable. This project will also involve changing the materials currently used for our packaging, as well as reducing the amount of paper used by digitizing the processes of requesting, producing, and activating cards.

b) Central American electric route

With the installation of 10 charging stations for electrical vehicles in Costa Rica, along with one each in Panama and Guatemala, we are moving forward with our aim to make BAC the region’s number one bank in support for sustainable mobility. An Electric Charging Route traversing all Central America will be a key step in promoting the use of electronic vehicles, providing charging points to current clients, potential clients, and the public in general.

**Culture and training of staff in sustainable finance**

Achieving our objectives – and having a clear idea of what they are – is only possible if our staff are fully involved in the process of transformation, making us a triple value catalyst for our stakeholders.

With the recent launch of our new Triple Positive Value Strategy, we have undertaken a strong internal communication drive, along with training procedures for our workforce. Through in-person events, discussions over our internal staff channels, and taped virtual courses, we have developed content and generated internal conversations to explain our strategic objectives,

Projects for promoting Responsible consumption and sustainable practices, pp. 27

Culture and training of staff in sustainable finance, pp. 28

commitments, advances, challenges, and the changes made to the day-to-day procedures for each team.

In June, the Regional Sustainability Administration, together with local sustainability and credit departments, launched a training course for teams working on loans for the corporate and SME banking divisions (Corporate and SMEs), which included staff working in the commercial, analysis and risk, and loan procedure management sections. This training aimed to provide information on the importance of including environmental and social aspects throughout the loan process with the aim of creating a culture and awareness of the need to think about how financing can positively affect the environment and society, as well as about the risks associated with climate change.

The contents of these trainings:

- Importance for the financial sector to protect natural resources, aligned with the principles of Sustainable Finance.
- Current and future impacts of climate change and consequences for our customers, as well as for the sustainability of our business.
- International initiatives and BAC commitments to align credit portfolios with the SDGs and the Paris Agreement.
- Internal taxonomy and process of aligning the loan portfolio with environmental, social and gender aspects.

Additionally, in our [2021 Annual Report](#), in the section of the Social GRI Indicators, the training processes received by BAC employees throughout 2021 are expanded.

**Digital services that promote financial inclusion and education**

Our bank offers our clients the best financial solutions using cutting-edge technological infrastructure, unified and robust digital platforms, and top-of-the-line service.

We saw highly significant advances in the digital transformation in 2021, ending the year with more than 1.95 million digital customers (representing almost half of all customers). Similarly, 57% of communication with our customers was carried out digitally. Another significant indicator is the fact that 86% of all financial transactions were carried out digitally.

We are working to improve the quality of our customers’ lives, offering them inclusive and easily accessible financial solutions. Our digital solutions are aimed at reducing our customers’ risks and increasing their awareness of how their money is used, which allows us to provide BAC customers with a greater level of financial inclusion and education.

**Personal Banking:** We offer intelligent and safe transactions using mobile apps and web platforms. To become our customers’ number one choice, and to win their loyalty, we’ve launched a Personal Finance Management (PFM) system, which automatically catalogues and graphs our customers’ income.

In 2021, we launched our digital wallets in partnership with Garmin, Fitbit, and Apple Pay. This function allows users to make contactless payments. We also

Digital services that promote financial inclusion and education, pp. 29

became the first Central American bank to receive a Digital First certificate from Mastercard.

In partnership with FinTech, we provide our clients with Kash, a service that allows them to make fast, secure, and simple cashless payments.

**Corporate Banking:** In 2021, more than 618 companies connected to our digital cash service, and our corporate clients used our platforms to pay more than 1.104 million of their staff members in the region.

**SMEs:** We are strategically focused on digitalization, allowing us to meet our customers' needs without requiring physical contact. We have implemented several functions in our Online Banking service, including a new payroll and supplier payment service, designed specifically for the needs of MSMEs. In an average month, the platform is used by 4,400 customers, who make 20,000 payments.

MiPOS is a robust and mature platform that can be used to convert your cell phone or tablet into a payment terminal or point of sale (POS). It also offers a website that provides businesses with statistics and reports along with a feedback platform for clients.

We provide affiliated small and medium sized businesses with the Compra Click service, which makes online shopping easier for businesses that do not have their own e-commerce platform, and who make online sales through several channels, including social media.

Rapibac non-banking correspondents, which are service points where small businesses in small communities or key locations offer banking services such as utility and credit card payments, increased by 31% in 2021 to 9,219 points in the region.



**Principle 4: Stakeholders**

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

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were

**Our methodology**

By 'stakeholders', we mean the individuals, social groups, and organizations that may be significantly affected by our activities, products, and/or services, and/or whose actions may have an impact on our ability to continue to successfully implement the defined strategies for achieving our objectives.

The full procedure for identifying stakeholders has required a clear understanding of the components our value chain.

We have periodically reviewed previous results to ensure their validity, and to verify the relationship between each stakeholder and the main value-creating processes within the company, reviewing their level of influence and relevance. This exercise has led to significant improvements in our ability to identify and map our stakeholders, and led us to a deeper analysis. We understand that to comply with our commitment to transparency and accountability, it was necessary to better understand their expectations of

Our methodology, pp. 31

addressed/results achieved.

the bank, and to identify any possible impacts and areas of our business that concern them.

That is why, in 2021, we finalized and profiled our list, leading up to the most recent version, which contains the following categories:

- Shareholders
- Clients
- Suppliers
- Internal audiences
- Strategic partners
- Citizenship
- Competitors
- Regulators
- Opinion generators
- Government

**Consulting our stakeholders**

At BAC, it is very important for us to engage in an ongoing dialogue with all our stakeholders, since one of our most important commitments is to ensure that our commercial interests match the expectations of these groups, allowing us to prioritize our work correctly.

Towards the end of 2021, we began a series of studies involving various groups of interest in the six countries in which we operate. These studies involved individual interviews, focus groups, and online surveys with financial analysts, journalists, members of the government, heads of NGOs, heads of trade unions, consumer groups, professors, the general public, personal banking customers, corporate banking customers, customers at competing banks, and BAC employees, in order to understand their interests and concerns and to hear their expectations.

**Relationship Mechanisms**

With a clear understanding of who our main stakeholders are, we have established a wide range of mechanisms for reporting, consulting, dialogue, and participation, establishing interactions on several different levels with these groups.

**LEVEL 1: Reporting mechanism**

- Financial and sustainability reports Corporate site:
- <https://www.baccredomatic.com/es-cr/nuestra-empresa>
- Social media profiles:
- <https://www.facebook.com/BACCredomatic>
- <https://www.youtube.com/user/baccredomaticnetwork>
- Banners, posters, and screens in branches

**LEVEL 2: Consultation mechanism**

- Client service studies, reputation studies, surveys, focus groups and others

Consulting our stakeholders, pp. 32

Relationship Mechanisms, pp. 33

	<ul style="list-style-type: none"> <li>• Transactions and relationship surveys to evaluate the Net Promoter Score (NPS)</li> <li>• Evaluation of the Organizational Atmosphere Employee Voice program, eNPS, taking the pulse Innovation system, competitions</li> </ul> <p>NIVEL 3: Dialogue mechanism</p> <ul style="list-style-type: none"> <li>• Contact centers</li> <li>• Voice of Customer (VoC) program</li> <li>• Web chats, email, online contact forms Ombudsperson program, ethics line</li> <li>• Social media profiles:</li> <li>• <a href="https://www.facebook.com/BACcredomatic">https://www.facebook.com/BACcredomatic</a></li> <li>• <a href="https://www.youtube.com/user/baccredomaticnetwork">https://www.youtube.com/user/baccredomaticnetwork</a></li> <li>• Formal and informal meetings, conferences, talks, and workshops</li> <li>• Roundtable discussions with internal and external stakeholders</li> </ul> <p>LEVEL 4: Participation mechanism</p> <ul style="list-style-type: none"> <li>• Prototyping with clients</li> <li>• Creation of installed capacity via consulting, co- creation, and networking</li> <li>• Ideas Campaign</li> </ul>	<p>Public-Private Partnerships, pgs. 34, 35</p> <p>Participation in forums with other banking entities, pp. 36</p>
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**Principle 5: Governance & Culture**

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

<p>5.1 <i>Describe</i> 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 effective implementation of the Principles.</p>	<p><b>Governance Structure</b></p> <p>In order to safeguard the interests of our company, our shareholders and our clients, we at BAC have established a solid governance structure, made up of the Board of Directors, Senior Management, Committees, and oversight bodies whose reach extends to the corporate level and the countries in which we operate. The aim of this is to supervise the company’s administration and monitor the creation of value and the efficient use of resources.</p> <p>Our corporate governance bodies are responsible for defining the group’s main policies and strategies and ensuring that the company operates ethically and with integrity, respecting the relevant laws and regulations, in order to maintain the excellent quality of the services and products we offer.</p> <p>The oversight bodies, comprised of Internal Auditing and the areas that supervise the management of different types of risks, are key components of our corporate governance system that guarantee our commitment to promoting a culture of achievement, transparency, and risk management in every area of the organization.</p> <p>Our corporate governance structure works in line with international good practices and is deeply respectful of local regulations.</p>	<p>Governance Structure, pp. 38</p>
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- Regional Board of Directors
- Management Team
- Regional Committees
- Local Boards of Directors and Committees

Find more detail in our First Report on Principles for Responsible Banking.

**Governance Bodies**

Every corporate governance body contributes in its own way to meeting strategic objectives and ensuring transparency for shareholders and other key groups.

- Board
- Regional Auditing Committee
- Integrated Risk Management Committee
- Regional Compliance Committee
- Regional Compensation Committee and
- Nomination Committee
- Regional Loan Committee
- Regional Committee on Assets and Liabilities (ALICO)
- Regional Technology Committee
- Regional Information Security Committee
- Regional Operational Risk Committee

Find more detail in our First Report on Principles for Responsible Banking.

**Risk Maturity Model for Climate Change**

In 2021, as part of our management of emerging risks, we identified climate change as one of the most relevant risks for the financial sector. Risk events related to climate change have a higher probability of occurring and of having an impact. This was determined using the bank's internal methodology, and through constant review of important publications on the subject, such as the Global Risks Report of the World Economic Forum.

This led to the development of a maturity model at BAC that aims to identify the level of climate change risk management and mitigation actions, as well as a desired outcome based on good practices and international frameworks, especially the Task Force on Climate- Related Financial Disasters (TCFD).

The model is made up of four sections: 1) strategy, 2) stakeholders, 3) risk management, and 4) reporting and outreach. Each of the above sections provides more specific information for each area of practice. They will each be evaluated in terms of their stage of development: yet to be implemented, partially established, established, or advanced.

Find more detail in our First Report on Principles for Responsible Banking.

Governance Bodies, pp. 39

Risk Maturity Model for Climate Change, pp 41



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

**Sustainability Forum**

The Sustainability Forum was created in 2020, with the main aim of advising the Board of Directors on the strategic approach to responsible business practices and sustainability affairs. The Forum meets at least once every three months. Its main tasks and functions include the following:


- Collaborating and coordinating with Corporate Governance committees on matters relating to responsible banking practices and sustainability.
- Supervising and monitoring the processes for identifying, managing, monitoring, and controlling risks and opportunities related to business sustainability and stakeholder expectations.
- Supervising and evaluating the stakeholder relationship strategy, informing the Board of Directors about stakeholders’ interests and expectations with regards to social and environmental areas, as well as responsible and ethical behavior by the bank.
- Supervising the Bank’s actions relating to sustainability and, especially, ensuring that its actions with regards to good governance, the environment, and society are consistent with the strategies and policies approved by the Board of Directors.
- Monitor the bank’s contributions to achieving the Sustainable Development Goals (SDGs) approved by the United Nations (UN).
- Supervise and approve bank’s inclusion in the most widely recognized international sustainability indices and certifications.
- Remaining informed and advising the Board of Directors about the latest tendencies and best business practices such as innovation, client satisfaction, financial inclusion, responsible marketing, inclusion and diversity, non- discrimination, climate change, and other areas related to business sustainability and that contribute to the region’s social and economic development.
- Evaluating the Bank’s position with regards to sustainability, periodically informing the Board of Directors about the advances reached in responsible business practices and sustainability, providing advice, issuing reports, and implementing procedures within its purview.
- Ensuring the suitability of the structure and functionality of sustainability management.
- Issuing reports and carrying out actions within its remit related to sustainability that are consistent with Corporate Governance System, or which are requested of it by the Board of Directors or its chairperson.

**Triple positive value guidelines and manual**

In keeping with best practices for Corporate Governance and Management Systems, we have documentation system at BAC that describes internal policies, guidelines, and procedures. We recently updated our Regional Guidelines and Manual for Corporate Social Responsibility, as well as the guidelines for our new business strategy, which became the Triple Positive Value Guidelines and Manual.

Sustainability Forum, pp. 40

Triple positive value guidelines and manual, pp. 40

	<p>Both documents are structured in four sections: Economic, Environmental, Internal Social, and External Social. The Guidelines contain high-level information on the guiding principles, while the Operating Manual contains information on every initiative, the roles and responsibilities of every related party, and procedures. It also goes over evaluation mechanisms that we created in order to achieve our corporate strategy of Triple Positive Value.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p><i>Show that your bank has a governance structure in place for the implementation of the PRB, including:</i></p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p><b>Evaluation and compensation mechanisms</b></p> <p>In keeping with best international practices, at BAC we use evaluation mechanisms at every level. In keeping with our strategic objectives, we have set out to measure our performance and that of our working group from the highest level. This measurement is not limited to the economic sphere, but rather involves setting targets and indicators to systematically evaluate our environmental and social objectives with the same level of rigor and excellence.</p> <p>In 2022, evaluations using the Balanced Score Cards (BSC), a performance evaluation tool, now include a weighting of up to 15% for environmental and/or social targets. These evaluations are applied to our CEO, Country Managers, Regional Directors, Area Vice Presidents, and Managers. The results of this evaluation will be linked to the compensation of the leadership team.</p>	<p>Evaluation and compensation mechanisms, pp. 41</p>
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>Our robust governance structure allows us to define and track compliance with THE implementation of PRBs.</p>		
<div style="display: flex; align-items: flex-start;">  <div> <p><b>Principle 6: Transparency &amp; Accountability</b></p> <p><b>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.</b></p> </div> </div>		
<p>1.1 Progress on Implementing the Principles</p> <p><i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in</i></p>	<p><b>Methods and standards used for reporting</b></p> <p>The importance of providing rigorous, clear, transparent, and timely accountability reporting involves a large amount of work and internal coordination across many of the bank's departments. Meanwhile, stakeholders such as investors, shareholders, regulators, risk analysts, and multilateral organizations have requirements that are increasingly stringent and wider in scope. It is therefore fundamentally important to identify the right methods and models for the target audience, ensuring that the reporting exercise can become another tool for building trust. These reports can also be valuable management tools, allowing us to identify gaps and challenges and to share our work, progress, and commitments</p>	<p>Methods and standards used for reporting, pp. 43</p>

minimum two areas (see 2.1-2.4).

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

*Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.*

with our stakeholders as we continue to become the Bank that we aspire to be.

**Frameworks for sustainability outreach**

a) Global Reporting Initiative

Our Integrated Report comes out in the first quarter, providing our Board of Directors, shareholders, and stakeholders with an accounting of our financial and sustainability performance. The report provides information on our main economic, environmental, and social initiatives, challenges, and achievements, ratifying our commitment to the sustainable development of the communities with which we work.

For the last two years, we have produced our reports to conform to the 'Core' option of the Global Reporting Initiative (GRI) standards. In compliance with the requirements of the standard, we include a reference of our performance in each of the Economic, Environmental and Social indicators. The report also includes consolidated financial statements for BAC International Corporation (BIC), which were prepared in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

b) Task Force on Climate Related Financial Disclosure

In order to increase our transparency, the Integrated Report for 2022 will include our commitments and progress made in relation to climate change, is in line with the TCFD.

c) Corporate Sustainability Assessment

The Corporate Sustainability Assessment of the Dow Jones Sustainability Index is for companies aiming to establish a baseline for sustainability and obtain an independent assessment of their sustainability performance in comparison to other similar companies. It also allows for direct reporting of key sustainability metrics and a comparison of the company's performance in a wide range of industry-specific economic, environmental, and social criteria.

**Presentation of our upcoming sustainability reports**

This is a summary of the main frameworks and commitments in terms of sustainability, to which we have adhered and of which we will report periodically in the first four months in our Annual Integrated Report.

- Principles of Responsible Banking: First report August 2022
- Net Zero Banking Alliance: First report March 2023
- Partnership for Carbon Accounting Financials: First report March 2025

After the delivery of the First Report, we will communicate annually our progress in the first half of the year, in conjunction with the GRI, TCFD reports.

Frameworks for sustainability outreach, pp. 43

Presentation of our upcoming sustainability reports, pp. 44

	Annual evaluation: Dow Jones Sustainability Index: according to opening date.	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

This Report on the implementation of the Principles of Responsible Banking is our first progress report in relation to the commitments we have made to become a Net Positive Bank, creating social and environmental heat in our Region and for all our stakeholders.

#### Annex: Definitions

- a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of "materiality".