


Principles for Responsible Banking

Reporting and Self-Assessment Template

The following table sets out the reporting and self-assessment requirements for Banco Promerica de Costa Rica S.A as signatory of the Principles for Responsible Banking.

Within this reporting template, there are six areas for self-assessment that are key to showing the fulfilments of our commitments as a signatory of the Principles for Responsible Banking.

1. Impact Analysis
2. Target Setting
3. Plans for Target Implementation and Monitoring
4. Progress on Implementing Targets
5. Governance Structure for Implementation of the Principles
6. Progress on Implementing the Principles for Responsible Banking

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>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.</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>Banco Promerica's strategy is to consolidate a business model oriented towards Sustainability and Digital Transformation. Banco Promerica has more than 1160 collaborators and offers a broad portfolio of products, aimed to cover the needs of its customers. Banco Promerica expect to be an agent of change in the communities where we operate through loans, programs and initiatives related to green lines; financing programs for SMEs, agribusiness and responsible consumption; as well as initiatives that promote the development of women in society. In addition, there is an Environmental, Social and Governance Risk Management System (ARAS-G), which is executed when financing clients.</p>	<p>PRB por principio.docx/1.1 Acerca de Banco Promerica de Costa Rica S.A</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>Banco Promerica de Costa Rica is committed to sustainability, this is one of the strategic pillars and has the support of the founding partner and main shareholder, the board of directors, as well as the managers.</p> <p>The strategy seeks to contribute to the fulfillment of international goals such as the 2030 agenda of the Sustainable Development Goals (SDGs), the Principles for Responsible Banking (PRB), the Paris Agreement, as well as national frameworks such as the Decarbonization Plan and the Nationally Determined Contribution of Costa Rica presented in 2020.</p> <p>Within the organization, the sustainability strategy is developed in four axes (sustainable business, impact measurement, leading by example and social investment), in addition to mainstreaming through both internal and external communication and as a basis the Environmental, Social and Governance Risk Management (ARAS-G).</p>	<p>PRB por principio.docx/1.2 Estrategia de Sostenibilidad</p>
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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.

<p>2.1 Impact Analysis:</p> <p>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:</p> <p>a) <u>Scope</u>: 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.</p> <p>b) <u>Scale of Exposure</u>: 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.</p> <p>c) <u>Context & Relevance</u>: Your bank has taken into account the most relevant challenges and priorities related to sustainable</p>	<p>Banco Promerica has developed a materiality analysis. The topics that have emerged from the analysis have been incorporated into the strategic plans for both 2021 and 2022. An impact analysis has also been carried out using the UNEP FI Impact Tool, with which it is possible to identify the positive and negative impacts at the level of SMEs and corporate companies financed.</p> <p>In December 2021, an analysis of the gaps has been completed. It aims to determine the gaps that the bank has to comply with the Principles of Responsible Banking (PRB), the Women Empowerment Principles (WEPs) and the Net-Zero Banking Alliance (NZBA). This last study allows us to see the axes and principles in which the most progress has been made and those that</p>	<p>PRB por principio.docx/2.1 Análisis de impactos</p>
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<p>development in the countries/regions in which it operates.</p> <p>d) Scale and intensity/salience of impact: 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. (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"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>require the most action. For each of them, a plan of activities to be carried out in the next 4 years (from 2022 to 2025) has been developed.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>Banco Promerica has carried out different analyzes to determine the most important impacts of its activities, identifying both positive and negative actions related to the compliance with the SDGs, the Paris Agreement, the Costa Rican Decarbonization Plan, the Costa Rican NDC, as well as the principles with which the bank has committed (PRB; WEPs, NZBA). These include the materiality analysis, evaluation with the UNEP FI Impact tool, gap analysis and UN WOMEN's Gender Gap Analysis Tool. That is why we consider that we have complied with the identification of impacts of our activities.</p>		

<p>Target Setting</p> <p><i>Show</i> that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (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><i>Show</i> 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.</p> <p><i>Show</i> 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.</p>	<p>Banco Promerica is in the process of identifying goals based on science using the SBTi methodology to comply with the Net-Zero Banking Alliance (NZBA) and align our loan and investment portfolio for 2050 with 1.5 degree trajectory.</p> <p>In addition, a study of women entrepreneurs is in process to identify their characteristics and subsequently set a goal for increasing benefits for women owners or representatives of SMEs so that they can be attracted and retained in Banco Promerica.</p> <p>These goals seek to impact the Sustainable Development Goals (SDGs) such as goal 1 poverty reduction through job creation in SMEs, 5 gender equality, 7 affordable and non-polluting energy, 8 decent work and economic growth, 10 reduction of inequalities, 11 cities and sustainable communities and Goal 13 Climate action.</p>	<p>PRB por principio.docx/2.2 Compromisos públicos</p> <p>Anexos: Objetivos de Banca Sostenible.xml</p> <p>Estrategia de Sostenibilidad por gerencia PE2022.xml</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>Banco Promerica recognizes that setting goals related to PRB is a very important aspect. That is why it seeks to set ambitious goals attached to the bank’s activity. Before setting the goal, all the necessary information is considered through the analysis of information such as accounting for the carbon footprint of the portfolio to set SBTi (Science Based Targets). Also a market study of women leaders of SMEs is being carried out. We are advancing on a path toward goal setting.</p>		

<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show</i> that your bank has defined actions and milestones to meet the set targets.</p> <p><i>Show</i> 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.</p>	<p>An action plan has been designed for a 4-year term. It describes the activities necessary to comply with signed agreements such as the PRB, WEPs and NZBA.</p> <p>In addition, work is being done to design a roadmap for the decarbonization of the bank's investment and loan portfolio. Fifteen managements and areas of the bank have objectives related to sustainability for 2022.</p> <p>The Sustainability Strategy is one of the five pillars of the business strategy and 2030 vision.</p>	<p>PRB por principio.docx/2.3 Estrategia de negocio.</p> <p>Annex:</p> <p>Estrategia de Sostenibilidad por gerencia PE2022.xml</p> <p>Plan de acción hacia el cumplimiento de acuerdos</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>We have set plans to close gaps for the accomplishment of PRB, the WEPs and the NZBA, but we recognize that along the way, year after year more actions are required that must be put on the roadmap to meet the objectives that society and the world require from banks for sustainable development.</p>		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show</i> that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>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.</p> <p><i>Report</i> 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)</p>	<p>Banco Proamerica advances towards the fulfillment of goals related to the Sustainable Development Goals, goals of the Paris Agreement, the Costa Rican Decarbonization Plan and the Costa Rican NDC published in 2020.</p> <p>Although the goals have not yet been defined, all the management areas and axes of the Sustainability Strategy are moving towards the fulfillment of sustainability objectives.</p> <p>Progress is also being made in collecting information on emissions from the bank's portfolio and investments in order to set goals towards its decarbonization.</p> <p>In addition, a market study of women leaders of SMEs is carried out to collect the necessary information for setting goals.</p>	<p>PRB por principio.docx/2.4 Desempeño en Sostenibilidad</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		

Banco Promerica has Sustainability as one of its strategic pillars, from there the bank's strategic plans are generated, so that in 2022 fifteen areas have specific objectives related to the sustainability strategy. This shows that the actions are varied and involve a large number of areas of the bank. In 2021, ten management areas worked on objectives related to sustainability and their fulfillment exceeded what was expected.



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.

<p>3.1 <i>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.</i></p>	<p>We have reviewed and improved policies to align them towards sustainability. The policies in which we have integrated sustainability aspects during 2021 are the following:</p> <ul style="list-style-type: none"> ✓ Política Talento Humano ✓ Código de Ética ✓ Política de Gobierno Corporativo ✓ Política de Gestión de Riesgo Ambiental y Social ✓ Reglamento Comité de Sostenibilidad ✓ Política Banca Sostenible ✓ Política de Equidad de Género <p>Work is also being done to review other bank's policies with a gender focus.</p>	<p>Anexos: Política de Igualdad de género Comunicación Política Equidad de género Reglamento Comité Sostenibilidad</p>
<p>3.2 <i>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 include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</i></p>	<p>The materiality analysis was carried out in consultation with clients and other interested parties. In the external communication that occurs through marketing of the bank, we communicate sustainability actions, sustainable products and actions that customers can take to be more sustainable. We started a series of sustainable talks, it involves interested parties such as customers, suppliers and collaborators so that they can learn more about sustainability and the bank's Sustainability Strategy.</p>	<p>PRB por principio.docx/2.4 Desempeño en Sostenibilidad/Comunicación</p>



Principle 4: Stakeholders

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

<p>4.1 <i>Describe</i> 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 addressed/results achieved.</p>	<p>Banco Promerica has consulted and works in conjunction with the following stakeholders to move towards sustainability:</p> <ul style="list-style-type: none"> Board of Directors Business customers Collaborators Suppliers Regulatory entities Local governments Strategic allies Development Financial Institutions (DFIs) Investment Funds 	<p>Anexos:</p> <p>Informe Final Materialidad Promerica.pdf</p> <p>Listado de partes interesadas.xml</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>Banco Promerica has started its Sustainability Strategy since 2009, which has been improved year after year to cover the different aspects that sustainability encompasses. Since 2015, there has been a social responsibility and sustainability policy which is reported to all employees upon entering the bank.</p> <p>Currently, the Board of Directors maintains a constant interest in advancing the topics of this strategy.</p> <p>A Sustainability Committee was created in 2021, with this approval from the Board of Directors, we ensure that they will be informed bi-monthly about the actions and agreements that are taken on this Committee.</p> <p>This is how the Board of Directors has a representative member in the Sustainability Committee.</p>	<p>PRB por principio.docx/5.1 Gobernanza, ética y transparencia</p>
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<p>5.2 <i>Describe</i> 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.</p>	<p>During 2021, more than 15 800 hours of training are provided to employees on various topics related to sustainability, such as financial education, gender, and well-being. Technical training is also provided according to the position of each person to strengthen the quality education of our collaborators and provide more tools for their personal and professional development.</p>	<p>PRB por principio.docx/5.1 Gobernanza, ética y transparencia</p> <p>PRB por principio.docx/2.4 Desempeño en Sostenibilidad/Pr edicar con el ejemplo Social/Capacitación y desarrollo</p>
<p>5.3 Governance Structure for Implementation of the Principles</p> <p><i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>The main objective of the Sustainability Committee is to become a support body for the Board of Directors for the establishment, monitoring and evaluation of sustainability management; This includes impact measurement, creation of operational or business strategies with a focus on sustainability.</p> <p>The Sustainability Committee must collectively comply with at least the following functions:</p> <p>a) Follow up on the agreements reached in the previous sessions of this Committee. b) Coordinate the sustainability strategy of the family of products axis / sustainable businesses. c) Develop strategies and financial solutions to manage to place the resources obtained from the multilaterals/DFIs and investment funds. d) Evaluate the bank's management and/or its progress in compliance with the public commitments assumed, these being:</p> <ul style="list-style-type: none"> • Principles of Responsible Banking (PBR) • Net Zero Banking Alliance (NZBA) and Collective Committee for Climate Action (CCCA) • Women Empowerment Principles (WEPs) <p>e) Analyze and monitor the technical assistance received from multilaterals/DFIs and investment funds. f) Review and approve the Bank's sustainability reports. g) Identify and monitor the objectives and key indicators related to sustainability in the different management areas of the bank. h) Maintain adequate communication between the Bank's Sustainability Committee and PFC's sustainability governance bodies, whether general or specific; in such a way that if there are</p>	<p>Anexos: Reglamento Comité de Sostenibilidad.pdf</p>

	<p>important issues or topics to report, there can be an interaction between both control bodies.</p> <p>i) Develop and periodically review policies related to sustainability issues.</p> <p>j) In addition to the above, perform other functions assigned by the Board of Directors.</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>Banco Promerica has a very clear and robust governance structure for sustainability, since the interest in sustainability starts from the Board of Directors and senior management, permeating the strategic areas in sustainability, creating objectives for each of them and ensuring that they are met thanks to the work of the collaborators in each of these areas to meet the sustainability goals generated from the bank's business strategy.</p>		



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.

<p>6.1 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 minimum two areas (see 2.1-2.4).</i></p> <p><i>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.</i></p> <p><i>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.</i></p>	<p>2021 has been a year of significant progress in the involvement of many areas of the bank to add to the Sustainability strategy. Since the commitment the bank has improved the management approach in sustainability, implemented several impact analyses including the first materiality analysis, run the UNEP FI impact tool, made Gender Gap Analysis (2020 and 2021 with a UN Women tool), developed an analysis of the gaps that the bank has to comply with the Principles of Responsible Banking (PRB), the Women Empowerment Principles (WEPs) and the Net-Zero Banking Alliance (NZBA) and completed and developed the second report under GRI Standards to be transparent about the progress in sustainability to the stakeholders.</p> <p>The Bank has reached several milestones after the signing of the PRB principles. We are specially proud that the sustainability strategy is part of the goals of 15 departments within the bank and for the first Sustainability Committee of every year, this areas presented their objectives. Another fact to be proud of is that the Sustainability Strategy is part of the five axes of the Business Strategy of the bank and part of the 2030 Vision of the bank. It allows us to develop strategies and action to be accomplished from now to 2030.</p> <p>The targets are in process and will be done when we are satisfied with the impact analysis, and will be set and start implementation in 2022. As to the start of 2022, and knowing climate is a high priority subject and will be further develop as a target that Bank has several projects to align to the Paris agreement, PCAF, include physical risk to credit analysis among other key actions.</p>	<p>PRB por principio.docx/2.4 Desempeño en Sostenibilidad</p>
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	<p>The topics that have emerged from the materiality analysis have been incorporated into the strategic plans for both 2021 and 2022.</p> <p>The analysis of the gaps for PRB, NZBA and WEP allows us to see the axes and principles in which the most progress has been made and those that require the most action. For each of them, a plan of activities to be carried out in the next 4 years (from 2022 to 2025) has been developed.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		
<p>2021 has been a year of significant progress in the involvement of many areas of the bank (15) to have objectives related to the Sustainability strategy.</p>		