

Reporting and Self-Assessment Template

Produbanco - Grupo Promerica

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
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.		
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.	Produbanco is a financial institution member of the Promerica Financial Corporation PFC (with operations in 9 countries through Central and South America) that provides financial solutions to retail, wealth, corporate and investment banking business areas. Produbanco has defined Sustainability as one of its main strategic fundamentals for its long-term growth and development. Produbanco, as the biggest member of PFC and the fourth largest private bank in Ecuador, understands its crucial role within the Ecuadorian economy and the financial group, developing a solid strategy in order to contribute to the Paris Climate Agreement (reduction of GHG) and the	See on p. 3 - 8 of our "Principles for Responsible Banking, Our First Report"

	<p>Sustainable Development Goals (SDGs). By offering financial solutions in order to improve enterprises operations, generating efficiencies, best practices and sustainable initiatives (energy, water, waste, raw materials, etc.).</p> <p>Its strategy is based on a strong ESRA and the development of a commercial product named "Green Lines", which were built to fund enterprises and projects with positive environmental impacts. Green loans are analyzed using science-based templates with external consultants in order to reach and gather information about impacts developed by each customer. Green impact criteria used to define green projects or customers (operations or business models) are based on international basis, developed by multilateral organizations (6 Categories: renewable energies, energy efficiencies, sustainable certifications, green businesses, resource efficiency and technological agribusiness efficiency). As December 31st, Produbanco has disbursed US\$220 million, in more than 300 loans and 90 customers, generating reduction of 267 thousands of CO2 tons.</p> <p>Since 2018, Produbanco has offered to the market the first green account of the financial system, being the first retail account that assures its customers to allocate their funds in Green Loans exclusively. Customers receive four reports -quarterly- about the use of funds in green loans and its impacts.</p>	See on p. 48 – 66 of our "Principles for Responsible Banking, Our First Report"
1.2 Describe 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	Produbanco's Sustainability Strategy is working transversely across all operative areas. Firstly, as we have defined sustainable concepts in the construction of the strategy, purpose and culture of the bank, every colleague knows and understand the relevance of sustainability as a key driver to create long-term value for the bank.	See on Principle 5 of this Reporting and Self-Assessment Template

<p>Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>We started by aligning our credit risk analysis with environmental and social affairs and expositions. Building on this, we have developed a strong ESRA aligned with local and international legislation (most of it aligned with SDGs and Paris Climate Agreement). Our loans portfolio is analyzed considering E&S risks and exposures of the customers. As a key stakeholder for our customers, we have developed automated tools with external consultants in order to reach and generate useful information to identify risks and recommendations to reduce those risks.</p> <p>Other main strategy pillar is related to Big Data. We perform constantly analysis of our portfolio to assess how we could strategically contribute to positive environmental and social impacts (considering our sustainable criteria - reducing CO2 emissions and efficient use of materials and resources, decent employment, avoiding child labor, etc.).</p> <p>We also have worked with governmental institutions related to environment, taxes, regulation and production in order to contribute to improve legislation, incentives and practices for the real sector (enterprises and individuals). These workshops allow us to increase information for the market and align legislation for the financial system and the real sector (related to Principle 4).</p> <p>Nowadays, we are working to expand our sustainable analysis to consider SDGs impacts of our entire loans portfolio.</p>	<p>See on p. 60 of our "Principles for Responsible Banking, Our First Report"</p> <p>See on p. 47 of our "Principles for Responsible Banking, Our First Report"</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.

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

We have determined to use the UNEPFI Impact Analysis Tool and PCAF to undertake our impact analysis. Last year, we tested both tools and actively participate in the construction and development of these tools.

With respect to PCAF, we were part of the Worldwide development group; we lead the vehicle loan-working group and take a part in other two working groups.

In the case of the Impact Analysis Tool, we have been part of the Business and Corporate Banking working groups; hence, our analysis has been focused on both business areas.

We strongly believe that the combination of these tools will help the Bank to focus their efforts to continuously increase our positive impacts while reducing the negative impacts on.

We do have preliminary results that we obtained from the application of both tools and methodologies; nonetheless, this information was principally used to confirm the adequacy of the tools and the information requirements.

Because of our active participation and lead in the subject, we were invited by UNEPFI to participate in various keynotes to comment about our experience and progress.

See on p. 67 - 71 of our "Principles for Responsible Banking, Our First Report"

<p>the 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>For 2021, we expect to go deeper in our impact analysis and start socializing the result with stakeholders. This external point of view will help to establish the correct targets and implement concrete actions based on priorities and impacts.</p>	
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.		
We have tested and identified the tools and methodologies to determine the positive and negative impacts of our portfolio. The next step in our process will be to obtain the first formal results to our business and corporate portfolio.		

<p>2.2 Target Setting</p> <p><i>Show 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.</i></p> <p><i>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.</i></p> <p><i>Show that the bank has analysed and acknowledged significant (potential)</i></p>	<p>Prior to developing and managing our ESRA and the Green Lines program in 2016, we set out goals to impulse green funding through our commercial portfolio, firstly align with funds received from multilaterals (US\$ 32.5MM) and which were allocated in green projects according with the green impact criteria. Based on the outcome developed in the course of 2016-2017, and to align our target with the expansion strategy of the bank, we amended and expanded the target considering not only total disbursements but also regions, customers and sustainable categories.</p> <ul style="list-style-type: none"> • Outstanding loans portfolio. We have passed from allocating funds received from multilaterals to fund Green Lines with our own resources. At December 2018, almost US\$ 90 million where allocated in the Green Lines Program. We determined a Green to Total Commercial outstanding loans portfolio equivalent to 1.5% in 2018, 1.75% for 2019 and 2.3% 2020. We have achieved goals for 2018-2019, but in 2020, due to COVID-19 effects, our portfolio suffer stagnation reaching a 1.73% G-TC ratio. • Geographical diversification. Initially, we developed our program through certified enterprises (1 city - Middle Coast) and capital investments (energy and resources efficiencies) in Quito and Guayaquil (the most relevant cities in terms of GDP generation). Since 2018, we defined an expansion strategy in terms of geographical diversification including more locations. At December 2020, we have disbursed green loans through 10 different locations representing more than 16% of the total disbursements. 	<p>See on p. 72 of our "Principles for Responsible Banking, Our First Report"</p>
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<p>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>Nowadays, we are developing new tools and research in order to analyze our loans portfolio through SDGs. Our perspective in terms of impact funding is based on measuring and reporting those impacts, and then we are working to define specific goals on each SDG that our customers are affecting and measuring those effects to report it.</p> <p>* 2021 - working on SDGs: 5, 6, 7, 9 ,11, 12 * 2021 - Sustainable to Total Commercial loans portfolio 10%.</p> <p>Finally, in 2021 with the results of the application of PCAF and UNEPFI Impact Tool, we will be organizing multidisciplinary and interdepartmental working tables to stablish SMART objectives.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>Sustainability is part of our strategic pillars. As part of the bank green finance approach, Produbanco has stablished some major goals focused on green lines credits and ESMS. 2021 we will be taking our compromise with sustainability to the next level by stablishing SMART targets based on our impact analysis.</p>		

<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>N.A.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>N.A.</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>N.A.</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><i>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)</i></p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>N.A.</p>		

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.

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 programs and actions implemented (and/or planned), their scale and, where possible, the results thereof.

Our value proposition of our Green Lines Program creates a tight relationship with customers and external consultants. We have developed a program tailored to each customer in order to identify and measure environmental & social impacts. Reports are shared with our customers detailing impacts and improvement opportunities.

- Specialized consultants generate reports with financial, environmental and social impacts. It is important for us to share knowledge with customers in order to know how to identify improvement opportunities.
- Our ESRA has been developed with the customers to identify critical risks and restoration plans (if necessary).
- Since 2018, we have developed training programs nationwide supporting SME and large enterprises in different sectors (agribusiness, manufacture and construction being the most relevant).
- IFC - During 2019, we have worked with local constructors in order to analyze construction projects under EDGE Certification standards. At December 2020, we worked together with IFC's consultants and a local constructor to certify the first EDGE Certified Building in the Ecuadorian Coast. Nowadays, we are working with other kind of structures in order to include to our EDGE portfolio like education, hotels, light Industry and healthcare.

See on p. 73 - 75 of our "Principles for Responsible Banking, Our First Report"

	<ul style="list-style-type: none"> • IDB Invest - During 2020, we have developed a training and senior consultancy program with SME in central Andean area, central and south coast. The main theme was related to water and energy use efficiencies. • During 2021, we expect to develop a web site specialized on sustainable affairs, success cases and financial information. 	
<p>3.1 <i>Describe</i> 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.</p>	<p>* Sustainable Value Chain. We are working with large companies to implement sustainable standards to their suppliers. In 2021, we expect to develop the program with Sugar Producers, trying to impact producers (small and medium producers) looking for increase production ratios and implementing sustainable practices (irrigation, chemicals-use reduction, labor practices -law-, etc.)</p> <p>* Construction. We are working to measure and determinate environmental impacts under local legislation. The main idea is to identify buildings that are generating environmental impacts, and how can be measured and reported to its customers. During 2021, we will release our Green Mortgage product that will contribute to local constructors to impulse commercially its buildings.</p>	<p>See on p. 73 - 75 of our "Principles for Responsible Banking, Our First Report"</p>

Principle 4: Stakeholders

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

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 addressed/results achieved.

With a bi-annual frequency, Produbanco carries out a materiality assessment that starts from the previous mapping of all the stakeholders to analyze bilateral levels of influence and define the priority groups with whom work sessions are carried out in order to evaluate and determine material or fundamental topics of interest to the parties.

The dialogues are developed by addressing four basic themes that, due to their impact or incidence, are relevant in the management or decision-making process.

The materiality assessment is drafted by a third party whose level of specialization must be fully certified; this profile should guarantee the generation of the necessary confidence so that stakeholders voice their opinions freely, and in this way obtain unbiased results that provide high quality information that contributes to strengthening the strategic approach mainstreamed by sustainability.

The materiality assessment corresponding to the 2021-2023 period will be carried out during the first semester of the current year. The results for the 2018-2020 period, methodology, and extended information, can be found at our Sustainability and Corporate Social Responsibility Report.

Regarding our engagement with our stakeholders to promote sustainability, we have several initiatives.

See on p. 16 - 23 of our "Principles for Responsible Banking, Our First Report"

	<p>Produbanco has been elected to be member of Board of the Global Compact Local Network for the next two years; consolidating its commitment to creating a more sustainable environment and continuing to promote this commitment with different actors in society.</p> <p>The Global Compact Local Network has an initiative to promote roundtables and workshops among its members to foster each SDG (https://pactoglobal-ecuador.org/pf/lideres-por-los-ods/), that promote dialogue, knowledge management, the exchange of good practices, and the creation of projects correlated with the SDGs. Within this framework, we participate in five roundtables and lead one:</p> <ul style="list-style-type: none"> • Roundtable SDG 5 Achieve gender equality and the empowerment of all women and girls. Produbanco has been chosen as a co leader of the SDG 5 to develop guides and tools to gender equality • Roundtable SDG 7 Guarantee access to affordable, safe, sustainable, and modern energy for all. Results: "Agreement for renewable energy" that was signed by 51 companies. • Roundtable SDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation. Result: "Document for good practices of the Circular Economy." • Roundtable SDG 13 Adopt urgent measures to combat climate change and its effects. Result: Digital platform that share about incentives, tax benefits in the application of environmental and social practices, green finance, which allows knowing the various green credit options in Ecuador. 	
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	<ul style="list-style-type: none"> • Roundtable SDG 14 Conserve and sustainably use the oceans, seas, and marine resources for sustainable development. Result: Internal Environmental Policy and Comprehensive Residue and Solid Waste Management Manual. • Produbanco has been chosen as the leader of the SDG 17 working group. The program settled for this working group is to develop partnerships for a sustainable recovery of the small and medium enterprises of Ecuador, especially of those related to the value chain of members of the UN Global Compact. With the support of our innovation department, we have developed an agile methodology to identify the barriers of SMEs, the good practices that currently exist in companies, and from this, identify opportunities and tools to forge alliances and support their sustainable recovery. We are in the final phase of this initiative. <p>Some additional activities to promote a sustainable ecosystem in Ecuador.</p> <ul style="list-style-type: none"> • Produbanco supported the launch of the book "Banking for a better World". It was the first edition of this book translated to Spanish. It was quite interesting to involve several stakeholders to share about the role of the banking system in promoting sustainable and inclusive societies. • Together with the UN and the Global Compact, last year we hosted a huge event to generate more commitment to sustainability among Ecuadorian companies. It was quite different from a traditional event, because people had a real experience of the reality of climate change. But also it was important that the topics were focused the role of the 	<p>https://fb.watch/4fK_BhSpLW/</p> <p>https://m.facebook.com/story.php?story_fbid=501772827360671&id=187401201317977</p>
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	private sector in supporting the SDGS, the importance of gender equality in the path of sustainable development and the role of the financial system, thanks to the presentation of our CEO.	https://m.facebook.com/story.php?story_fbid=1067755613654855&id=168241376583799
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>Produbanco is committed to sustainability and our strategic plan includes in one of its pillars, the “commitment with sustainability and corporate social responsibility”.</p> <p>After we had gained experience in sustainability through our Green Credit Lines and implementing our ESRA, we wanted to strength our sustainability efforts across our business model and structure our governance to favor a better implementation.</p> <p>In line with the Principles for Responsible Banking, our sustainability strategy involves all the internal areas, the governance structure and actions needed towards our clients and other stakeholders. For management, we have our Sustainability Working Group, with sustainability “Champions”, who are designated in each department (o area) of the bank to establish a practice in which all employees understand their role in delivering the bank’s purpose and integrate sustainability in their work and their decision-making.</p>	<p>See on p. 9 ; 41 - 45 of our “Principles for Responsible Banking, Our First Report”</p>

	<p>In order to establish our action plan for the next 4 years, in 2020 we made a diagnosis so we can identify our starting point and main gaps, taking into account the Principles for Responsible Banking, Dow Jones Sustainability Index and the B Impact Assessment. We developed a Sustainable Banking program with all our sustainability Champions. The aim of this was to assign clear roles and responsibilities and allocating adequate resources. In the upcoming months, we will settle effective management systems, linked to Produbanco's performance management system.</p> <p>Additionally, it was important to make our governance structure more robust so that the implementation of our action plan is monitored by a Committee, in which the CEO and senior management participate. We already have a Corporate Social Responsibility and Ethics Committee, in which we monitor our efforts in a monthly basis to strength our sustainability efforts and improve the structure of our governance to favor a better implementation for the Principles for Responsible Banking. We are improving these approaches in the upcoming months in line with the Principles for Responsible Banking to assign clear and specific roles and responsibilities at a Board level through a dedicated Sustainability and Responsible Banking Committee and a designated board director. Besides, our bank is in the process of incorporating the Principles into its Sustainability Policy.</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>Finally, it is not only important to promote a sustainable culture through our sustainable champions, but also involve all of our employees. Our CEO, who is strongly committed and has strong belief that it is possible to build a better world through sustainability, leads our approach to responsible and sustainable banking.</p> <p>In order to build expertise on the environmental social and economic topics, and training staff of ESF strategies and tools, we have implemented several strategies.</p> <p>The Business and Commercial Team has been trained for the second consecutive year, thereby deepening its technical and commercial knowledge of the Green Lines Program. Furthermore, the members of the SME, Business and Corporate credit team participated in the "Environmental and Social Risk Analysis" program launched by INCAE and UNEP FI.</p> <p>In order to raise awareness, understanding and knowledge among our staff, we use our internal social media network. The sustainability area is constantly sending statements, videos, and sustainability related topics. We are developing right now a mandatory training for all employees about sustainability, our strategy and commitments such as the Principles for Responsible Banking; therefore, in the upcoming months we will rolled out across the bank through our e-learning platform, in order to develop appropriate awareness and expertise at all levels.</p>	<p>See on p. 46 -47 of our "Principles for Responsible Banking, Our First Report"</p>
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<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> 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>Nowadays, we are developing new tools and research in order to analyze our loans portfolio through SDGs. Our perspective in terms of impact funding is based on measuring and reporting those impacts, and then we are working to define specific goals on each SDG that our customers are affecting and measuring those effects to report it.</p> <p>Our first target is to allocate 10% of total commercial loans into sustainable disbursements considering SDGs. * 2021 - working on SDGs: 5, 6, 7, 9, 11, 12</p> <p>As part of the Produbanco's green finance approach, the bank has established some major goals focused on green lines credits and ESMS. 2021 we will be taking our compromise with sustainability to another level, establishing SMART targets based on our impact analysis.</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>We have made significant progress regarding this Principle. We have reinforced our governance structure to support the implementation of the Principles through our Sustainability Working Group, with sustainability "Champions" designated within the bank in all units, including management of significant impacts and setting targets in the upcoming months. We have our Corporate Social Responsibility and Ethics Committee, which is responsible of overseeing the implementation of the PRB. We are improving these approaches in the upcoming months in line with the Principles for Responsible Banking to assign clear specific roles and responsibilities at Board level through a dedicated Sustainability and Responsible Banking Committee.</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>1.1 Progress on Implementing the Principles for Responsible Banking</p> <p>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).</p>	<p>Produbanco is Carbon Neutral since 2020. We obtained the Carbon Neutrality certification according to ISO 14064 - 3 and verified by SGS consultancy (Société Générale de Surveillance), becoming the first bank in Ecuador to obtain it. It is a global certification specialized in quantifying, evaluating and defining actions to improve and reduce the carbon footprint of organizations, under the strict guidelines of the Carbon Neutral Protocol. Produbanco also measured for the first time its water footprint in order to establish opportunities for improvement.</p> <p>Produbanco is implementing energy efficiency measures in its main buildings. Its main building in Quito "Ekopark" has smart building features. In comparison to Produbanco previous main building, Ekopark has allowed energy savings of 455,068 KWh. per year, LPG of 106,378 Kg., butane gas of 108,088 Kg. per year, and around 20% efficiency in water consumption. The second main building in Quito and the main building in Guayaquil are being built under these characteristics of sustainable construction. In 2021, the bank seeks to certify these three buildings with Edge Advanced certification.</p> <p>Regarding SDG 5, Produbanco has developed an internal program named "Protagonistas" to empower our women staff in both their personal and professional lives, through different tools such as workshops or one-on-one mentoring. On the other hand, Produbanco requires in our Board of Directors that at least one main member and one alternate member must be women.</p>	<p>See on p. 76 - 87 of our "Principles for Responsible Banking, Our First Report"</p>

<p>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.</p>	<p>Regarding our Corporate and Social Responsibility Outreach, Water and sanitation is the cornerstone of our strategy. In alliance with Conservation International, we are conserving the Paramo Ecosystems to maintain our water resources. The program is focused on an economic contribution to conservation agreements with local and indigenous communities, who safeguard these unique ecosystems. Those agreements seeks to ensure that people have more to gain from protecting their ecosystems than destroying them, in order to reduce deforestation rates and improve the living conditions of those communities.</p> <p>Produbanco is signatory of the Sustainable Finance Protocol of Ecuador, in which banks of Ecuador undertake to develop sustainable financial products, internal sustainability practices as well as implement systems for analyzing social and environmental risks in their credit processes and investments.</p> <p>Produbanco is member of the UN Global Compact in Ecuador. As members, we are committed to working within a framework of respect for human rights, labor standards, the environment, and anti-corruption practices.</p> <p>Produbanco is a founding signatory of the Principles of Responsible Banking and joined the Collective Commitment for Climate Action along with 33 banks worldwide in order to establish clear objectives aligned with the Paris Agreement. Produbanco is part of the Core Group of the Partnership for Carbon Accounting Financial (PCAF), a program that has developed methodologies for measuring the carbon footprint for different types of Assets in financial institutions (IFIs).</p>	<p>See on p. 10 - 14 of our "Principles for Responsible Banking, Our First Report"</p>
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<p>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.</p>	<p>Produbanco has developed its SARAS methodology based on principles 1 and 2 of the IFC Performance Standards. This analysis methodology is extremely robust and has been validated by various multilaterals and other institutions with which we have been able to share our approach to the analysis of environmental and social risks and our evolution.</p> <p>In order to understand the different initiatives and being able to implement good practices, we have participated in different webinars and online courses. For instance, we have participated as part of the PCAF global core team to help construct and review the methodologies that will be used globally; and currently we are supporting as well the LATAM core team. Additionally, we have explored through UNEP-FI's training courses the implementation of TCFD. Both, PCAF and TCFD practices are important for us to work towards climate risk, both to quantify our financed emissions as well as understand the effect of climate change on our business in order to seek mitigation and adaptation objectives. Furthermore, we have identified the importance of a climate change policy in line with the initiatives that we have evaluated.</p> <p>We have strengthened our ESRA in terms of human rights, considering the International Labor Organization (ILO) conventions, by making adjustments to our E&S policy, however, we see the need to develop a corporate human rights policy in order to handle this topic transversely.</p>	
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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

As a leading bank in sustainable finance in Ecuador since 2016, Produbanco is very committed to sustainability and in supporting the implementation of the Principles for Responsible Banking, mainly in our region. The bank has made progress over the first 18 months of implementing the Principles and communicates its progress on implementing the Principles in a public reporting. We can consolidate the demands of our stakeholders and demonstrate change, not only in our banking practices through our actions, but also all along our supply chain by encouraging sustainable consumption choices among our retail customers, suppliers and other stakeholders, and also to strength the emerging ecosystem of sustainable finance inspiring other banks to follow the journey. Our bank is in the process of incorporating the Principles into its Sustainability Policy.