# SOCIAL RESPONSABILITY REPORT 2014

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## the CEO



## Message from the Chairman of the Board and the CEO

In 2014, Bladex was proud to celebrate 35 years of continued success in Latin America, driving growth of foreign trade in the Region while creating value for its customers, shareholders and the communities where it has the privileged to operate.

As in previous years, we reiterated our commitment to the UN Global Compact and its 10 Principles. These principles, coupled with our corporate values of integrity, commitment, excellence, respect and humility, are what guide both our individual and collective behavior.

The worked carried out during the year by Fundación Crece Latinoamérica, the foundation through which Bladex carries out its social programs, reiterated our commitment to the sustainable development and improvement in the quality

of life of our citizens. With this premise, we continue to implement projects and programs targeting mainly education and youth assistance in sectors that are most vulnerable to social risk.

Knowing that successful organizations are those with a dynamic, skilled and committed workforce, we worked on initiatives aimed at furthering the career development and improving the well-being of all our employees.

Bladex won Trade Finance magazine's 2014 "Award for excellence" as "Best overall trade bank in Central America and the Caribbean." This recognition underscores the Bank's commitment to remaining at the forefront. And to meet this commitment, in 2014 we decided to implement a culture of continuous improvement based on the Lean Six Sigma

methodology, mainly to achieve greater efficiency and productivity in line with what our customers demand.

The 2014 Corporate Social Responsibility Report, together with the 2014 Annual Report, is designed to provide our stakeholders with valuable information on our qualitative and quantitative results achieved during the year.

Sincerely,

Gonzalo Menéndez Duque Chairman of the Board of Directors

Rubens V. Amaral Jr. **Chief Executive Officer** 

OUR VALUES CONSTITUTE THE FOUNDATIONS OF OUR CULTURE, SETTING GUIDELINES FOR INDIVIDUAL AND COLLECTIVE BEHAVIOR



## Integrity

It is the foundation of our Organization, and is based on ethical behavior that reflects honesty and transparency

## Commitment

It is the hallmark of how we work at Bladex, focused on meeting our client's needs and creating value for our shareholders

## Excellence

Remains our overriding goal. The pursuit of quality through creativity and innovation is present in everything we do

## Respect

Guides us in our behavior toward our co-workers, clients, shareholders, and the community

# Humility

It is the bond that gives us strength, allowing us to appreciate the contribution of each member of the organization toward the success and achievement of the institution



## 1975 1978

- 1975 XX Assembly of Latin American Central Bank Governors proposes the creation of a multinational organization to promote trade finance in the Region
- 1978 Bladex is incorporated under the laws of the Republic of Panama

## 1979 1991

- 1979 Bladex commences operations
- 1979 Bladex taps the eurodollar market with a bond issue, marking the start of a continuous flow of successful issuances in the international capital markets
- The decade of the 80's Bladex consolidates its role as a premier provider of export financing in Latin America, with proven credit risk management expertise and pristine asset quality, in a period characterized by adverse political and economic events in Latin America
- 1988 The New York State Banking Authorities grant Bladex a license to operate as an agency in New York, established in 1989
- 1991 Bladex reaches \$22.4 billion in cumulative credit disbursements

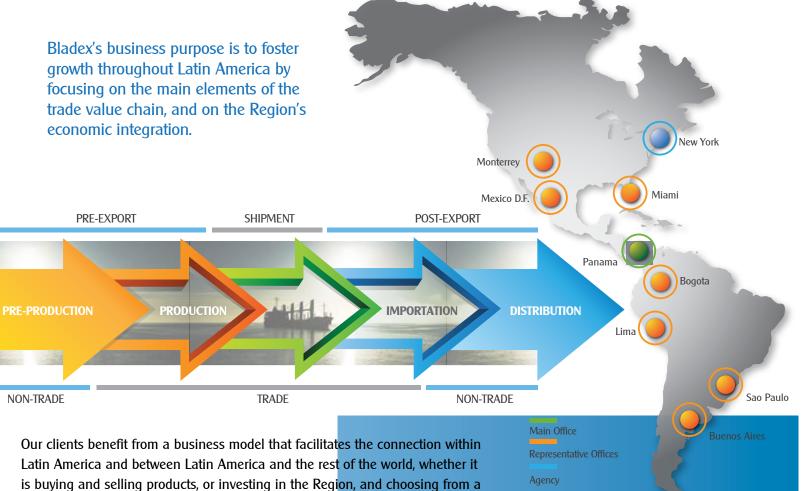
## 1992 2003

- 1992 Bladex is the first Latin American bank registered with the U.S. Securities & Exchange Commission (SEC) for its Initial Public Offering (IPO), establishing a full listing on the New York Stock Exchange (NYSE)
- 1992 Bladex is the first Latin American bank to obtain U.S. dollar investment grade rating from major international rating agencies
- 1994 Bladex conducts its secondary public offering in NYSE
- 2003 Bladex conducts a Common Stock Rights Offering, with stand-by commitments issued by a group of Class "A" shareholders (including central banks and governmental financial institutions) and multilateral organizations, among other

## 2004 2014

- 2005 Bladex launches its client diversification strategy into trade-oriented corporations in the Region's productive sectors, and the expansion of its suite of products and services: leasing, vendor financing and debt intermediation
- 2009 After the 2008 global financial crisis, Bladex initiates executing on a funding diversification strategy successfully implemented to-date, increasing deposits from central banks, accessing global capital markets through debt issuance programs in U.S. and local currency (multi-currency), and obtaining syndicated term loan facilities placed in strategic markets (Asia and Europe)
- 2011 Bladex establishes a structuring/syndications platform achieving a track record of 18 syndicated transactions to-date as Bookrunner and/or Mandated Lead Arranger
- 2014 Bladex cooperates with the International Finance Corporation to establish the first Critical Commodities Finance Facility of its kind in Latin America

### **OUR BUSINESS**



The Bank's client base is composed of financial institutions (local and foreign privately-owned commercial banks with presence in the Region, as well as stateowned banks) and large and mid-sized corporations to manage their business operations.

broad array of financial solutions customized to our client needs.

#### **CLIENT BASE**

64% Corporations

36% **Financial Institutions** 

(1) Includes Ioan portfolio, customers' liabilities under acceptances, and contingencies (including confirmed and stand-by letters of credit, equity investments, guarantees covering commercial risk and credit commitments).

#### Pre-export and export finance

Import financing

Term loans and revolving credit facilities

Letters of credit and quarantees

Banker's acceptances

**TRADE FINANCING** 

assignment and other guarantees Vendor finance (factoring, reverse factoring and forfaiting)

with contract

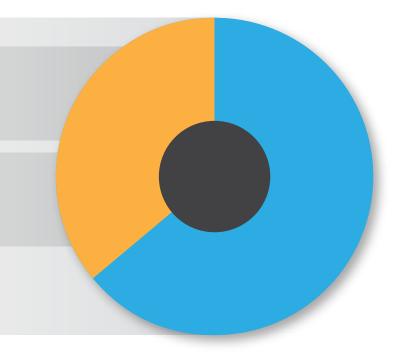
SOLUTIONS

TRADE

**STRUCTURED** 

Financing quaranteed by ECAs and/or private insurance programs

#### Commercial Portfolio<sup>(1)</sup> As of December 31, 2014



## **BUSINESS PRODUCTS** AND SERVICES OFFER

LOANS

FINANCIAL

Pre-export financing

**SYNDICATIONS** 

Medium- and long-term loans

Acquisition finance

Trade-related term loans

Trade & non-trade revolving credit facilities

Liability management

Bridge loans

Leasing

Term loans

Guarantees

A/B financing with multilaterals

Working capital loans

NON-TRADE

**Businesses should support and** respect the protection of internationally proclaimed human right

Businesses should make sure **L** that they are not complicit in human rights abuses

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

> Businesses should support a precautionary approach to environmental challenges

Businesses should undertake initiatives to promote greater environmental responsibility

8

**Global Compact Principles** 

> Businesses should support the elimination of all forms of forced and compulsory labor

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Businesses should support the effective abolition of child labor

Businesses should support the elimination of discrimination in respect of employment and occupation

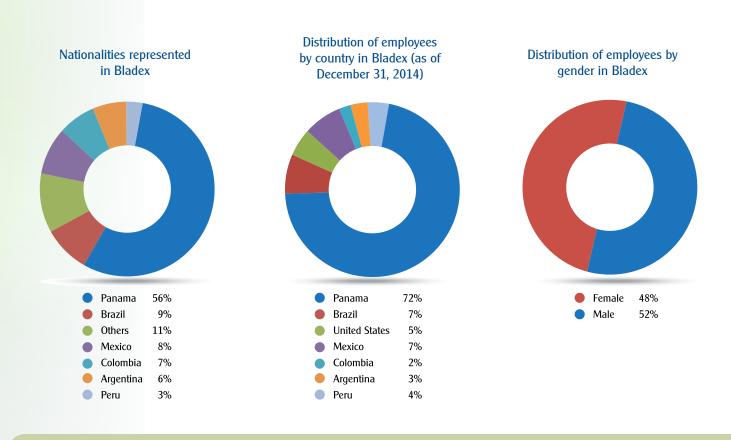
Businesses should encourage the development and diffusion of environmentally friendly technologies

Businesses should work against corruption in all its forms, including extortion and bribery

#### Human capital

Bladex embraces the UN Global Compact Principles, respecting the Universal Declaration of Human Rights in every initiative it undertakes to promote the organizational culture and good treatment of people by the Organization. The mission of Human Resources is to support the business by having competitive, motivated and committed employees.

We operate in seven countries, with a workforce of 195-strong at the end of December 2014, broken down as follows:



#### 2014 milestones

- consolidated way, from corporate down to individual level.
- the action plan drawn up based on the 2013 working environment survey. Emphasis was placed on key issues for employees: training, work processes, leadership skills and internal communication.
- We kept staff prepared with training plans, targeting mainly functional development.

• We strengthened the performance-based culture by defining and communicating objectives in a more integrated and

• We continued to strive for improvement in all areas -working environment, commitment and satisfaction- by executing

#### 1. PLANNING

In 2014, for the first time, workers from all our offices abroad came together at the Head Office to participate in the annual "Bladex Day" integration workshops, spending several days living and working together. By the event's conclusion, in addition to the integration of areas and the disclosure of annual plans for the entire Bank, staff had clear individual goals based on the corporate- and department-level objectives determined by the Management Committee.

We remain committed to appraising the contribution of each employee to achieving the Bank's objectives by conducting an annual Performance Evaluation process. This process enables each employee to focus on corporate goals for the year and see the result of their efforts at the end of the year. Regular feedback is provided through formal communication between the appraiser and the appraise, with Relative Appraisal Panels validating the results in order to strengthen the transparency and integrity of the process, thereby increasing involvement at all levels of the Organization.



For the third straight year, the Human Resources department conducted the Organizational Climate Survey "OCS – on the results of actions." Employee satisfaction remained "favorable" and above the market benchmark. Areas of improvement highlighted in the survey were taken into consideration for the design of the 2015 and 2016 Action Plan. Meanwhile, the initiatives carried out in the 2014 Action Plan drove an improvement in the opinion of leadership and in institutional and communication aspects.

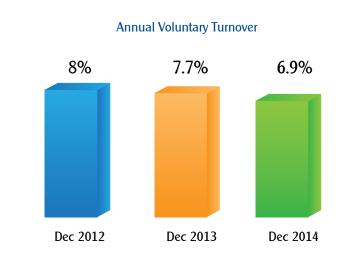
#### 2. COMPENSATION AND BENEFITS

We relaunched the "BeneBladex + Flex" benefits program in 2014, making the benefits offered to cover the needs of staff more flexible. The program includes elements designed to contribute to the overall well-being of employees.

#### **3. TALENT MANAGEMENT**

In 2014, one employee was promoted after completing the Management Rotation Program, while two more were included in the program. These employees are scheduled to complete the program June 2015 and January 2016, respectively. The Management Rotation Program underscores the commitment to developing and retaining talent, providing participants with an overall view of the business so that the Organization has the right people in key positions.

Five internal recruitment processes were undertaken, with three positions filled by Bank employees as part of their career development. The voluntary turnover rate was lower in 2014 than the previous two years.



#### 4. LEARNING

Investment in learning initiatives increased by 80% in 2014, with special emphasis placed on honing the functional competencies required of each area and strengthening corporate learning in interpersonal skills.

"Know Your Bladex" workshops were held during the year. These entail learning sessions during which the areas present to the rest of the Organization their main activities and functions so employees can learn more about the business and the environment that drives Bladex. Topics presented included:

#### KNOW YOUR BLADEX WORKSHOPS

Commercial strategy at Bladex

The Brand as an Intangible Asset and Corporate Social Responsibility (CSR) as Added value

Capitalization and Intangible Assets under IFRS

The ABCs of Bladex's financial indicators

Bladex' business

We will continue to develop leaders from within the Organization by carrying out programs that provide them with the necessary skill sets to undertake challenges in their areas and to continue improving their interpersonal skills. We will also seek to get employees to become more involved and work harder by improving our ideas and recognition programs.

We will strive for excellence in human capital management through the dissemination of Human Resources policies and programs and the launch of an internal services survey.



#### Employees living the Bladex values in 2014

The Bank bestowed this distinction to Virgilia Cruz for embodying our values in her day-to-day work, for her always upbeat and helpful attitude, and for giving her best at all times.

#### **BLX Lean Culture**

Aware that operational efficiency is key to the sustainability of the Bank's business model, Bladex began working on implementing the BLX Lean culture based on the Lean Six Sigma methodology.

As part of the lean culture activities, 'Bladex week' was created, during which employees from both offices abroad and the Head Office alike came together to receive training on the "Lean Six Sigma" continuous improvement approach through workshops on operational excellence. Moreover, as the process has a direct impact on customer relations, a project to improve the customer loyalty and loan repayment process was initiated, with training provided to all staff in Business and Support areas.

Highlights of the project include the optimization and standardization of the information required to comply with the 'KYC' (know your customer) policy, the standardization of legal documents by customer type, and the implementation of risk channels to facilitate customer loyalty.







Four workshops to strengthen operational excellence Two workshops on the DMAIC methodology for the entire Organization A special workshop for Lean Six Sigma teams A special workshop for the Management Committee and Sponsors

## **Social** Capital

Fundación Crece Latinoamérica Bladex's commitment is to promote education and youth assistance as the cornerstore of the development of our people

Organizations we support:

Project	No. of Beneficiaries	Country
Sabiá II School Elementary School Reading Program	1,100	Brazil
Enlargement of the Marie Poussepin (CEMP) facilities	450	Panama
Parents' School Program "Soc. de Esposas de Banqueros"	400	Panama
Renovation of the "Casa Esperanza" computer room	340	Panama
Financial Literacy in Schools, "Asociación Bancaria de Panamá"	100	Panama
Brascri Educational Reinforcement Program	100	Brazil
Senai New Opportunity Program	70	Brazil
"Hogar Divina Gracia"	30	Panama

In 2014, the worked carried out by Fundación Crece Latinoamérica, the foundation through which Bladex carries out its social programs, reinforced the Bank's commitment to supporting projects and initiatives that contribute to the development of Latin American countries. With this premise, we continued to focus efforts on driving education and helping to considerably improve the conditions of children and youths at social risk.

Bladex is the only banking institution that has maintained a partnership agreement with the Panama Ministry of Education to promote learning in Panama for 10 straight years, benefiting some 450 students by directly supporting the Marie Poussepin Educational Center (CEMP). This partnership, along with the work of the Dominican Sisters of the Presentation in charge of the academy, have made CEMP the first school to offer pre-school, elementary school and high school studies in tourism in the Curundú district, located in an area of Panama City suffering from a host of social problems.



Chairman of the Board of Directors with students of CEMP

In 2014, the first floor of the second high school building was built, comprising three classrooms and a language laboratory. Once construction of the campus is complete in 2015, the student population will increase from 450 to approximately 700. At the same campus, the Foundation sponsored an intensive English-learning program for 10th grade tourism students. The program lasted nine months and was attended by a total of 30 students, with 216 hours of classes.



First floor of the second high school building

For the seventh consecutive year, Bladex, through Fundación Crece Latinoamérica, was a sponsor of the Parents' School Program organized by the Sociedad de Esposas de Banqueros (association of bankers' wives) at CEMP. This program ran for seven months, with 340 parents or guardians of school students graduating.





Parents' School Program graduates

The Foundation fitted out the entire facilities of the Hogar Divina Gracia shelter set up to help youths at risk of physical abuse or domestic violence, benefiting the more than 30 young boys and girl staying there. Moreover, in order to spearhead a self-management project, the Foundation adapted an area in the building for the opening of a silk screen printing lab to teach this trade to the shelter's youths. Given the demand at the shelter, which in addition to meeting the basic housing, food and medical attention needs of the children there, also ensures the education and psychological care of the interns, the Foundation, jointly with the shelter's management, acquired the land adjacent to the current installations. Plans are to begin work on a new building in 2015 on this plot to receive a greater number of girls and offer youths over 18 years of age the possibility of staying on and continuing with university studies.



Beauty workshop for girls at the Hogar Divina Gracia shelter

Once again last year, Fundación Crece Latinoamérica participated as sponsor of the Financial Literacy program carried out by the Panama Banking Association (Asociación Bancaria de Panamá, or ABP), teaching high school students in public schools in Panama City the basics of finance. In addition to this sponsorship, Bank employees also volunteered to give talks at CEMP.



Bladex's CEO honored by Casa Esperanza

Renovation of the computer room of the Casa Esperanza children's home in the administrative area of Curundú helped improve the conditions and learning of the more than 100 children cared for there.

In Sao Paulo, Brazil, the Foundation helped carry out a reading program at Sabiá II school in a bid to enhance the teaching and learning process for its 1,100 students. It also helped with the programs being conducted by Fundación Brascri, helping train youths in the Servicio Nacional de Aprendizaje Industrial (National Service for Industrial Training, SENAI).



Students of Brascri receiving SENAI training

In addition to the contributions made by the Bank at the institutional level is the volunteer work carried out by staff in Panama and Brazil, with enthusiasm and commitment. In 2014, the Bladex Volunteer Committee's activities included:

- process
- Association (APB)
- schoolers
- Brazil

Brascri Christmas Party



Hogar Divina Gracia Christmas gift giving





#### Volunteers in action

 Granting of 140 CEMP scholarships sponsored by employees Sponsorship of speech therapy assessment for 60 kindergarten children at CEMP to detect speeh and hearing impairments that could undermine their learning

• Hosting the Christmas party for 450 CEMP students Holding the financial literacy workshops organized by the Panama Banking

• Fitting out the reading room of Sabiá II school in Sao Paulo, Brazil, for pre-

Hosting the Christmas party for children at the Brascri shelter in Sao Paulo,

CEMP Christmas Party

Sabiá II reading room

Financial literacy workshop Businesses should support and respect the protection of internationally proclaimed human rights

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compulsory labor

**Global Compact** 

**Principles** 

LBusinesses should support the

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Businesses should support the effective abolition of child labor

Businesses should support the elimination of discrimination in respect of employment and occupation

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Businesses should work against corruption in all its forms, including extortion and bribery

## Commitment to efficient resource use and environmental protection

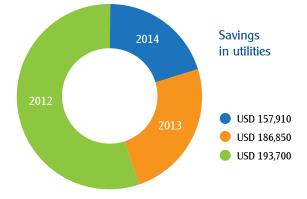
The Bank strengthened its support of the environment over the course of 2014, keeping its offices in optimal conditions and complying with the requirements that won us LEED GOLD certification for our corporate offices in Panama in 2013. Bladex was the first bank to receive Leed Gold for Commercial Interiors in Panama.



#### Paperless and Energy Saving

We kept up our policy of reducing our consumption of paper and utilities in general during the year, resulting in a 15% saving from the year before. Actions behind this performance included: document consultation in the 'cloud' from anywhere in the Bank, the provisions of projectors in all meeting rooms to prevent the unnecessary use of paper, the configuration of photocopiers for single-color, two-sided copies, and reinforcement of the "Clean desk" campaign to reduce the paper use at the workplace.

Another element of our environmental commitment is recycling. Last year, the Bank recycled 315 pounds of IT



equipment with the company Recicla Panamá, which in 2013 had its quality management system ISO 9001:2008 certified in accordance with the United Kingdom Accreditation Service (UKAS).

#### Energy saving

The Bank's office are LEED certified as low energy buildings. This was made possible thanks to the combined use of a natural lighting system (LUTRON) and the installation of "Energy Star" electronic equipment.

The electric bill was 9% lower in 2014 than the year before.

BUDGETS	BOOK COSTS (US\$)		CHANGE	
	2013	2014	USD	%
Annual electricity consumption	248,177.58	226,007.90	(22,169.68)	9%

#### **OHS** Plan

Bladex's employees are the Organization's most valuable assets. As such, the Bank goes to great lengths to improve and implement initiatives designed to promote overall and individual health.

In 2014, the Head Office's occupational health and safety (OHS) plan was migrated to the new SISSO (occupational

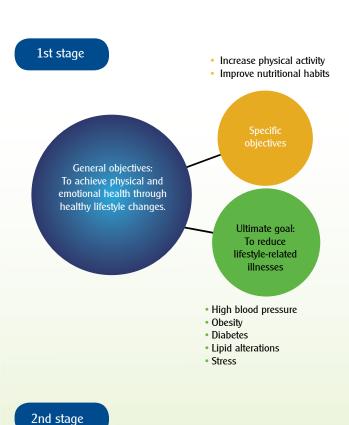
health and safety information system) software implemented by the Panamanian Social Security (Caja del Seguro Social). Also during the year, the foreign offices standardized their OHS plans with that of the Head Office.

As is tradition at Bladex, the health fair was held, with 22 companies involved in health care taking part. Throughout the day, employees had access to a series of free services, including:

- Flu vaccinations (for 45 employees and 38 dependents), with the service offered this time to employees from offices abroad
- Blood pressure, weight, height, MBI and blood sugar level tests
- Eye examinations and sales of glasses
- Nutritional and skin care review and tips

Significant improvements were made during the year to the medical and hospitalization plan for employees and direct family members. New benefits added included: improvement in health insurance limits and coverage, permanent attention of an executive from the insurance company at the Bank's facilities, implementation of a policyholder survey to assess the service and response time of this executive and the insurance company, and full development of the "Wellness" prevention program, with wellness understood as a lifestyle that promotes physical and mental health in the workplace.

#### Wellness program



- List of interested employees
- Registration
- Lab tests
- Health survey and medical examination
- Health diagram
- Talk with nutritionist and fitness trainer
- Determination of individual goals for the employee and activity planning with nutritionist and trainer
- Monthly monitoring during 6 months to evaluate progress in physical and nutritional conditions
- Evaluation of program results

Employees can consult the Organization's intranet for details of the medical and hospital benefits in their life insurance plans, which are updated regularly.

#### **Preventive Measures**

The Superintendency of Banks of Panama performed an on-site inspection of our offices and did not report any weaknesses in the safety scheme applied, ensuring that we have a safe place to work at and visit.

In 2014, Bladex unified the evacuation and emergency management procedures for all its offices, complying with the regulations of each country. The annual evacuation drill was also carried out satisfactorily at seven offices abroad and at the Head Office.

Among the measures adopted to support employees in the event of an emergency, the Bank has 74 firefighters (37 main and 37 backup), which during the year received instructions on the use of extinguishers and first aid, among others.

To help guide staff in the event of an emergency, the Bank has added personal safety information to the intranet, which is also updated regularly.

#### Physical safety

- What to do in the event of tremors and/or an earthquake
- Personal safety guidelines
- What to do in the event of a bomb threat or robberies
- Evacuation capsules
- OHS plan (updated on January 6, 2014)

Further progress was made in 2014 on the process to centralize purchases of goods and services, both at the Head Office in Panama and in the offices operating abroad, streamlining procurement and cutting costs. Highlights included the automation and centralization of airline ticket purchases, resulting in savings for the Bank. Businesses should support and respect the protection of internationally proclaimed human rights

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**Global Compact Principles** 

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#### **Corporate Governance**

Predicated on credibility and transparency, Corporate Governance is a core element of the Bank's relations with its Board of Directors, shareholders, customers and other stakeholders with an interest in the Organization.

In addition the corporate rules and practices applied by Bladex, the Bank's Board of Directors has set up four committees to which it has delegated authorities and responsibilities in order to aid directors in their decisionmaking.



#### **Board Committees**

Audit and Compliance Committee

Nomination and Compensation Committee

Risk Policy and Assessment Committee

Finance and Business Committee

More information at www.bladex.com

### CORPORATE STANDARDS AND PRACTICE

The Bank undertakes all necessary efforts to disclose all important matters, including its financial results and Corporate Governance, in a precise and timely manner.

Financial Reporting Information

Bladex reports, monthly, quarterly and anually, the financial information that is relevant.

#### Code of Business Conduct and Ethics

The Bank has adopted a Code of Business Conduct and Ethics that contains the necessary internal policies and quidelines for complying with the Institution's mission and, at the same time, strengthening compliance with the laws and regulations governing its business

#### Supervising Authorities and Regulators

The Bank is supervised by the Superintendence of Banks of Panama, and must comply with the requirements of the following entities: Federal Reserve Bank (FED), U.S. Securities and Exchange Commission (SEC), New York State Department of Financial Services (NYSDFS), "Comisión Nacional Bancaria y de Valores", "Bolsa Mexicana de Valores", among other.

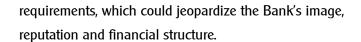
A confidential whistle-blowing system is in place to report actual or possible violations of the Bank's Code of Business Conduct and Ethics, as well as other work-related situations or irregular or suspicious transactions, accounting matters, internal audit or accounting controls.

#### Anti-Money Laundering and Counter Terrorist Financing

The Bank goes to great lengths to strengthen its internal controls, enterprise risk management and regulatory compliance with a view to guaranteeing integrity and transparency in the operations inherent to its business.

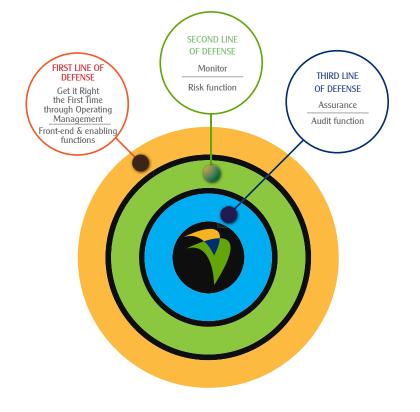
The Bank's enterprise risk management model reflects international best practices and is adapted to the complexity and nature of the Organization's businesses. Enterprise risk management through the "Three lines of defense" model provides a simple and effective approach to decision-making. Application of the model, alongside the work performed by the Bank's six enterprise risk management committees, contributes significantly to minimizing business risks.

The main purpose of the Compliance area is to provide the Bank with the necessary preventive measures to minimize the risk arising from the failure to comply with legal



Bladex has preventive measures in place for all its activities, focusing especially on the core business of lending to banks, businesses and corporations in Latin America and the Caribbean. To fulfill this purpose, the Compliance area has identified the potential money laundering and terrorist financing risk factors that could exist in this type of finance and, accordingly, it has established controls to mitigate them.

In 2014, an Anti-Money Laundering and Counter Terrorist Financing e-learning module was implemented in the Bank. All employees took part, obtaining an average score of 84.5 out of 100 on the mandatory test.





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