


## Principles for Responsible Banking

### Reporting and Self-Assessment Template

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
 <b>Principle 1: Alignment</b> <b>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</b>		
<b>1.1 Describe</b> (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>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 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>Chapter: Perfil Institucional Page #13</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), which have had an important growth in recent years.</p> <p>Since the product launched in 2016 the Green Lines program has disbursed \$324 MM and has a current outstanding of \$101 MM. On 2021 there was 53 clients that used the Green Lines program and had a total disbursement of \$105MM throughout the year.</p>	<p>Chapter: Productos verdes Page #146</p> <p>Chapter: Productos verdes Page #146, 147, 148</p>
<p><b>1.2 Describe</b> 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>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.</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</p>	<p>Chapter: Perfil Institucional Page #20</p> <p>Chapter: Clientes Sostenibles Page #135</p>

	<p>aligned with SDGs and Paris Climate Agreement). We aim to allocate resources until 2023 to impact the following SDGs: 2, 3, 4, 5, 6 7, 8, 9, 11, 12, 15 and 17.</p> <p>Our loans portfolio is analyzed considering E&amp;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 loan portfolio.</p> <p>As part of the Environmental and Social Risk Analysis (ESRA), the identification of E&amp;S risks is also analysed in terms of risks to the bank,</p>	
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	<p>such as: credit risk, risk of loss of collateral assets and reputational risk. Therefore, economic sanctions or the suspension of a company's activity due to environmental and social non-compliance with national and local legislation are considered in our analysis since this could trigger a potential default or rescheduling of payments.</p> <p>Likewise, as part of our ESRA, Produbanco identifies the natural risks associated with the geographical location of the production facilities in our commercial portfolio. At this moment, we are in the transition of georeferencing all the facilities of our Amplified Due Diligence Clients to be able to analyse the risk of devaluation, as well as climate risk. For now, we consider the geographical position to determine this type of risk. Thus, the factors that are considered are natural risks such as: desertification, floods, earthquakes and volcanic activity, among others. In addition, we consider proximity to environmentally sensitive areas or proximity to local communities.</p> <p>We can indicate that at the moment, the E&amp;S risk analysis is handled as a parallel analysis to the traditional credit risk analysis, and the recommendations for each credit operation are then considered.</p> <p>Sustainability-related data [such as GHG-emissions of clients and customers, energy efficiency of mortgages, possibilities to flag e.g. female-owned companies and unbanked/underbanked customers, sustainability and climate-risk data, human rights risks in client database etc.] are gathered, a structured data management and IT process for sustainability-related data is set up);</p>	<p>Chapter: Clientes Sostenibles Page #144</p> <p>Chapter: Clientes Sostenibles Page #135</p>
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	<table><tr><td>- Greenhouse gas emissions of clients and customers (YES)</td></tr><tr><td>- Energy efficiency of mortgages (YES)</td></tr><tr><td>- Possibility to flag female-owned companies in your lending book (YES)</td></tr><tr><td>- Possibility to flag vulnerable customer groups (YES)</td></tr><tr><td>- Sustainability and/or climate risk data (YES)</td></tr><tr><td>- Human rights risks in data base (e.g. to identify salient issues/human rights risks or to flag operations/transactions/deals that can potentially pose a human rights risk)</td></tr></table> <p>Share of portfolio for which sustainability-related data are gathered:</p> <table><tr><td>- mortgages [%]: 5.35%</td></tr><tr><td>- corporate loans [%]: 62%</td></tr><tr><td>- retail loans [%]: 35% minoristas [%]: 35%</td></tr></table> <p>In the case of sustainable investment products such as green bonds, social bonds, sustainability bonds etc. are issued or bought. Produbanco has just signed for a Sustainable bond that covers the following categories: Women SMEs, SMEs, Green Lines and Vulnerable sectors.</p>	- Greenhouse gas emissions of clients and customers (YES)	- Energy efficiency of mortgages (YES)	- Possibility to flag female-owned companies in your lending book (YES)	- Possibility to flag vulnerable customer groups (YES)	- Sustainability and/or climate risk data (YES)	- Human rights risks in data base (e.g. to identify salient issues/human rights risks or to flag operations/transactions/deals that can potentially pose a human rights risk)	- mortgages [%]: 5.35%	- corporate loans [%]: 62%	- retail loans [%]: 35% minoristas [%]: 35%	Chapter: Productos verdes Page #161
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	<p>As agents of change, we seek to spread our good sustainable practices. We have joined the Net-Zero Banking Alliance, through which it is sought that global banking generate Net-Zero Emissions by 2050.</p> <p>We are a Green Bank; we have a portfolio of sustainable products and we are the first bank in the country to commit to promoting a portfolio of credits and investments with Net-Zero Carbon Emissions. We are currently working on defining our 2030 targets and the action plan to meet these actions.</p>	<p>Chapter: Perfil Institucional          Page #37</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

Produbanco have determined to use the UNEPFI Impact Analysis Tool and PCAF to undertake our impact analysis. 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.

**2.a Scope:** Analysis of bank's core business areas, products/services across main geographies the bank operates in.

Produbanco operates in the following business areas at a national level in Ecuador (loan size percentage):

- Corporate Banking: 47%
- Business Banking: 13%
- Consumer Banking: 38%
- Others: 3%

Currently, the business areas selected for the impact analysis are Corporate Banking and Business Banking because:

- These areas covered the main bank's exposure (60%);
- The availability of internal data, and;

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<p>activities lie in terms of industries, technologies and geographies.</p> <p>c) <u>Context &amp; Relevance:</u> Your bank has taken into account 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. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p>	<ul style="list-style-type: none"> <li>- The understanding of the E&amp;S impacts of these portfolio due to our E&amp;S risk management system</li> </ul> <p>2.b <i>Scale of exposure:</i> Analysis of impact in terms of industries, geographies and financed technologies [4] (Scale of exposure) [5]</p> <p>The impact analysis in terms of industries has been completed, for this analysis Produbanco has used the ISIC level 4. And currently, Produbanco is analyzing the impact by geographies, this information will be included in the next report.</p> <p>2.c <i>Context and relevance:</i> Analysis of the most relevant challenges and priorities related to sustainable development in the countries/regions in which the bank operates, including via the engagement of relevant stakeholder expertise.</p> <p>As an example, one of the impact areas selected is climate, in this particular case Ecuador is working towards the goal of reducing the emissions of GHG in its NDC, as well as it has recently developed a national plan for companies to measure, reduce and compensate their emissions (Ecuador Zero Carbon Program).</p> <p>Produbanco is still in the process of engaging with our stakeholders.</p> <p>2.d <i>Intensity/salience:</i> Produbanco has analyzed which portfolio's sectors/activities contributes the most to the significant impact areas. Taking the same examples of climate, Produbanco has set a baseline of our financed emissions by using PCAF's methodology. As well, due to</p>	
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Show that building on this analysis, the bank has

- 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

our commitment of Net Zero Banking Alliance it is relevant to understand the high carbonization sectors of our portfolio.

Produbanco has carried out its impact analysis in the following business lines:

- % of retail portfolio: none
- % of business portfolio: 100%
- % of corporate portfolio: 100%
- % of investment portfolio: none

For both business banking and corporate banking we have identified that the most significant impact areas are the following:

Impact Area	Business Banking		Banca corporativa	
	Impact Associations	Key Sectors	Impact Associations	Key Sectors
Resources Efficiency	56%	22%	61%	26%
Climate	68%	22%	71%	22%
Waste	97%	19%	96%	18%

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

Produbanco has completed the impact analysis in order to have an overview that will lead us to determine the most relevant impact areas, as well as of the sectors that contribute the most to the positive and negative impact of these areas.

In addition, we have considered the national plans and policies to determine the most significant impact areas. We still are working to understand better the impact by geography although our operation is located only in Ecuador, however it is relevant to understand the impact we are having in different locations. Moreover, we still have to share our results with our stakeholders. **Chapter: Clientes Sostenibles. Page #144**

## 2.2 Target Setting

*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.*

*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*

Produbanco has established its specific objectives in the following areas, which are in the following evaluation status:

- 6.1 Identify areas of most significant impact for target setting: completed
- 6.2 Identify relevant external targets to align with: completed
- 6.3 Assess current level of alignment: in process of assessing
- 6.4 Set targets: in process of assessing
- 6.5 Set milestones and KPIs: in process of assessing
- 6.6 Define measures and actions: in process of assessing

To-date, Produbanco has not yet set its targets linked to, or driving, alignment and greater contribution to the appropriate Sustainable Development Goals, the goals of the Paris Accord and other relevant international, national or regional frameworks. Therefore, the Bank has not analysed and recognised significant negative impacts with respect to the contribution in these initiatives.

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<p>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>		
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.		
As part of the bank green finance approach, Produbanco has established some major goals focused on green lines credits and ESMS. Produbanco plans to define by May 2022 our 2 smart targets.		

<p><b>2.3 Plans for Target Implementation and Monitoring</b></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>Produbanco plans to incorporate by May 2022, the actions and milestones with its objectives and with it, the implementation plan and their measurement.</p>	<p>Chapter: Clientes Sostenibles Page #143</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>Produbanco plans to incorporate by May 2022, the actions and milestones with its objectives and with it, the implementation plan and their measurement.</p>		

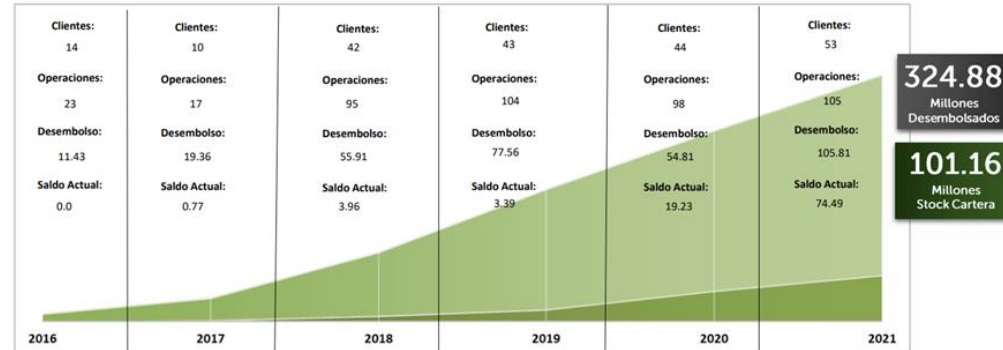
<p><b>2.4 Progress on Implementing Targets</b></p> <p><u>For each target separately:</u></p> <p><i>Show</i> that your bank has implemented the actions it had previously defined to meet the set target.</p> <p><b>Or</b> <i>explain</i> why actions could not be implemented / needed to be changed and how 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>Produbanco plans to incorporate by May 2022, the actions and milestones with its objectives and with it, the implementation plan and their measurement.</p>	<p>Chapter: Clientes Sostenibles Page #143</p>
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets		
Produbanco plans to incorporate by May 2022, the actions and milestones with its objectives and with it, the implementation plan and their measurement.		
 <b>Principle 3: Clients and Customers</b> <b>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.</b>		
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</i>	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.	Chapter: Productos verdes Page #147, 148

<p>actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>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.</p> <p>Our ESRA has been developed with the customers to identify critical risks and restoration plans (if necessary)</p> <p>In December 2021, Produbanco launched a new product which allows clients to access a Green Mortgage when acquiring a "Green Home".</p> <ul style="list-style-type: none"> <li>- 20% saving in energy</li> <li>- 20% saving in water</li> <li>- 20% saving in materials</li> </ul> <p>The project is evaluated and goes through a prequalification process. If the project qualifies to be considered a "Green Home", then a process of advisory and accompaniment is followed throughout the construction process until the final certificate is granted by EDGE.</p> <p>In January 2022, Produbanco launched the concept of "Green Conscience". Clients can opt to have their savings account or investments to count with the "Green Conscience" mark, meaning that their funds will help with financing green lines and sustainable projects that promote one or more ODS. It is important to note that this does not have a cost for the client, however, when having a product with "Green Conscience" they receive a bulletin every trimester that details all relevant information and the impact that Produbanco has on sustainability.</p>	<p>Chapter: Productos verdes Page #162</p> <p>Chapter: Productos verdes Page #157</p>
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	<p>Gender Program: Produbanco conducted an internal and market research to identify what are the different clusters of women that the bank has as its clients. The study focused on identifying quantitative and qualitative qualities for the different clusters of female clients, so that financial and non-financial actions can be offered to the different clusters depending on their needs and wants.</p> <p>Produbanco offers financial education talks that cover an array of topics such as saving, budgeting, forms of payment among others to help impulse financial knowledge and best practices to its clients. Produbanco</p>	<p>Chapter: Productos verdes Page #161</p> <p>Chapter: Productos verdes Page #196</p>
<p><b>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</b></p>	<p>To promote sustainable practices and to enable sustainable economic activities, Produbanco considers its Sustainable Value Chain in first instance. To this end, it is working with large companies to implement sustainable standards for its suppliers.</p> <p>We are always doing follow ups and analyzing the client portfolio so that we guarantee that the clients that have a greater impact are identified.</p> <p>The commercial team has constant contact with our clients to assess with possible green products that can come with technical assistance that Produbanco has with the help of our alliances.</p> <ul style="list-style-type: none"> <li>- Below a graph with the growth of our Green Lines program:</li> </ul>	<p>Chapter: Clientes Sostenibles Page #144</p> <p>Chapter: Productos verdes Page #148, 149</p>





\* Expresado en millones de dólares

- Increase in lending to sustainable activities with a social focus


	2020	2021
Local Women SME	\$92MM	\$113MM
Local SME	\$29MM	\$11MM
Local SME Vulnerable Sectores	\$134 MM	\$160 MM
Education	\$17MM	\$15MM
Health	\$17MM	\$21MM

Increase del 11% last fiscal year

- Increase in lending to sustainable activities with an environmental/green focus
- Green Loans Disbursed 2020: 54.81MM
- Green Loans Disbursed 2021: 105.81 MM


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	<p>* Increase: 94% during the last fiscal year</p> <p>Additionally, we are working with the construction area. 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 released our Green Mortgage product that will contribute to local constructors to impulse commercially its buildings.</p>	Chapter: Productos verdes Page #162
<div>  <p><b>Principle 4: Stakeholders</b> <b>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</b></p> </div>		
<p><b>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles</b></p>	<p>The design of the value proposition towards our stakeholders is structured through the exploration and knowledge of their needs and motivations; this allows determining the opportunities for improvement in terms of services, products, risks and management of possible conflicts of interest. To achieve this knowledge, we use active dialogue and carry out concrete research through materiality studies with the support of external consultants. Produbanco carries out a materiality evaluation that starts from the direct selection of all participants to analyse the points of influence and refine the groups with their own work sessions carried out to evaluate and determine material or fundamental topics of interest to the parties. The next materiality report will be published in June 2022 through the Sustainability and Social Responsibility Report.</p>	Chapter: Perfil Institucional Page #21, 22, 23

<p>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>The relationship with the various stakeholders is managed by each of the areas of Produbanco from their respective roles, functions and competences. For the management of this relationship, and the dialogue with the groups, we maintain mechanisms such as: specialised studies on service provision, customer satisfaction and work environment, among others; visits to clients to form closer relationships (especially at the corporate level).</p> <p>The materiality study is preceded by a mapping process that allows ratifying the stakeholders identified in 2007 and that have remained as the main stakeholders with which Produbanco interacts in its management efforts: Customers, Shareholders, Employees, Vendors and the Community.</p> <p>Partnering with relevant stakeholders helps the Bank reduce negative impacts, achieve or expand positive impacts, and deliver more than what it could on its own. Produbanco works with public and private sector stakeholders to promote joint initiatives that lead to the establishment of social and environmental standards at the local level, as well as actively participating in discussion panels and other dialogue forums specialised in sustainable issues, such as:</p> <ul style="list-style-type: none"> <li>- Ecuador Zero Carbon Program. Produbanco is part of this initiative by the Ministry of Environment, Water and Ecological Transition as a strategic partner, which will allow the private sector to measure, reduce and offset the carbon footprint in the country.</li> <li>- Your Sustainable SME, SDG 17. As leader of SDG 17 of the Leaders for the SDG initiative of the United Nations Global Compact Red Ecuador, a Guide was presented to support the sustainable reactivation of SMEs. This web platform includes value propositions and support tools to accompany</li> </ul>	<p>Chapter: Perfil Institucional Page #36</p> <p>Chapter: Perfil Institucional Page #38</p> <p>Chapter: Perfil Institucional Page #41</p>
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	<p>sustainable recovery in environmental and social issues, technology and digitalisation, operational and capacity issues; and, interaction and relationship with audiences of interest.</p> <ul style="list-style-type: none"> <li>- Coalition for Water Security. In line with the objective of protecting water sources and water resources in the country, Produbanco joined as a founding member of the Coalition for Water Security, which seeks to work collaboratively with the public, private, academic and civil society sectors, focused especially on the productive sector and with the aim of influencing public policy, articulating actions, and supporting the strengthening of corporate water management in the country.</li> <li>- Sectoral guides. Together with the Association of Banks of Ecuador and the EcoBusiness Fund's Sustainability Academy, we developed 12 sectoral guides for agribusiness, focused on sectors that are highly served by financial institutions in Ecuador. These guidelines allow outlining and strengthening the credit rating processes executed by banks in order to mitigate environmental and social risk. In addition, the guidelines show the risks associated with environmental, social and labour aspects within the reality of the Ecuadorian market towards the most common practices for each one as well as the permits required. In this manner, Ecuador is the country with the largest number of sectoral guides in the region and has reflected how, together with other banks and stakeholders, we can generate inputs to reduce negative impacts.</li> </ul> <p>We are part of the Board of Directors of the United Nations Global Compact Red Ecuador and the Board of Directors of the Ecuadorian Corporation for Social Responsibility and Sustainability CERES.</p>	<p>Chapter: Perfil Institucional Page #42</p> <p>Chapter: Perfil Institucional Page #43</p> <p>Chapter: Perfil Institucional Page #45</p>
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<div></div> <div><b>Principle 5: Governance &amp; Culture</b> <b>We will implement our commitment to these Principles through effective governance and a culture of responsible banking</b></div>		
<b>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</b>	Produbanco is committed to sustainability and our strategic plan includes in one of its pillars the “commitment with sustainability and corporate social responsibility”.	Chapter: Perfil Institucional Page #14
	As part of the purpose of becoming a sustainable bank or certified as a B Company, on March 25th, 2021, the Board of Shareholders approved a modification to the Bank Bylaws in order to introduce the best environmental practices related to Produbanco and its stakeholders.	Chapter: Cultura Sostenible Page #77
	The Bank’s Articles of Association report to the General Manager responsible for considering the effects of his decisions or actions with respect to: (i) the Shareholders; (ii) Employees of the Bank and its subsidiaries; (iii) the Bank’s vendors; (iv) Customers and Consumers of the Company; (v) the Community; (vi) the Local and Global Environment; (vii) the Execution of Short and Long-Term Banking; and (viii) the Bank’s Ability to Fulfil its Purpose.	Chapter: Cultura Sostenible Page #77, 81
	Therefore, as stated in Produbanco’s Statutes, the Bank in compliance with its corporate purpose, included as a guiding principle the seek of a positive material impact on society and the environment, considering both of them as a whole.	Chapter: Cultura Sostenible Page #77
	The modification made to the Bank Bylaws also included a structure adjustment. Consequently, the Sustainability Committee was created, and the Ethics and	

	<p>Corporate Social Responsibility Committee was turned into an Ethics and Responsible Management Committee, thus expanding its agenda to the different aspects and procedures that the institution carries out in its role as responsible banking.</p> <p>A new "Sustainability and Climate Change Policy" was developed by updating the strategic sustainability axes, the transparency policy and indicators, and in addition, considering the new climate change policies covered by the operation of Produbanco and its subsidiaries in such a way that Produbanco approach the management of climate risks from the perspective of direct impacts on its operation as a company, but also the indirect ones through its portfolio management.</p> <p>As well, there is the process to continue through an effective follow-up in the new Committee and in transparency and sustainability reports.</p> <p>In addition, the ESRA policy and methodology was updated by contemplating the inclusion of the 8 fundamental agreements of the International Labour Organization, and established an internal procedure between the E&amp;S risk department and the integrated risk department to manage the monitoring and action plan of clients identified with high risk E&amp;S.</p> <p>Based on the Sustainability Program defined with the various Champions, clear roles, responsibilities and adequate resources have been assigned.</p> <p>It is also important to strengthen the governance structure for the implementation of actions. The idea is to monitor these actions through the Sustainability</p>	<p>Chapter: Clientes Sostenibles Page #135</p> <p>Chapter: Cultura Sostenible Page #88</p> <p>Chapter: Clientes Sostenibles Page #144</p> <p>Chapter: Cultura Sostenible Page #90</p> <p>Chapter: Cultura Sostenible</p>
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	Committee, which is already in place and where the General Director and the senior management of the bank participate.	Page #88
<b>Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</b>	<p>Produbanco, with the aim of promoting a culture of responsible banking among its employees, has the following teams made up of employees of the bank:</p> <ul style="list-style-type: none"> <li>- Dedicated sustainability team, called Sustainability Champions, which is a cross-functional work team</li> <li>- Specific sustainability committee (involving senior management, i.e., decision makers from the three highest management levels).</li> </ul> <p>The Sustainability Committee meets bimonthly, the Champions League tactical team on a monthly basis, and the support team every three months. On the other hand, these teams lead, coordinate and execute the sustainability defined by the organization.</p> <p>Likewise, the bank is concerned with carrying out actions such as:</p> <ul style="list-style-type: none"> <li>- Participation in sustainability/responsible banking trainings for vendors and/or customer-facing functions</li> <li>- E-learning for all our employees on sustainability at Produbanco</li> <li>- Green Talks: aimed at commercial executives of SMEs, Business and Corporate areas with the aim of sharing knowledge on sustainability standards and eco-efficient investment measures that contribute to the competitiveness and sustainability of our clients</li> </ul>	<p>Chapter: Cultura Sostenible Page #90</p> <p>Chapter: Cultura Sostenible Page #78, 90, 91, 214</p>



	<ul style="list-style-type: none"> <li>- Participation in sustainability/ESG training for risk management</li> <li>- E-learning on technical issues to the areas of business and credit regarding Green Lines and SARAS with the support of multilaterals and UNEP-FI</li> <li>- Participation in risk management training on the use of environmental and social guidelines developed with ASOBANCA. These guidelines were developed for strategic sectors in Ecuador, e.g., agriculture, aquaculture, livestock, etc. In addition, the guidelines show the risks associated with environmental, social and labour aspects within the reality of the Ecuadorian market towards the most common practices for each sector as well as their required permits.</li> <li>- Participation in the "Corporate Carbon Footprint" certification issued by the Universidad San Francisco de Quito in order to develop the strategies of the Net-Zero Banking Alliance. The objective of this certification is to understand the corporate and product carbon footprint based on the GHG Protocol and ISO 14064, as well as to align it with the new program developed by the Ministry of Environment of Ecuador, namely the Zero Carbon Programme.</li> <li>- Participation in the EDGE Expert training imparted by the GBC to lead our clients in the construction/real estate sector.</li> <li>- The Board of Directors is constantly training in environmental aspects. The NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN NV (FMO) delivered a webinar related to climate change issues and the role of the Financial System.</li> <li>- General factors have been incorporated to evaluate a supplier regarding its situation in terms of sustainability, environmental requirements for the contracting of services or purchases, and anti-corruption policies.</li> </ul>	
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	<p>Likewise, the Bank has incorporated several initiatives and means to communicate and promote a culture of responsible banking; among them we have:</p> <ul style="list-style-type: none"> <li>- Newsletters</li> <li>- Regular communication (from the top) on the status quo, current projects, and future prospects</li> <li>- Intrapreneur – initiative of disruptive and triple impact ideas of multidisciplinary teams</li> <li>- Sustainability thematic days/weeks.</li> </ul> <p>When there is a sustainability milestone in Produbanco, we analyse the impact and the best way to share it with all our stakeholders, customers and employees. The sustainability area, together with the marketing area, evaluate, plan and implement the statement. In its drafting, the best format, segmentation and means to do so is analysed by looking for the best dissemination of the message. We currently have the following channels for the communication of sustainability news: Press release (PR), mailing, social networks, institutional website and the internal communication channel Yammer/Al Día.</p> <p>As for the results of the external communications implemented, the impact generated in social networks has been on 1,869,471 people, and in advertising media 14,453,809 as of February 2021.</p>	Chapter: Cultura Sostenible Page #92
5.2 Governance Structure for Implementation of the Principles	Produbanco has a governance structure for the implementation of the PRB.	Chapter: Cultura Sostenible Page #84

PRINCIPLES FOR RESPONSIBLE BANKING  
Reporting and Self-Assessment Template

	<p>Regarding the Principles for Responsible Banking, Collective Commitment for Climate Action, and other sustainability commitments assumed by the Bank, the Sustainability Committee has the responsibility to follow up on its implementation.</p> <p>On the Ethics and Responsible Management Committee some functions were included, specially, to respect and value the identities and differences of employees, by promoting diversity. Consequently, acts of harassment and discrimination based on race, creed, sex, age, different abilities, sexual orientation, color, gender, nationality, or any other political reason are prohibited. Additionally, there is stated that all of the employees will be selected, promoted and compensated according to its accomplishments, considering equity and inclusion standards.</p> <p>Also, the Ethics and Responsible Management Committee is accountable of preparing an annual report that contains the rendering of accounts on the management and compliance with Good Corporate Governance practices and the Code of Ethics and make it known to the General Shareholders' Meeting and the public through its website.</p>	<p>Chapter: Cultura Sostenible Page #88</p>
<p><b>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</b></p>		
<p>Produbanco has a governance structure for the implementation of the PRB. The amendment made to the Bank's By-laws includes an adjustment in its structure; in addition, the Sustainability Committee was created and the Ethics and Corporate Social Responsibility Committee was transformed into an Ethics and Responsible Management Committee. The main objective of the Sustainability Committee is to achieve a responsible banking, sustainability and culture committee to help the Board of Directors and Management to fulfil their supervisory responsibilities in relation to the responsible banking, sustainability and culture 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><b>1.1 Progress on Implementing the Principles</b></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</i></p>	<p>Produbanco developed the self-assessment report (PRB – Reporting and Self-Assessment Template) and presented its first public report on the progress made in terms of PRB Principles of Responsible Banking in March 2021. This report was developed as an annex to the Annual Sustainability Report and is published on our website. <a href="https://www.produbanco.com.ec/quienes-somos/sostenibilidad/">https://www.produbanco.com.ec/quienes-somos/sostenibilidad/</a></p> <p>This post was also socialised through the organisation's LinkedIn address. The second report will be incorporated into the Annual Sustainability Report and will be published in June 2022.</p> <p>Produbanco's sustainability reports are developed according to the GRI Standards in its Exhaustive option and also by considering the particular Sector Supplement for Financial Services that allows us to align the disclosure of the annual management of the organisation with the advances made in the PRB.</p> <p>In addition, Produbanco is Carbon Neutral since 2020, when it obtained the Carbon Neutral Certification according to ISO 14064 – 3 and which was verified by the SGS (Société Generale de Surveillance), being the first bank in Ecuador to obtain it.</p> <p>Produbanco has implemented energy efficiency in its main buildings. Its main building in Quito, named "Ekopark", has smart building functions. The second</p>	<p>Chapter: Referencias Reporte Page #4</p> <p>Chapter: Agentes de Cambio Page #229</p> <p>Chapter: Cultura Sostenible Page #122</p> <p>Chapter: Perfil Institucional</p>
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<p>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><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>main building in Quito, as well as the main building in Guayaquil, are built with sustainable characteristics, and in 2021, the Bank obtained the certification of these three buildings around the Edge Advanced certification.</p> <p>With respect to our corporate scope of Social Responsibility, water and sanitation are the pillars of our strategy. In partnership with Conservation International, we have the conservation of the ecosystem of the moorlands to maintain our water resources. The program focuses on contributing financially to the conservation of local agreements and indigenous communities. These agreements seek for people to retain more profits by protecting their ecosystems rather than destroying them whilst shunning deforestation and improving the living conditions of communities</p>	<p>Page #66</p> <p>Chapter: Cultura Sostenible Page #223</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		
<p>As a leading Sustainable Finance Bank in Ecuador since 2016, Produbanco is very committed to sustainability and supports the implementation of the Principles of Responsible Banking, mainly in our region. The Bank has made progress during this time in the implementation of the principles, together with progress reports concerning their implementation, through a public report.</p> <p><b>Chapter: Perfil Institucional</b> <b>Page #36</b></p>		

#### Annex: Definitions

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