



TFCD Report for 2025



1. Introduction

The TFCDB recommendations emphasize science-based, forward-looking assessments. Climate risk becomes a threat to financial stability when it significantly affects the payment capacity and solvency of financial institutions' clients and, consequently, their portfolios. Thus, the recommendations put forward by the TFCDB seek to promote the identification and management of climate-related risks and opportunities in the financial sector.

The financial risks exacerbated by climate change have certain distinctive features, such as the uncertainty associated with the scope, scale, and magnitude of their impacts, the lengthy time horizons in which they operate, and their dependence on short-term actions. Climate transition and/or physical risks can translate into impacts on the performance of economies and the stability of a country's financial system.

2. Commitments & Partnerships

Partnerships are essential to reducing negative impacts and seeking positive ones, which is why Produbanco promotes implementation of the ten ethical principles advocated by the United Nations Global Compact, the Principles for Responsible Banking, and climate management actions aligned with the technical frameworks developed by the Net Zero Banking Alliance. Although this alliance ceased operations in 2025 and its tools were released into the public domain, its guidelines continue to serve as a reference for promoting decarbonization practices in the financial sector. Likewise, Produbanco follows B Corporation guidelines, whose commitments and progress are mentioned in the Sustainability Committee Report included in this annual report.

Similarly, Produbanco works with public and private sector stakeholders to promote joint initiatives that lead to establishing social and environmental standards at the local level, and actively participates in panel discussions and other specialized forums on sustainable issues. This includes the participation of Jorge Alvarado, Vice President of Legal, Compliance & Corporate Affairs, as a member of the UNEP FI Banking Board, representing South America on this renowned governance body.

3. Governance

Produbanco has a governance model that integrates climate change considerations into the highest levels of decision-making. Its environmental approach is based on risk prevention, both those inherent to the business—regarding the activities carried out by clients benefiting from credit operations—and those arising from the institution’s own line of business and activities. Therefore, the Sustainability Policy and Climate Change Policy contain the respective strategic guidelines to address climate risk management from the perspective of direct impacts on its operations as a company as well as indirect impacts through portfolio management.

In 2025, Produbanco renewed its sustainability strategy with the purpose of being a catalyst for progress in Ecuador, driving the transition toward sustainable production and an inclusive and resilient economy. To achieve this, four pillars were established:

- **Pillar 1:**
Financing for the sustainable transition. Leading the transformation of the financial ecosystem by financing the energy transition and sustainable production models and their value chains.
- **Pillar 2:**
Innovation for financial inclusion. Promoting financial inclusion and education to boost economic resilience and drive opportunities.
- **Pillar 3:**
Climate resilience. Strengthening the resilience of productive sectors through climate risk management and technical support.
- **Pillar 4:**
Sustainability in operations and corporate culture. Incorporating sustainability into all operations and the organizational culture, achieving efficiency, carbon neutrality, and alignment with ESG principles.

Produbanco also has a general environmental and social risk policy, and has applied a comprehensive environmental and social risk analysis system across Produbanco and its subsidiaries.

Since 2024, Produbanco has incorporated the MIS ESMS (Management Information System for the Environmental and Social Risk Management System) into its core banking system, reinforcing environmental and social risk management on an ongoing basis.

This tool centralizes key information for credit decision-making, enabling the ESMS portfolio to be comprehensively managed. Its design facilitates access for all areas involved, such as the Credit & Collections and Risk Management units, offering:

- Updated status reports for each analysis and conclusions upon case closure.
- Identification of sustainable financing opportunities.
- Geographic information on the client's establishments.
- Tracking of action plan and monitoring progress, where applicable.

With the MIS ESMS, Produbanco optimizes efficiency, transparency, and integrates environmental and social criteria into its credit management, reaffirming its commitment to sustainability.

To improve its reports that share relevant and accurate financial and non-financial information on the economic, social, and environmental performance of Produbanco and its subsidiaries, a matrix was developed that encompasses various standard indicators such as: TFCD, CDP, GRI, SASB, and the new IFRS S1 and S2, enabling a comprehensive report to be prepared, which keeps Produbanco at the forefront in these areas and ensures it is prepared to meet future market demands.

Furthermore, to assess, monitor, and manage the risks and opportunities associated with climate change, Produbanco has two committees that address issues related to these risks and opportunities:

Sustainability Committee:

The Sustainability Committee meets bimonthly and consists of members of the Board of Directors, senior management, and other responsible officials. The primary purpose of this committee, among others, is:

- To assist the Board of Directors in overseeing the sustainability strategy and the initiatives defined.
- To approve the sustainability strategy, climate change strategy, and other material aspects related to environmental, social, and governance issues.
- To conduct a general review of the performance of the strategies defined.
- To conduct an executive review of the results of strategic initiatives and their key performance indicators, established using compliance metrics.
- To monitor various issues regarding the bank's commitments and recognitions.
- To monitor compliance with the Social Responsibility Plan.
- To prepare an annual accountability report on management and make it available to the Board of Directors and the general public via the bank's website.

There is also a Comprehensive Risk Management Committee whose purpose is to design and propose policies, systems, methodologies, models, and procedures for efficient and comprehensive risk management. This committee meets monthly and also consists of members of the Board of Directors and the bank's senior management.

With the update to our sustainability strategy, we have also updated our governance structure, creating a framework that clarifies the responsibilities of its members and ensures timely monitoring of established initiatives, including actions related to climate change, as outlined below:

CES	→	Oversees the overall strategic direction of sustainability within the organization.
CEO	→	Ensures institutional commitment and aligns sustainability with business strategy.
Owners of the initiative	→	Leads and implements the initiatives outlined in the sustainability plan.
Sponsor	→	Leader of the Sustainability Front, who keeps the squad on course.
Front Leader	→	Drives each team to give their best.
Specialist	→	Provides technical support to the project lead, ensuring quality and ESG impact during implementation.
Squad	→	Manages and coordinates the day-to-day implementation of initiatives.
TO	→	Structures the plan. Ensures that the value is real and consistent, and that the plan moves forward.

For Produbanco, it is important to stay up to date on the risks and opportunities of climate change; therefore, the following training sessions were conducted for the members of the Board of Directors:

- *The Art of Turning Risk into Opportunities*, delivered by Finance in Motion..
- *Training on preventing money laundering and terrorist financing*, delivered by CSMB.
- *Geopolitics, Strategy, and Scenario Analysis*, delivered by PWC.
- *Specialized training on AML/CFT for members of the Control Committee*, delivered by Vitoria Compliance Academy.
- *Introduction to and Framework for Risk Appetite*, delivered by PWC.
- *Credit Risk and Market Risk*, taught by PWC.
- *Specialized training on AML/CFT for members of the Credit Committee*, delivered by PWC.
- *Risk Management and Quantification*, delivered by PWC.
- *Operational and reputational risk*, delivered by PWC.
- *Technology risks and ESG risks*, delivered by PWC.
- *Comprehensive strategies for risk management and corporate governance*, delivered by PWC.

Additionally, each month during the Board of Directors meeting, members receive a macroeconomic briefing to understand the figures across various current scenarios. Likewise, members of the Board of Directors and committees are advised by expert staff on these topics whenever necessary or required.

In 2025, technical assistance to SME clients continued to be provided by sustainability advisors accredited by the United Nations Development Programme (UNDP) as experts in the “Growing with Your Business” methodology. Produbanco has two advisors nationwide – one on the coast and another in the highlands. By the end of 2025, the number of technical assistance sessions for clients reached 74, exceeding the target and achieving 103% compliance. The objective of these sessions was to increase non-financial sustainability initiatives and strengthen relationships with clients. These technical assistance sessions also contributed to identifying financing opportunities for sustainable purposes.

Produbanco has the Gente Pro Recognition Program, aimed at employees, whose objective is to strengthen the connection between people, values, and the organization’s strategic objectives. In this regard, the program recognizes sustainability and green business lines as a fundamental pillar, encouraging executives who manage and promote the sustainable portfolio and who, by meeting their objectives, help this pillar achieve outstanding results in key sectors such as agriculture, industry, construction, renewable energy, and energy efficiency.

4. Strategy

As part of Produbanco’s renewed sustainability strategy, one of its four strategic pillars is Climate Resilience. This pillar establishes specific initiatives aimed at climate risk management within the bank’s overall strategy. Implementation includes a roadmap consisting of key milestones that will enable Produbanco:

- To develop methodologies for identifying and assessing climate risk.
- To incorporate this analysis into the ESMS System applied to the productive portfolio.
- To mitigate the impacts of climate change

With this initiative, Produbanco is moving toward end-to-end management that boosts the business’s resilience and contributes to the sustainability of a financial system facing the challenges of climate change. It is estimated that the methodology and its integration into the current system will be fully implemented by December 2026.

By quantifying its Scope 1, 2, and 3 carbon footprint, Produbanco achieved Carbon Neutrality certification, a process verified under the Ecuador Zero Carbon Program, Ministry Agreement 047, Level 3 carbon neutrality, and the quantification methodology of ISO 14064-1 and the GHG Protocol. Furthermore, in alignment with the NZBA’s commitment, Produbanco has defined its emission reduction targets using Science-Based Targets, establishing an Organizational Carbon Footprint Reduction Plan through 2030. The actions implemented in 2024 include:

Aspect	Description
Refrigerants	Assess the progressive replacement of air conditioning units that have reached the end of their useful life or are being decommissioned, replacing them with more efficient models with a lower GWP (R-32, R-454B, or another compatible refrigerant)
	Include periodic maintenance of current equipment in the contract, with guidelines for best practices in refrigerant use and continuous monitoring of compliance.
Energy	Submit energy consumption reports to agencies and EDF that have monitoring systems on a semi-annual basis.
Employee Mobility	Maintain the current telework policy to reduce GHG emissions from commuting.
	Monitor the implementation of the flexible work policy. "Tu Tiempo Pro" Flexible Work Program.
	Promote the use of a mobility app that encourages cycling and carpooling.
	Develop incentives to promote the use of a mobility app that encourages cycling and carpooling.
	Assess the feasibility of implementing the app in Santo Domingo and Manta in 2026 (demand: 50 employees).
Business Travel	Track and monitor compliance with domestic travel quotas for the departments that use this service the most.
Role	Monitor controlled printing via the Xerox tool and maintain double-sided printing settings.
	Diagnose paper consumption by department to identify opportunities for improvement. Prioritize and integrate technology for implementation.
	Install electronic devices in branch offices so that customers can digitally sign authorizing documents.
	Implement initiatives from the TO department focused on sustainability and reducing the carbon footprint.

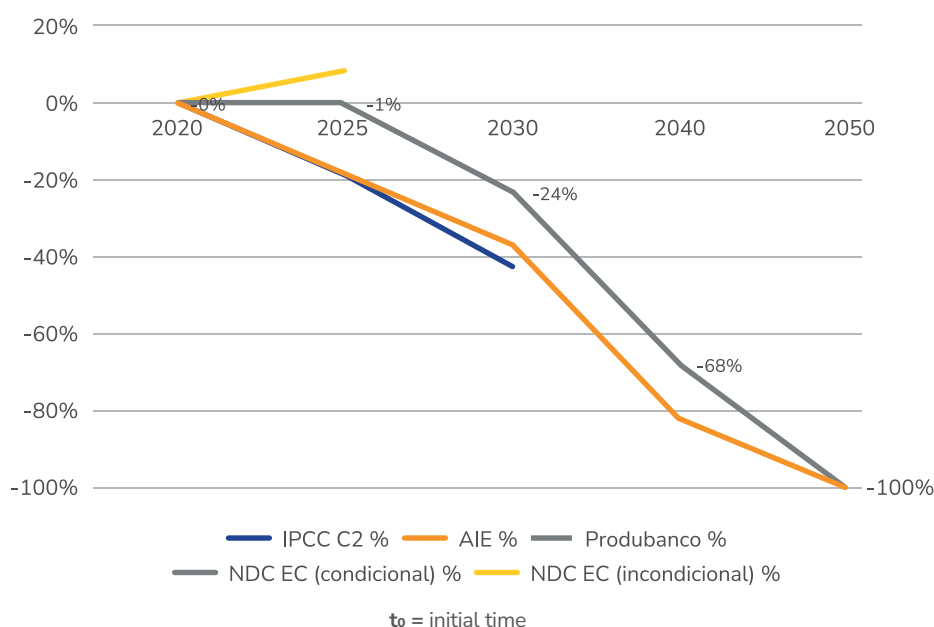
Furthermore, as part of its commitment as a founding signatory of the Net Zero Banking Alliance, Produbanco has set its interim decarbonization targets for 2030 across five priority sectors, based on carbon intensity targets (i.e., GHG emissions per unit of deflated revenue), which are:



The decarbonization targets for the five prioritized sectors were developed based on the *Guide to Setting Climate Targets* prepared by the United Nations Environment Programme Finance Initiative (UNEP FI), the national context, and available scientific resources related to a global warming scenario of no more than 1.5°C. To establish the emissions reduction curve, Produbanco used global (IPCC and IEA) and national (NDC1) scenarios as benchmarks. This was the result of work carried out with consultants from Base Consulting with the aim of aligning with the Net Zero Banking Alliance's international recommendations for reducing the carbon footprint in the financial sector.

The resulting reduction curve, considering the aforementioned scenarios, is presented below:

Comparison of Emissions Reduction Scenarios



This information was published in October 2022, when Produbanco announced its decarbonization goals on its website at the following link: [Sustainability - Banco Promerica Produbanco - Sustainability](#). On this same site, there is a document released in early 2025 that presents the progress made through 2024 on each of the established goals, and which also notes that Produbanco excludes financing for activities related to coal mining, coal-fired power generation, and associated facilities.

Furthermore, Produbanco has committed to periodically reviewing its decarbonization goals and objectives in other sectors.

Establishing decarbonization objectives represents an opportunity to support the bank's clients on their path toward sustainability and the decarbonization of their production activities through the Green Lines program. As of 2025, loans have been granted to 335 clients for their investments in green/sustainable projects and climate change mitigation initiatives, representing a portfolio balance of USD 558 million. From the launch of the Green Lines program in 2016 through 2025, 1,561 such loans have been disbursed, representing a total disbursement of USD 1.69 billion.

¹ Nationally Determined Contributions

Based on the deliverables of the consulting project carried out with GreenLac and funded by the EcoBusiness Fund, Produbanco established its Green Financing Policy and Taxonomy in 2025. This technical framework enables operations to be properly segmented and the use of resources to be properly tracked. It also strengthens the processes for evaluating, monitoring, reporting, and tracking the impact metrics associated with the Green Lines Portfolio.

It is important to note that planning for financing is conducted annually, based on the country's economic situation and existing market opportunities, and is thus linked to Produbanco's budget. In 2026, we will continue to prioritize our clients, especially focusing on the productive sector, particularly agribusinesses within the SME segment.

Recognizing that climate scenarios are a TFCF requirement and a tool that allows banks to analyze the potential transition and physical risks posed by climate change to their portfolios—which can translate into financial risks—Produbanco is in the process of establishing the scenarios to be adopted for climate risk analysis.

In addition, Produbanco conducted a dual materiality assessment—covering both financial and impact aspects—in collaboration with Valora Consultores, with the aim of gathering the bank's stakeholders' perceptions of how various social, environmental, and governance issues are being managed. This information served as a key input for prioritizing the list of potential issues and, as a result, identifying those deemed material.

5. Risk Management

The Environmental & Social Risk Department, part of the Credit & Collections Unit, has implemented a georeferencing process supported by a geographic viewer developed in ArcGIS.

Currently, 65% of the productive portfolio is georeferenced, which allows for risk exposure associated with the location of clients' facilities to be assessed. This tool identifies critical factors such as:

- Flood zones.
- Areas prone to seismic activity.
- Risks from volcanic eruptions.
- Overlaps with natural protection areas.

As part of the initial activities of the Climate Risk project, carried out through December 2025, Produbanco made progress toward two key milestones:

- Review of the national and local context of climate adaptation in Ecuador, analyzing key public policy instruments such as the 2023–2027 National Plan for Adaptation to Climate Change (PLANACC), the 2021–2030 National Drought Plan, the National Development Plan, and the 2025–2036 Second Nationally Determined Contribution (NDC).

- Definition of the climate projection model and priority variables for integration into the ESMS viewer.

This analysis identified the most relevant climate hazards for the country and the productive sector:

- Coastal and river flooding
- Droughts
- Frost
- Forest fires

Likewise, the most vulnerable sectors of the portfolio were prioritized:

- Agriculture, livestock, fishing, and forestry
- Food processing industries
- Electricity supply

Regarding the climate projection model, a review was conducted of models aligned with the CMIP6 Collaboration Protocol, which use emissions scenarios based on the SSPs (Shared Socioeconomic Pathways).

The scenarios selected for the analysis were:

- SSP2 4.5: Intermediate scenario, similar to the current situation with no significant policy changes, with a temperature increase between 1.6°C and 2°C.
- SSP5 8.5: High-emission scenario, characterized by rapid economic growth based on fossil fuels, accompanied by technological advances, with a temperature increase of between 3.5°C and 4°C.

Upcoming milestones to be developed in 2026:

- Augmenting the ESMS geographic viewer with new climate hazard layers.
- Conducting climate risk analyses using top-down and bottom-up approaches.
- Inclusion of climate analysis in ESMS tools and processes.

By taking these actions, Produbanco is moving toward integrating climate risk into its credit management processes, reinforcing its commitment to resilience and sustainability.

In the area of credit risk, collateral management has been significantly improved through the use of ArGIS, a tool that allows for assets pledged as collateral to be geo-referenced, and then cross-referencing them with risk maps (natural, environmental), with the aim of providing a comprehensive and preventive view of risk by identifying levels of exposure not evident in traditional financial analyses, such as areas prone to flooding, landslides, or restricted areas, etc. As a result, the bank has improved the quality of its credit assessments and optimized decision-making, protecting the value of collateral over time, and rolling out a more technical, proactive risk management approach aligned with prudential standards.

As part of its Comprehensive Environmental and Social Risk Management, the Risk Management Unit led the development of the Key Environmental & Social Risk Indicators (KRI), along with their respective methodology, approved on September 19, 2025. The objective is to identify, together with the various Units/Subdepartments, key risk indicators that provide an early warning signal of potential risks detected and enable their timely management.

The Environmental & Social Risk Indicator (KRI) Methodology describes the process for identifying, managing, and monitoring these indicators. To this end, the impact areas of governance, employees, customers, and the environment—as established in the Environmental & Social Risk Matrix—were considered, as they align with the sustainability strategy set by the institution.

The pillars of the sustainability strategy include: financing for sustainable transition, innovation for financial inclusion, climate resilience, operational sustainability, and corporate culture.

6. Indicators & Metrics

On an annual basis, Produbanco calculates its corporate carbon footprint and the emissions from its productive loan portfolio.

To estimate and calculate its corporate carbon footprint, the bank developed the Eco-efficiency and Resource Use Program, a key component of which is the corporate carbon footprint that Produbanco has been measuring and certifying since 2019. This initiative enabled the bank to assess its potential for reducing carbon emissions, as well as for prioritizing actions to manage them and identify those responsible; actions that are taken alongside the best practices that Produbanco has already incorporated into its operations. The results obtained in 2025 are summarized as follows:

Direct Emissions							
Activity	Consumption	Measure	Emissions (tCO ₂ e)	tCO ₂ e per employee	Share	Annual difference	Change
Combustibles							
Diesel in generators	42,889.35	gal	427.21	0.16	11.09%	1,299.23%	-3,579.13%
Gasoline for company vehicles	8,869.87	gal	79.60	0.03	2.07%	-28.73%	-16.02%
Diesel for company vehicles	2,056.95	lb.	21.26	0.01	0.55%	-37.94%	29.27%
Refrigerant							
R-410	120.22	lb.	105.14	0.04	2.73%	-63.01%	-54.10%
Fire Extinguishers							
CO ₂ Fire Extinguisher Refills	1,530.0	lb.	0.70	0.00	0.02%	-29.98%	-27.49%
Total direct emissions (Scope 1)			633.90				

Indirect emissions

Electricity

Electricity consumption at customer service agencies	6,391,428.09	kWh	766.97	0.29	19.91%	15.70%	92.47%
Electricity consumption at ATMs	209,593.22	kWh	25.15	0.01	0.65%	41.18%	219.22%
	6,601,021.31	kWh	792.12	0.30	20.56%		
	23,763.68	GJ	792.12	0.30	20.56%		
Indirect emissions (Scope 2)			792.12				
Losses from electricity transmission and distribution	638,813.60	kWh	76.66	0.03	1.99%	16.37%	84.04%

Indirect emissions

Transportation

Electricity consumption at customer service agencies	464,650.31	km	104.31	0.04	2.71%	-11.65 %	-50.57%
Diesel for business trips in taxis	10,695.15	km	2.71	0.00	0.07%	-81.24 %	-92.11%
Gasoline for interprovincial land travel	421,345.91	km	94.59	0.04	2.45%	-26.47 %	N/A
Diesel for interprovincial land travel	9,698.38	km	2.46	0.00	0.06%	-84.39 %	N/A
Gasoline for employee commuting in personal vehicles (home-work-home)	5,247,658.32	person-km	1149.86	0.44	29.84%	-2.88 %	-44.75%
Diesel for employee commuting in personal vehicles (home-work-home)	154,467.07	person-km	39.15	0.01	1.02%	-72.98 %	-88.45%
Electricity for employee commuting in personal vehicles (home-work-home)	304,329.39	person-km	28.49	0.01	0.74%	N/A	N/A
Diesel for employee minibus transportation (home-work-home)	437,445.25	person-km	6.93	0.00	0.18%	80.79 %	-70.00%
Diesel for employee bus transportation (home-work-home)	4,205,797.48	person-km	105.95	0.04	2.75%	-23.51 %	-49.03%
Gasoline for employee commuting by motorcycle (home-work-home)	366,282.82	person-km	47.42	0.02	1.23%	-45.23 %	N/A
Electricity for employee commuting by subway (home-work-home)	1,211,725.83	person-km	33.69	0.01	0.87%	N/A	N/A
Electricity for employee commuting by motorcycle or scooter (home-work-home)	43,314.24	person-km	4.05	0.00	0.11%	N/A	N/A
Cash-in-transit							
Diesel for cash-in-transit	863,836.74	km	162.68	0.06	4.22%	-3.34 %	9.10%
Messenger services							
Diesel for messenger services	N/A						
Gasoline for internal messenger services	685,876.40	km	75.86	0.03	1.97%	38.49%	-20.38%
Gasoline for interprovincial messenger service	34,864.12	km	28.85	0.01	0.75%	-33.07%	-65.91%

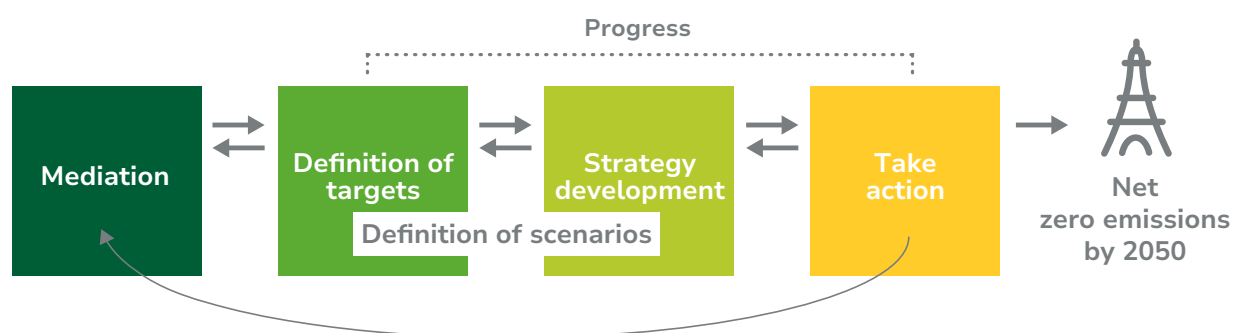
Indirect emissions							
Waste							
General waste	85,144.10	kg	89.64	0.03	2.33%	-4.56%	-11.35%
Gasoline for interprovincial messenger services	257.50	kg	0.04	0.00	0.00%	-51.28%	405.52%
Hosting							
Accommodations	2,040.00	# nights	30.10	0.01	0.78%	-33.14%	N/A
Telework							
Electricity consumption from teleworking	288,653.39	kWh	34.64	0.01	0.90%	-31.16%	N/A
Purchase of goods and supplies							
Gasoline for paper transportation	8,100.81	tkm	1.06	0.00	0.03 %	-14.43%	N/A
Diesel for paper transportation	8,645.41	tkm	5.33	0.00	0.14 %	-34.47%	N/A
Paper consumption	77,778.43	kg	70.82	0.03	1.84 %	-19.47%	N/A
ATM Acquisition		# ATM			0.00 %	-100.00%	N/A
Indirect Emissions (Scope 3)			2,427.01				
Total emissions			3,853.03				
Refrigerants							
R-22 t 32.54 lb.	1.50	lb.	0.00	0.00	N/A	-99.89%	-100.00%
HCFC-141b(t)		lb.			N/A	-100.00%	N/A
Biogenic emissions							
Ethanol	20.09	gal	0.11	0.00	N/A	-67.02%	N/A
Ethanol	26,288.94	km-person	3.52	0.00	N/A	N/A	N/A

The primary sources of emissions are: employee commuting, electricity consumption, flights, and taxis for business travel.

MAJOR EMISSION SOURCES					
Consumption	Source flow	2023	2024	Annual change	Base year change
Scope 1	Refrigerants	284.23	105.14	-63.01%	-54.10%
	Company-owned vehicles	145.95	100.86	-30.89%	-9.32%
	Diesel in generators	30.53	427.21	1299.23%	3579.65%
	CO ₂ fire extinguishers	0.99	0.70	-29.98%	-27.56%
Scope 2	Electricity, utilities, and ATMs	680.72	792.12	16.37%	94.93%

Scope 3	Employee transportation	1557.73	1,415.53	-9.13%	-46.60%
	Business flights	264.83	231.73	-12.50%	-9.22%
	Taxis	132.52	107.02	-19.24%	-56.39%
	Remote work	50.32	34.64	-31.16%	N/A
	Hotel stays for business travel	45.02	30.10	-33.14%	N/A
	Long-distance ground travel	144.37	97.05	-32.78%	N/A
	Paper transportation	9.37	6.39	-31.82%	N/A
	Losses from electricity transmission and distribution	65.88	76.66	16.37%	84.05%
	Messenger services	54.78	75.86	38.49%	-57.83%
	Cash-in-transit	168.30	162.68	-3.34%	9.09%
	General waste	93.92	89.64	-4.56%	-11.35%
	Clinical waste	0.08	0.04	-51.28%	274.03%
	Interprovincial messenger services	43.10	28.85	-33.07%	N/A
	Paper consumption	87.94	70.82	-19.47%	N/A
ATM acquisition	84.94	-	-100.00%	N/A	

As part of its commitment to addressing climate change, since 2021 Produbanco has committed to annually quantifying the emissions from its loan portfolio based on the methodology established in *The Global GHG Accounting and Reporting Standard for Financed Emissions* for the “Business Loans” category, developed by the Partnership for Carbon Accounting Financials (PCAF). Produbanco’s financed emissions are reported under Scope 3, Category 15 “Investments” of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This is aimed at achieving net-zero emissions by 2050, as well as identifying and managing transition risks related to climate change.



Starting in 2023, thanks to technical assistance from FinDev Canada, Produbanco has calculated the financed emissions of its productive portfolio for the 2021–2024 period using JIM PCAF, a tool that ensured an estimation process aligned with international standards and the incorporation of GTAP databases specific to Ecuador, significantly reducing uncertainty in emissions quantification and improving the representativeness of the results obtained.

In 2025, Produbanco, through the “Tu Huella, Nuestro Compromiso” project, supported 43 companies in quantifying their organizational carbon footprint, and based on the results obtained, specific reduction plans were developed for each client with a 2030 target. As

part of this process, 26 companies calculated their emissions for 2023, which allowed for the estimate for that period to be updated and improved. This update improved the accuracy of the financed footprint reported by the bank for that year. It was observed that including the project's results, along with improvements in the use of the calculation tool suggested by the JIM PCAF, revealed a significant difference in the total sum of Scope 1 and Scope 2 emissions compared to previously processed data, with a variation of approximately 211,000 tCO_{2e}. This finding demonstrates that the information gathered through the project is more accurate and allows for a substantial reduction in total quantified emissions, as it is based on more representative data and more robust methodologies.

In addition, the reduction plans developed within the project's framework identified financing opportunities for installing solar panels, which directly contributes to reducing customers' carbon footprints. Furthermore, technical advice was provided to promote business actions that drive decarbonization and the adoption of more sustainable practices.

The following are the estimates of greenhouse gas (GHG) emissions from Produbanco's production portfolio, derived from the JIM PCAF platform, for the 2021, 2022, 2023, and 2024 fiscal years, which include its SME, business, corporate, and institutional clients, representing 59% of the bank's portfolio. Within this scope, organizational boundaries are defined using a financial control approach.

Summary of emissions (tCO_{2e}) for Category 15: Investments

Category 15: Investments				
Total GHG Emissions	2021	2022	2023	2024
Scope 1 (tCO _{2eq})	297,450.23	320,728.33	170,644.62	172,449.35
Scope 2 (tCO _{2eq})	83,410.45	90,229.03	44,813.08	49,244.05
Scope 3* (tCO _{2eq})	52.03	151.02	306.74	1,330.30
Total Scope 1 and 2 emissions (tCO _{2eq})	380,860.67	410,957.37	215,457.70	221,693.40

*Scope 3 includes only emissions from oil production. Given the quality and insufficiency of the information available, Scope 3 emissions from other sectors will not be published or considered for the preparation of this report. Starting in 2026, the inclusion of Scope 3 emissions from all priority sectors will be analyzed where data availability permits.

Also presented are the greenhouse gas (GHG) emissions from Produbanco's production portfolio in the carbon-intensive sectors prioritized by UNEP FI and Produbanco, corresponding to the 2024 fiscal year.

Emissions (tCO₂eq) from the production portfolio by carbon-intensive sectors, 2024

Sector	Total balance (MM)	Emissions (S1)	Emissions (S2)	Emissions (S3)	Emissions 2023 Scope 1+2	Emissions 2023 Scope 1+2+3
Agriculture, livestock, hunting, and others	158	48,816	5.71	-	48,822	48,822
Fishing and aquaculture	107	10,502	1.40	-	10,504	10,504
Oil production	24	3,052	0.12	1,330.30	3,052	4,383
Food processing	361	2,604	1,569.09	-	4,173	4,173
Electricity supply	108	6,406	96.67	-	6,502	6,502
Cement	15	930	377.08	-	1,307	1,307
Iron and steel	85	9,177	17,334.73	-	26,511	26,511
Aluminum	7	248	673.83	-	922	922
Transportation	26	19,774	121.06	-	19,895	19,895
Real estate	387	4,561	974.05	-	5,535	5,535
Coal	-	-	-	-	-	-

* The quality of the information used to calculate financed emissions is rated at 3.68, in accordance with the criteria established by the Partnership for Carbon Accounting Financials (PCAF) methodology.

Regarding progress on the 5 activities prioritized by Produbanco as part of its commitment to the NZBA, the following table shows the monetary intensity emissions in tCO₂e/M USD, considering GHG emissions based on actual sales, multiplied by a deflator to eliminate the effect of inflation.

Sector	Sector Code	2024 Emissions	Emissions (S2)	Emissions (S3)	Emissions 2023 Scope 1+2	Emissions 2023 Scope 1+2+3	Emissions 2023 Scope 1+2+3
Agriculture, livestock, hunting, and others	A01	48822	1.19	123.91	330.86	24%	428.06
Fishing and aquaculture	A03	10504	0.96	95.98	114.38	24%	90.39
Oil production	B06	3052	0.23	103.52	128.97	18%	43.36
Food processing	C10	4173	8.63	109.78	4.40	24%	10.33
Electricity supply	D35	6502	0.18	111.69	331.78	36%	1039.31

An analysis of the results shows that the variation in financed emissions from the prioritized sectors is largely due to improvements in data quality resulting from the “Tu Huella, Nuestro Compromiso” project and the use of the JIM PCAF platform, which has enabled a more robust estimate of emission intensities and projections through 2030. At the same time, Produbanco continues to implement the initiatives outlined in its transition plan, with the aim of identifying and capitalizing on mitigation opportunities in line with the commitments made to the NZBA, PRB, PCAF, and TFCD. Although the oil production sector shows an increase in projected emissions, this trend is primarily associated with the rise in credit exposure in that segment; however, the affiliated clients maintain environmental management processes that include adopting measures aimed at a progressive reduction in their operational emissions.

It is important to highlight the following actions taken in 2025:

- A policy and taxonomy for Produbanco’s Green Lines were established, which included defining methodologies for determining eligibility and calculating impact. This was done in alignment with the Green Taxonomy developed by Asobanca for financial institutions in Ecuador.
- A new sustainability strategy was established that incorporates, within its strategic pillars, climate change mitigation and adaptation as central pillars for the end-to-end management of environmental and transition risks.
- Methodologies were developed for identifying and assessing climate risk.
- Customer information was collected to improve data quality through the ESMS.
- The sales force’s capabilities were reinforced through the “Tu Huella, Nuestro Compromiso” project.
- 43 organizational carbon footprints corresponding to clients in the production portfolio—including the SME, Business, and Corporate segments—were quantified directly, with support from Global Factor, a specialized consultant. This process allowed not only for the calculation of their emissions but also for the development of specific action plans for each client. As a result, the information obtained was more accurate and contributed to a substantial reduction in total quantified emissions, improving climate management and strategic decision-making.

Next steps:

The following steps to be taken to meet the commitments established by the TFCDC:

	Short term (through 2026)	Medium term (through 2030)
Governance	We plan on holding workshops and training sessions on climate change for Board members, enabling them to acquire the knowledge needed to make sound decisions regarding the risks and opportunities arising from climate change.	We will continue to hold workshops and training sessions for Board members to help them acquire the knowledge needed to make sound decisions regarding the risks and opportunities arising from climate change.
	The annual climate disclosure report will continue to be prepared in accordance with TFCDC recommendations, including the current status and the action plan related to the management of climate change risks and opportunities.	Progress related to climate change will be disclosed annually based on TFCDC recommendations.
	The committees will continue to meet according to the schedule set to fulfill the purpose for which they were created, and thus promote Produbanco's strategy of responsible banking, sustainability, and corporate culture.	Issues related to the risks and opportunities of climate change will be included in the meetings of Produbanco's committees. If deemed necessary, their functions will be modified to better address climate change.
	Produbanco will continue to monitor, through the Sustainability Committee, compliance with the defined strategic sustainability plan, as well as compliance with the policies established and approved by the Board of Directors.	Each year, Produbanco, together with the People & Culture Unit and area leaders, assesses the training needs of the various units. Therefore, this plan will continue to cover climate-related topics needed to properly identify risks and opportunities arising from climate change. Additionally, we will take advantage of the workshops offered by various multilateral agencies and organizations that Produbanco is a member of.
	Meetings have been held with public and private sector entities and companies to gather more local information on climate change.	Monitor, through the Sustainability Committee, compliance with the policies established and approved by the Board of Directors and the strategic plan adopted. Continue to increase participation in both private and public forums so that, through collaboration, we can take collective actions that contribute to addressing climate change.
Strategy	Produbanco renewed its sustainability strategy, defining it around four pillars. Pillar 1. Finance for the sustainable transition: lead the transformation of the financial ecosystem by financing the energy transition and sustainable production models, along with their value chains. Pillar 2. Innovation for financial inclusion: promoting financial inclusion and education to strengthen economic resilience and foster opportunities. Pillar 3. Climate resilience: strengthening the resilience of productive sectors through climate risk management and technical support. Pillar 4. Sustainability in operations and corporate culture: incorporating sustainability into all operations and the organizational culture, achieving efficiency, carbon neutrality, and alignment with ESG principles.	Opportunities associated with sectors of interest to Produbanco will be identified.
	Objectives have been established regarding green financing, related to Finance for Sustainable Transition, which includes energy efficiency and renewable energy through the Green Lines product. By 2026, we aim to reach a portfolio of USD 281 million.	A 50% increase in green loans for the agricultural and industrial sectors has been proposed, to be measured annually until the target is reached. Additionally, the annual financing plan will seek to include a greater amount of climate-related financing, based on the country's economic situation, existing market opportunities, and the institution's budget.
	Through external consultants (Global Factor), Produbanco is quantifying the operational carbon footprint of 20 clients in the productive portfolio (SME, Business, and Corporate). Based on this initiative, specific reduction plans will be developed for each client and general plans for each sector.	Climate risk analysis will be incorporated into decision-making and client rating processes.
	We will work on new financing agreements with DFIs and multilateral organizations, where the use of funds will include, among other things, climate-related issues.	Periodically review the roadmap established for the transition to a low-carbon economy and update it based on the local context and the requirements of stakeholders and investors.

Risk Management	The climate hazard layers of the georeferencing tool for climate risk analysis of the corporate portfolio will be updated; this will be part of the current ESMS methodology. This will allow us to identify physical risks to which certain sectors or clients may be exposed that pose a high risk to Produbanco. Climate scenarios will also be incorporated into decision-making.	Include the entire portfolio of companies in the ESMS georeferencing tool to include climate risk into decision-making.
		Define the acceptable risk appetite for climate change hazards identified to have a material impact.
Indicators and metrics	Monitor the portfolio's decarbonization targets established for 2022	Emissions from Produbanco's portfolio of companies will be calculated annually. This data will enable us to assess progress toward the action plan to reach net-zero by 2050.
	We will continue to measure our operational carbon footprint and take actions that allow us to further reduce our impact	Produbanco's operational emissions will be calculated annually. This data will enable us to assess progress on the action plan and implement new measures to further reduce our impact.

As leaders in sustainable financing in Ecuador and as part of the Strategic Sustainability Plan, on June 14, 2022, Produbanco became a signatory to the TFCF with the aim of improving standards and fulfilling the requirements of the Inter-American Development Bank (IDB Invest) for the issuance of the Sustainable Bond. This commitment enabled the bank to better understand its climate change risk profile, identify its specific exposure, develop decarbonization plans, and make informed financial decisions, thereby strengthening its accountability for climate impact.



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