

ANNEXES

TCFD REPORT

1. Introduction

The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) emphasize forward-looking assessments under science-based scenarios. Climate risk becomes a threat to financial stability when it significantly affects the payment capacity and solvency of clients, and consequently the portfolios of financial institutions. Thus, the TCFD recommendations seek to promote the identification and management of climate-change risks and opportunities in the sector.

According to IDB Invest, the financial risks arising from climate change have certain distinctive elements, such as uncertainty associated with the scope, breadth and magnitude of their impacts; the extended time periods over which they operate, and their dependence on short-term actions. Transitional and/or physical climate risks can translate into impacts on economies and the stability of a country's financial system.

2. Commitments and alliances

Alliances are important to reducing negative impacts and enhancing positive impacts. Therefore, Produbanco encourages the implementation of the ten ethical principles promoted by the United Nations Global Compact, the Principles for Responsible Banking (PRB), the actions to meet the objectives of the Net Zero

Banking Alliance (NZBA¹), and the guidelines for good practices of certified B Corporations, for which the commitments and progress are mentioned in the Report prepared by the Sustainability Committee included in this Annual Report.

We also work with public and private sector stakeholders to promote joint initiatives that result in establishing social and environmental standards on a local level. Likewise, we are actively involved in discussion panels and other forums of dialogue specialized in sustainable issues, such as the Banking Board of the United Nations Environment Programme Finance Initiative (UNEP FI), in which our Vice President of Legal, Compliance and Corporate Affairs, Jorge Alvarado, participated as a member, representing South America on this renowned board that focuses on sustainability and responsibility.

3. Governance

Produbanco has a governance model that integrates climate change issues at the highest decision-making levels. Our approach to environmental issues is based on preventing risks that are both inherent to the business in terms of the activities carried out by the clients who benefit from credit operations, and those arising from the business and institutional activity itself. Our Sustainability & Climate Change Policies contain the respective strategic pillars,

¹ Net Zero Banking Alliance

while the Transparency & Indicators section of said policy addresses climate risk management from the perspective of direct impacts on operations as a company, and indirect impacts through its portfolio.

We also maintain a General Environmental & Social Risk Policy, as well as a Comprehensive Environmental and Social Risk Management System applied transversally in Produbanco and its Subsidiaries.

In 2023, updates were made to the Environmental & Social Risk Policy in the lending process, the manuals, methodology and scope of transactions analyzed under the International Finance Corporation (IFC) Performance Standards², and the exclusion list. Similarly, the ESMS included the eight fundamental conventions of the International Labor Organization, and an internal procedure was implemented between the Environmental & Social Risk Department of the Credit & Collections Area, and the Risk Management Department to manage the follow-up and action plan for identified clients.

To reinforce our Sustainability & Climate Change Policy, which includes the commitment to circulate relevant and accurate financial and non-financial information on the economic, social and environmental performance of Produbanco and its Subsidiaries through its reports, we prepared a matrix showing the different indicators of standards, such as: TCFD, CDP³, GRI⁴, SASB⁵ and the new IFRS S1 and S2⁶, allowing us to prepare a comprehensive

report that keeps Produbanco at the forefront of sustainability issues, always prepared to meet future market demands.

To assess, monitor and mitigate the risks and opportunities of climate change, Produbanco has two committees that address these aspects:

Sustainability Committee

Meets bimonthly and consists of members of the Board of Directors, senior management and other responsible officers. The main objectives of this committee include, among others:

- Assist the Board of Directors in overseeing the sustainability strategy and initiatives related to the Sustainable Banking Program with respect to governance, labor standards, resource eco-efficiency, ESMS and impact measurement, the Green Lines Program, and supply chain management.
- Review policies and programs on sustainability, climate change, human rights and other material environmental, social and corporate governance (ESG) issues with stakeholders.
- Follow up on the implementation of the PRB, NZBA and B Corporation standards, and other sustainability commitments made by the Bank.
- Analyze and follow up on strategies and technical assistance received to enhance sustainability initiatives, as well as financial solutions for the placement of resources obtained from Development Finance Institutions (DFIs), and liaise with committees or regulatory bodies, as needed.

² IFC Performance Standards on Environmental and Social Sustainability

³ Carbon Disclosure Project

⁴ Global Reporting Initiative

⁵ Sustainability Accounting Standards Board

⁶ International Sustainability and Climate Standards

- Follow up on the Social Responsibility Plan, volunteering initiatives, financial education. and activities with employees.

Comprehensive Risk Management Committee

Its purpose is to design and propose policies, systems, methodologies, models and procedures to effectively and comprehensively manage risk. This committee meets on a monthly basis and also consists of members of the Board of Directors and senior management of the Bank.

Our Sustainability Champions continue to be the team of employees who implement the Sustainability Plan, which includes climate change actions.

CEO, Upper Management and Directors

Bimonthly follow up

Upper Management

Tactical follow up

Sustainability Champions

Multidisciplinary Coordination and Action Plan Implementation

Sustainability Culture



It is important for Produbanco to remain up to date on climate change risks and opportunities, and therefore the following training sessions were held for members of the Board of Directors:

	Pillar	Topic	Date performed	Shared by:
1	Technology	Automation and Artificial Intelligence	April 3, 2024	AutomationAnywhere Microsoft
2	Talent Management	The Economics of Skills	May 3, 2024	HR Business Agility Partner - Agility Changes Eduardo Lafebre
3	Compliance	Money Laundering & Financing of Terrorism Prevention Training Field of Study and Topic: ALA/CFT/PADM Compliance	April 4, 2024 May 9, 2024 May 24, 2024	CSMB Ana Maria H. de Aliba
4	Finances	S ¹ and S ² Sustainability Standards	June 3, 2024	KPMG
5	Risks	Fraud and Cybercrime	July 3, 2024	Visa Luis Reza
6	Corporate Governance	Corporate Governance and Compliance Trends	August 30, 2024	Fit & Proper Marcelo Zarate
7	Compliance	PLD/FT Training - AML, AUD, RI Committee Directors	September 3, 2024	CSMB Ana Maria H. de Aliba
8	Risks	Non-financial risk management: A complex but highly relevant challenge	September 10, 2024	PWC Bismarck Rodriguez Leonidas Rey Raul de Garcia
9	Compliance	PLD/FT Training - Credit Committee Directors	October 17, 2024	Infolaft Alberto Lozano
10	Corporate Governance	Basel trends	November 7, 2024	Fit & Proper Marcelo Zarate

Note (1): Audience was divided into three groups, which received the same information.

Additionally, the members of the Board of Directors and committees are advised by our expert employees in these matters, when required.

In 2024, technical assistance continued to be provided to SME clients by specialized sustainability advisors, accredited by the United Nations Development Programme (UNDP) as technicians in the Growing with your Business methodology. We have two advisors nationwide – one on the coast and the other in the highlands. At the

end of the year, we had completed 51 technical assistance assignments for clients, exceeding our goal with a compliance rate of 102%. The objective of these assignments was to increase non-financial sustainability initiatives, generate business by strengthening relationships with clients, and help to identify sustainable financing opportunities.

In addition, Produbanco has a Recognition Program for employees, whose purpose is to connect people, in their daily lives, with the values of the Organization. The program includes the Sustainability Champions, as it is intended to recognize people who meet sustainability goals, the officers of each bank who have contributed the most to generating Green Lines, and volunteers of some initiatives related to environmental and social issues promoted by the Bank.

4. Strategy

We continue to work on identifying the current and potential impacts of climate risks and opportunities. Currently, the Bank has tools that allow it to identify the exposure of a portion of its commercial portfolio to physical risks. The clients mapped using this tool are those that, based on the ESMS, are classified as either Extended Due Diligence (EDD) or IFC (activities or projects where compliance with the eight IFC Performance Standards is assessed) clients, due to their exposure and activity. Initially, natural physical hazards such as earthquakes, volcanic eruptions and seasonal flooding, have been included in this analysis.

The Environmental and Social Risk Department of the Credit & Collections Unit has integrated information related to climate chan-

ge and its projections into the analysis tool by incorporating data from the Climate Change Information, Projections, Risk and Adaptation System (SPARCC) developed by Ecuador's Ministry of the Environment, Water and Ecological Transition (MAATE).

By quantifying its Scope 1, 2 and 3 carbon footprint, Produbanco became Carbon Neutral certified, a process verified in accordance with the requirements of ISO 14064-1, 14064-3 and the GHG Protocol⁷. Additionally, aligned with its commitment to the NZBA, Produbanco has defined its emission reduction goals in accordance with the Science Based Targets, establishing an Organizational Carbon Footprint Reduction Plan to 2030. The actions taken during 2024 include:

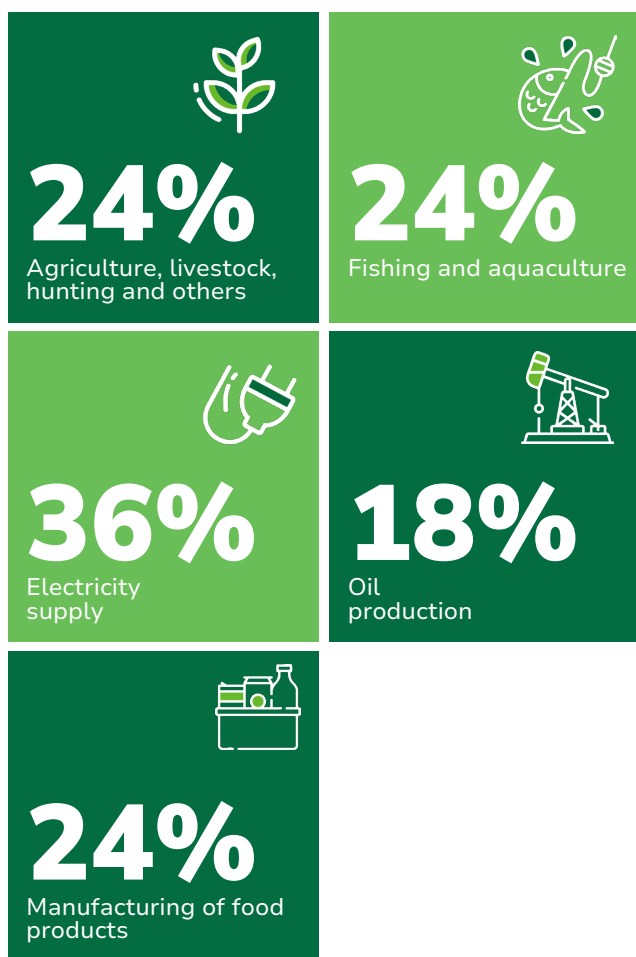
⁷ Greenhouse Gas Protocol (Greenhouse Gas Protocol)

Topic	Strategies
Refrigerant leaks	Replace current equipment with equipment that does not contain HCFC (damage the ozone layer).
	Feasibility assessment to progressively replace current air conditioners with more efficient equipment that have a lower GWP (R-32 instead of R410A).
	Design and include a protocol to collect the refrigerant during maintenance in the contract. Monitor recovery of refrigerants through supplier.
	Include and monitor contractual execution of periodic maintenance of current equipment and following of good practice guidelines for use of refrigerants.
Energy consumption	Implement an energy monitoring system in traditional Produbanco agencies to identify site-specific opportunities for energy savings.
	Generate, consume and monitor solar energy in the Produbanco Brasil Branch.
	Monitor energy onsite with EGE certification (Ekopark, Iñaquito, Guayaquil and Cuenca main branches).
	Evaluate the daily status of AA equipment according to planning, considering the SEER (Seasonal Energy Efficiency Ratio) standard with an efficiency greater than 3.4 W/W.
Employee mobility	Maintain the current remote working policy to reduce GHG caused by employee mobility.
	Create a flexible work policy
	Determine spots for trips by unit
	Follow up on use and incentives to promote the use of the shared mobility application and bicycles. Evaluate for expansion to other branches.

HCFC: Hydrochlorofluorocarbons (compounds consisting of chlorine, fluorine, hydrogen and carbon atoms)

GWP: Global Warming Potential

Furthermore, as part of its commitment as a founding signatory of the NZBA, Produbanco has estimated its intermediate decarbonization targets to 2030 for five prioritized sectors based on monetary carbon intensity targets (i.e. greenhouse gases (GHG) emitted by deflated revenues):



This information was published in October 2022 on the Bank's website at the following link: Commitments and Allies -Produbanco, as a result of the work done with consultants from Base Consulting, in order to align with NZBA requirements. During this consultancy, the decarbonization goals were defined and a roadmap for fulfilling them was set. Additionally, issues related to climate change opportunities and risks were included.

The decarbonization targets for the five prioritized sectors were developed based on the guidelines for Climate Target Setting for Banks prepared by the UNEP FI, the national context and available scientific resources related to a global warming scenario no greater than 1.5°C. These were based on three main climate scenarios: Ecuador's conditional NDC⁸, IPCC⁹ and IEA scenarios. Produbanco used global (IPCC and IEA) and national (NDC) scenarios as a reference for defining emissions reduction curves.

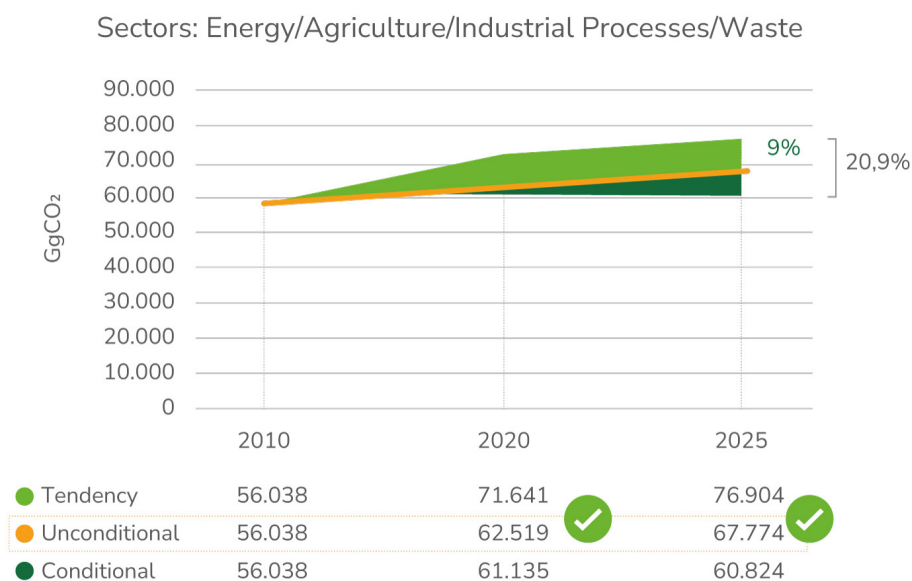
Regarding the period from 2020 to 2025, Produbanco is following the conditional scenario of Ecuador's Nationally Determined Contribution (NDC)¹⁰. This shows the commitment of the Ecuadorian government to reduce GHGs and adapt to climate change. Ecuador has two types of targets: non-conditional (without external support) and conditional (with external support). Ecuador's NDC proposes a reduction through an unconditional target of 9% of its GHG emissions for the energy, industrial processes, agriculture and waste sectors, while the target conditional on international support and cooperation amounts to 20.9% between 2010 and 2025.

⁸ Nationally Determined Contributions (NDC)

⁹ Intergovernmental Panel on Climate Change

¹⁰ Ministry of Environment, Water and Ecological Transition (2020), Nationally Determined Contribution: ECUADOR, <https://www.ambiente.gob.ec/wp-content/uploads/downloads/2022/02/Folleto-NDC-2020-2025.pdf>.

GHG reduction projections in Ecuador

GgCO₂: CO₂ Gigagrams

Taken from: Ministry of Environment, Water and Ecological Transition (2020),
Nationally Determined Contribution: ECUADOR, pg. 9.

Regarding the period from 2025 to 2030, Pro-dubanco has considered the IPCC's 2022 C2 scenario. This institution is part of the United Nations and analyzes the science related to climate change, providing guidance to world leaders as they develop and refine climate policies. C2 proposes that global warming be limited to 1.5°C through 2100 with possible exceedances ranging from 0.1 to 0.3°C. Under this approach, a reduction of -24% is envisaged¹¹.

In terms of the period running from 2030 to 2040, we have considered the scenarios of the IEA,

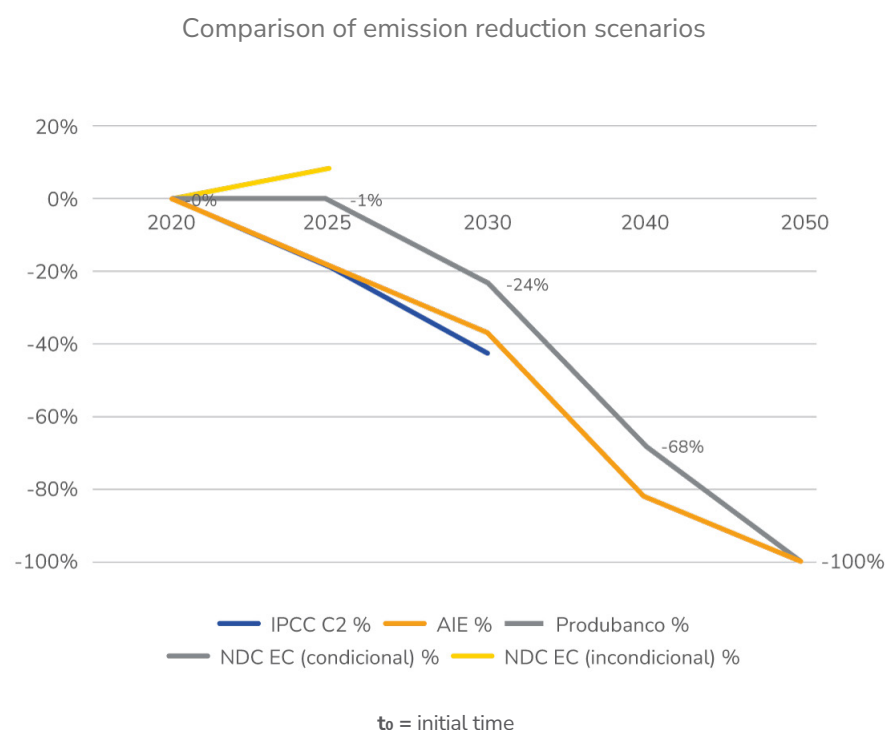
an institution that works with governments and industries to shape a secure and sustainable energy future by providing analyses, data, policy recommendations and real-world solutions. Its scenarios are designed around the global and country-specific projection of CO₂eq emissions to 2050¹². As a result, based on the IEA projection for Ecuador, a reduction of -68% is estimated for 2040.

Finally, with respect to the period from 2040 to 2050, a projection of the curve has been made taking into consideration reaching a point of zero net emissions.

¹¹ IPCC (2000), Climate Change 2022 : Mitigation of Climate Change https://report.ipcc.ch/ar6/wg1/IPCC_AR6_WGL_FullReport.pdf, Table SPM.2 pg. 22

¹² AIE (2021), Net Zero by 2050 Scenario, <https://www.iea.org/data-and-statistics/data-product/net-zero-by-2050-scenario#tables-for-scenario-projections>.

The following table shows the resulting reduction considering the aforementioned scenarios:



Additionally, Produbanco has committed to periodically review its decarbonization targets in other sectors. In 2024, the decision was made to phase out the coal sector, excluding placement in activities related to coal extraction or coal-based power generation.

Establishing decarbonization objectives represents an opportunity to accompany the Bank's clients on their path to sustainability and decarbonization of their productive activities through green loans. As of 2024, 252 clients have been granted loans for their investments in green (sustainable) and climate change mitigation projects for a total of USD 373 million. Likewise, 968 green credit lines have been placed, repre-

senting a total disbursement of USD 1.05 billion for the Sustainable Portfolio.

As a strategy to increase Produbanco's green financing, we worked with GreenLac, a consulting firm, to develop a policy, taxonomy and methodology that will allow us to adequately segment our clients, trace the use of resources, and assess, monitor, report and follow-up on the impact metrics of the Green Lines Portfolio.

During the year, Produbanco received USD 53 million in new financing from multilaterals and DFIs for climate-related issues, out of a total of USD 160 million for the placement of sustainable portfolios.

It is important to mention that financing is planned on an annual basis, taking into account the country's economic situation and existing market opportunities, such that they are tied to the institutional budget. In 2024, Produbanco obtained several technical assistance programs, including one provided by the International Finance Corporation (IFC) to better understand the blue economy in order to promote sustainable products; at the end of the year, we received technical assistance from the U.S. Development Finance Corporation (DFC) in collaboration with the Pro Mujer institution, focusing on gender issues as part of the internal training that we have begun to provide on the subject, aimed at strategic areas and management. In 2025, we will continue to focus on our clients, especially in the productive sector.

Produbanco is in the process of establishing the scenarios to be adopted for climate risk analyses, knowing that these are a requirement of the TCFD and a tool that allows banks to analyze potential transitional and physical risks posed by climate change to their portfolios, which can transform into financial risks.

These scenarios play an important role in the Bank's planning exercises and drive decision-making for business strategy and risk management. Furthermore, they provide different scenarios according to the possible outcomes of the applicable policies, taking into consideration three types of scenarios:

- Strict, involving the early introduction of climate policies that gradually become more stringent. Transition risks are high.
- Moderate, which explore a transition risk at this level due to delayed or divergent policies between countries and sectors (NDC).

- Hot world, which presume the implementation of some climate policies in certain jurisdictions, but that global efforts would prove insufficient to halt climate change. They may give rise to serious physical risks with irreversible impacts, such as rising sea levels.
- Once this is established, Produbanco will seek to consider the transitional and physical risks over the short, medium and long term in its analysis.

On the other hand, we launched the double materiality (financial and impact) survey process with Valora Consultores, to gather information from the Bank's stakeholders regarding their perception of how the Bank manages various social, environmental and governance aspects. This information will serve as input to prioritize the list of potential issues, and then define the issues that could be considered material.

5. Risk management

Produbanco identifies, evaluates and manages risks related to climate change. To this end, the Environmental & Social Risk Department of the Credit & Collections Unit developed a geolocation tool for client facilities to identify the physical and climatic risks associated with specific geographic locations, in order to improve the analysis and align with initiatives, such as the TCFD. In the future, it seeks to include information on physical risks related to climate change or its projections on a local level in credit decisions.

The georeferencing tool has incorporated new physical and climate risk layers that process information on productive guarantees and establishments. Two studies were carried out to evaluate the effects of the El Niño phenomenon and the risk of eruption of the Cotopaxi volcano.

Additionally, it is important to consider that there is a section analyzing the physical, social and economic environment of the area in the appraisal reports on real estate collateral, including natural risks and types of visible contamination. These reports are available to all parties involved in proposing, reviewing and approving the different credit facilities.

We are also working to have defined procedures for identifying and assessing climate risks by 2025, as well as the acceptable residual risk level for climate change risks identified as having a material impact

As part of the General Environmental & Social Risk Policy, the Risk Management area spearheaded the development of Environmental and Social Risk Matrix, which was approved on November 19, 2024. The objective was to identify the potential risks associated with environmental, social and climate change aspects, along with the different units and divisions in order to analyze possible impacts, and define strategies and appropriate action plans to help manage the risks identified in a timely manner.

The methodology of the Environmental & Social Risk Matrix describes the process followed to develop it. Thus, we have considered the Sustainable Development Goals (SDGs) and the PRBs as our framework and multidisciplinary pillars that provide support to the areas of impact established in the matrix, which are fundamental to the Institution's operation, including: governance, employees, clients, environment and suppliers.

However, in 2024, Produbanco was part of the

UNEP FI climate change adaptation task force, in which knowledge and experiences were exchanged with its team of experts, as well as with other banks worldwide, representing the first step for us towards the inclusion of climate risk analyses in the lending process.

In August, Produbanco was invited by the IFC to participate in ClimaLAB, an IFC program for financial institutions to accelerate climate risk management with the support of the IFC Green Banking Academy¹³ (IFC- GBAC) and the Embassy of Japan. The aim of this first program was for financial institutions to acquire tools to identify climate risks in the credit portfolio, integrate them into the risk management process, and develop a transition plan in line with market trends and institutional strategies. Seven employees from the Bank's Credit, Risk and Business Units participated.

6. Indicators and metrics

Annually, Produbanco estimates its corporate carbon footprint and the emissions of its productive credit portfolio.

To this end, it developed its Eco-efficiency and Use of Resources Program, whose relevant part involves measuring and certifying the footprint (which has been done since 2019) based on ISO 14064-1 and the GHG Protocol, which made it possible to assess the Bank's potential for reducing carbon emissions, as well as prioritizing actions for managing them and those responsible for them, actions that are taken alongside the good practices that the Bank has already incorporated into its operation. The results obtained in 2023 were:

¹³ Green Banking Academy

Direct Emissions							
Activity	Consumption	Measurement	tCO ₂ e Emissions	tCO ₂ e per employee	Share	Annual change 2022-2023	Annual base change
Fuel							
Diesel in generators	3,065.2	gl	30.53	0.01	0.78%	121.76%	162.98%
Gasoline vehicles owned	52.03	gl	111.69	0.04	2.86%	14.10%	17.84%
Diesel vehicles owned	380,860.67	gl	34.26	0.01	0.88%	14.16%	108.27%
Refrigerants							
R-410	83,410.45	lb	284.23	0.11	7.29%	-3.56%	24.08%
Extinguishers							
CO ₂ recharge of extinguishers	2.185	lb	0.99	0	0.03%	-59.38%	3.46%
Total direct emissions (Scope 1)			461.7				

Indirect Emissions							
Activity	Consumption	Measurement	tCO ₂ e Emissions	tCO ₂ e per employee	Share	Annual change 2022-2023	Annual base change
Electrical energy							
Electricity use in branches	7,205,471.17	kw/h	662.9	0.25	17.00%	10.36%	66.36%
Electricity use in ATMs	193,647.59	kw/h	17.82	0.01	0.46%	-31.71%	126.09%
Diesel mobilization of own vehicles	380,860.67	gl	34.26	0.01	0.88%	14.16%	108.27%
Indirect emissions (Scope 2)	7,399,118.76	kw/h	680.72	0.26	0.146	8.60%	67.52%
	26,636.86	Gj	680.72	0.26	0.1746		
Losses for transportation and electrical distribution	716,049.45		65.88	0.02	1.69%		
Mobilization							
Gasoline business trips in taxi	525,937.76	km	118.07	0.04	3.03%	8.74%	-44.05%
Diesel business trips in taxi	57,012.54	km	14.45	0.01	0.37%	-14.50%	-57.95%
Gasoline interprovincial overland trips	572,991.66	km	128.63	0.05	3.30%	55.76%	N/A
Diesel interprovincial overland trips	62,113.26	km	15.74	0.01	0.40%	22.41%	N/A
Gasoline mobilization of employees own vehicle (home-work-home)	5,273,840.75	km	1,183.92	0.45	30.37%	3.99%	-43.11%
Diesel mobilization of employees own vehicle (home-work-home)	571,639.22	km	144.89	0.05	3.72%	-18.26%	-57.24%

Indirect Emissions							
Activity	Consumption	Measurement	tCO ₂ e Emissions	tCO ₂ e per employee	Share	Annual change 2022-2023	Annual base change
Diesel mobilization of employees in minibus (home-work-home)	5,498,367.61	km	138.51	0.05	3.55%	46.90%	-33.36%
Diesel mobilization of employees shared bus (home-work-home)	241,969.42	km	3.83	0	0.10%	-67.44%	-83.41%
Gasoline mobilization of employees shared motorcycle (home-work-home)	668,749.59	km	86.58	0.03	2.22%	676.48%	N/A
Air transportation	2,754.00	pasajeros	218.23	0.08	5.60%	34.58%	-14.51%
Transportation of valuables							
Diesel transportation of valuables	966,976.58	km	168.3	0.06	4.32%	1.90%	12.86%
Messenger service							
Diesel messenger	N/A						
Gasoline internal messenger	495,249.6	km	54.78	0.02064	1.40%	-32.12%	-69.55%
Gasoline interprovincial messenger	36,516.5	km	43.10	0.01624	1.11%	2.27%	N/A
Waste							
Common waste	89,214.21	kg	93.92	0.04	2.41%	-29.92%	-7.12%
Clinical waste incineration	36,516.5	kg	0.08	0	0.00%	-43.22%	667.68

Indirect Emissions							
Activity	Consumption	Measurement	tCO ₂ e Emissions	tCO ₂ e per employee	Share	Annual change 2022-2023	Annual base change
Refrigerants							
R-22 t	44.50	lb	0.90	0.000339111	N/A	-98.65%	-96.25%
HCFC-141b(t)	10.00	lb	0.05	0.000018839	N/A	0.00%	N/A
Biogenic Emissions							
Ethanol	60.92	gal	0.35	0.00013188	N/A	29.63%	N/A

Source: Produbanco Corporate Carbon Footprint Report prepared by GreenWise.

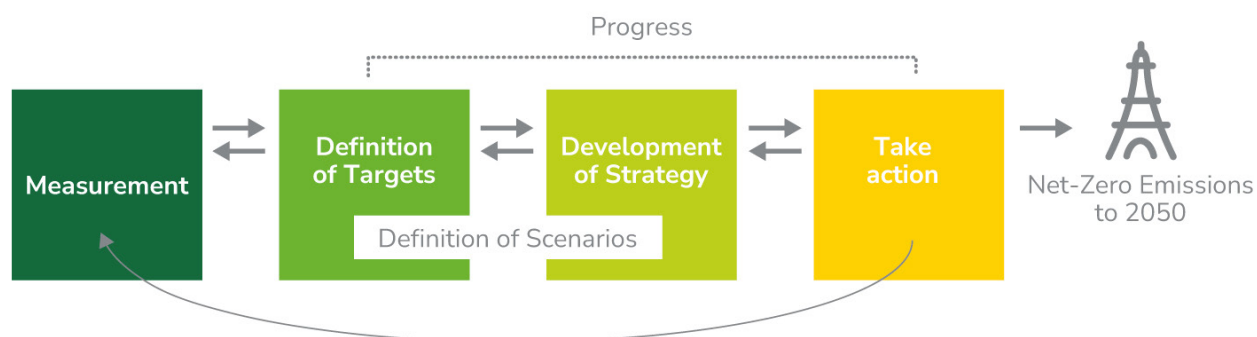
The most significant emission sources are:
employee mobility, electricity consumption,
and flights and taxis for business trips.

Indirect Emissions					
	Source discharge	2022	2023	Annual change	Annual base change
Scope 1	Refrigerants	294.7218	284.2273	-356%	24.08%
	Own vehicles	127.9043	145.9515	14.11%	31.22%
	Diesel in generators	13.7677	30.5315	121.76%	162.98%
	CO ₂ Extinguishers	2.445	0.9932	-59.38%	3.46%
Scope 2	Electric installations and ATMs	626.7897	680.7189	8.60%	-67.52%
	Mobilization of employees	1,432.971	1,557.7335	8.71%	-41.24%
Scope 3	Business flights	162.1577	267.8321	63.32%	3.74%
	Taxis	125.4848	132.5168	5.60%	-46.00%
	Remote working	41.9716	50.3171	19.88%	N/A
	Hotel accommodations for business trips	36.6843	45.0211	22.73%	N/A
	Overland trips (long distance)	95.4343	144.3726	51.28%	N/A
	Paper transportation	9.6992	9.3737	-3.36%	N/A
	Losses for transportation and electrical distribution	60.0759	65.877	9.66%	58.17%
	Messenger service	80.6998	54.7788	-32.12%	-69.55%
	Transportation of valuables	165.1672	168.3023	1.90%	12.86%
	Common waste	134.0299	93.925	-29.92%	-7.12%
	Clinical waste	0.1352	0.0768	-43.22%	667.68%
	Interprovincial messenger service	42.1447	43.1004	2.27%	N/A
	Paper consumption	70.4075	87.9397	24.90%	N/A
	ATM purchases	725.274	84.942	-88.29%	N/A

Note: Data for 2024 will be verified with an external party in June 2025.

As part of its commitment to address climate change, as of 2021, Produbanco annually quantifies the emissions of its production portfolio based on The Global GHG Accounting and Reporting Standard for Financed Emissions methodology for the Business Loans category, developed by the Partnership for Carbon Accounting Financials

(PCAF¹⁴). Produbanco's financed emissions are reported under category 15 (Investments) of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, with the objective of achieving net zero emissions by 2050, as well as identifying and managing transition risks related to climate change.



In 2023, through technical assistance from FinDev Canada, Produbanco applied the Joint Impact Model tool (JIM¹⁵) to improve its estimates of emissions financed under its portfolio. This was done using the PCAF methodology, but unlike other options, it considers databases from the Global Trade Analysis Project (GTAP¹⁶) specific to Ecuador. In previous calculations, the emission factors used were based on regional or developing country averages, which increased the uncertainty of emissions quantifications.

The following table shows the GHG emissions estimates for Produbanco's productive portfolio according to the JIM PCAF platform for the 2021, 2022 and 2023 fiscal years. These consider SME, business, corporate and institutional banking clients, which represent 55% of the Bank's portfolio. Within its scope, the organizational limits are defined using the financial control approach.

Summary of Category 15 emissions (tCO₂e): Investments

Category 15: Investments			
Total GHG emissions	2021	2022	2023
Scope 1 (tCO ₂ eq)	297,450.23	320,728.33	330,826.61
Scope 2 (tCO ₂ eq)	83,410.45	90,229.03	95,743.12
Scope 3* (tCO ₂ eq)	52.03	151.02	1,617.26
Total Scope 1 and 2 emissions (tCO ₂ eq)	380,860.67	410,957.37	426,569.73

tCO₂eq: Ton of carbon dioxide equivalent

*Only emissions from oil exploitation are included in Scope 3.

¹⁵ Joint Impact Model
¹⁶ Global Trade Analysis Project

Given the characteristics of available data, Scope 3 emissions from other sectors were not published or considered for the preparation of this report. From 2026 onwards, their inclusion will be analyzed for all priority sectors where available data allows for it.

The GHG emissions of the Bank's productive portfolio in the carbon-intensive sectors prioritized by UNEP FI and Produbanco are also presented for the 2023 fiscal year.

Productive portfolio emissions (tCO₂eq) by carbon intensive sectors, 2023.

Sectors	Total amount (millions)	Emissions (S1)	Emissions (S2)	Emissions (S3)	Emissions S1 and S2	Emissions S1, S2 and S3
Agriculture, livestock, hunting and others	139.73	60,711.14	10.75	-	60,721.89	-
Fishing and aquaculture	117.73	15,384.51	2.05	-	15,386.56	-
Oil production	21.85	3,710.75	0.15	1,617.26	3,710.90	5,328.16
Processing of food products	304.38	4,806.03	2,890.20	-	7,696.22	-
Cement	14.31	1,615.34	654.79	-	2,270.14	-
Iron and steel	79.60	14,252.83	26,924.00	-	41,176.82	-
Aluminum	14.14	1,688.82	4,594.10	-	6,282.92	-
Electricity supply	95.00	20,207.43	251.37	-	20,458.80	-
Transportation	27.23	44,298.78	271.21	-	44,569.99	-
Real estate	351.50	8,137.72	1,737.85	-	9,875.57	-
Coal	-	-	-	-	-	-

*Data quality is 4.2

Regarding the progress of the five activities prioritized by Produbanco as part of its commitment to the NZBA, the following table shows the economic emissions intensity in tCO₂e/mUSD¹⁷, considering GHG emissions as a function of real sales, multiplied by a deflator to eliminate the effect of inflation.

¹⁷ Tons of CO₂ equivalents per million USD invested

Sector	Sector code	2023 emissions Scope 1+2 (tCO2e)	2023 sales in millions of USD	2023 deflator	2023 economic emissions intensity (tCO2e /mUSD)
Agriculture, livestock, hunting and others	A01	60,722	12.4	119.14	413.55
Fishing and aquaculture	A03	15,387	1.05	96.95	151.44
Oil production	B06	3,711	0.1	103.52	346.19
Processing of food products	C10	7,696	7.07	107.63	10.12
Electricity supply	D35	20,459	0.12	111.69	1,470.05

*Data quality is 4.2

Produbanco is developing the strategy established in its Transition Plan to manage the opportunities to mitigate its carbon footprint as part of its commitments with the NZBA, PRB, PCAF and TCFD. These include the following activities, which were carried out in 2024:

- Establishing a policy and taxonomy for Green Lines, including methodologies for defining eligibility and calculating impact. This was performed in line with the green taxonomy developed by Asobanca for financial institutions in Ecuador.
- Surveys and visits to customers in the iron and steel sectors to better understand their businesses and identify progress in decarbonization.
- Including of climate risk information in the ESMS geo-referencing tool.

- Gathering customer information to improve data quality through the ESMS.
- Reinforcing the capabilities of the commercial team through the Bank's internal Green Alliance program
- Launching the project for directly quantifying the carbon footprint of 50 clients of the SME, business and corporate production portfolio, through Global Factor, a consulting firm, based upon which reduction plans were developed for them.

The following includes the next steps to be taken in order to satisfy the commitments established by the TCFD:

17 Tons of CO2 equivalents per million USD invested

7. Next steps

	Short-term (through 2025)	Medium-term (through 2030)
Governance	A proposal is made to hold workshops and training related to climate change for Board members, allowing them to acquire knowledge for sound decision-making on risks and opportunities arising thereof.	Continue to hold workshops and training for Board members, helping them to acquire knowledge for sound decision-making on risks and opportunities arising from climate change.
	Annual reports on climate-related disclosures will continue according to TCFD recommendations, which will establish the current state and action plan related to climate change risk management and opportunities.	Publish annual progress related to climate change based on TCFD recommendations.
	Committees continue meeting regularly to meet their respective objectives and thus promote the responsible banking, sustainability and culture strategy of Produbanco.	Include issues related to risks and opportunities of climate change in Produbanco committee meetings. If deemed necessary, their functions will be modified to address the issue of climate change.
	Produbanco, as a result of changes in its structure and the commitments borne, is developing an ambitious strategic plan that considers climate change as an action to permanently analyze risks and identify new relevant opportunities for the institution. Each year, Produbanco, through its People & Culture Unit and the area leaders, researches the training needs of the different units. With this support, we will continue to incorporate climate issues necessary to properly identify risks and opportunities arising from climate change, while taking advantage of workshops offered to us by the different multilaterals and organizations to which we belong.	Each year, Produbanco, through the People & Culture Unit and the area leaders, researches the training needs of the different units. With this support, we will continue to incorporate climate issues necessary to properly identify risks and opportunities arising from climate change while taking advantage of workshops offered to us by the different multilaterals and organizations to which we belong.
	Meetings were held with entities and companies of the public and private sector to collect additional local information on climate change.	Through the Sustainability Committee, follow up on compliance with policies established and approved by the Board of Directors and the strategic plan. Continue to increase participation in both public and private scenarios to take joint actions that help mitigate climate change.
Strategy	Use of the georeferencing tool of SARAS to analyze the climate risk of the company's portfolio	Opportunities associated with sectors of interest to Produbanco will be identified, as well as the physical and transition risks that certain sectors or clients may be exposed to which pose a high risk for Produbanco. Climate scenarios will also be incorporated for decision making.
	It was defined to finish the year with a balance of USD 230 million in green lines. The construction and agriculture sectors have received impulses with sustainability certification financing. Additionally, Produbanco is processing consultancy to establish a 2.0 version of the Green Lines, which is aligned with international taxonomies, establishing a policy and methodologies. Likewise, through external consultants, Produbanco is evaluating green technologies that can be applied by clients to reduce the use of natural resources and greenhouse gas emissions (GHGs).	A proposal is made for a 50% increase in green credits for the agriculture and industrial sectors, which will be measured annually until the goal is met. Additionally, annual financial planning will look to incorporate a greater amount of financing related to climate change according to the economic situation of the country, the opportunities existing in the market, and the budget of the institution.
	Based on the consultancy with Base Consulting, a roadmap aligned with the NZBA objectives is being established, which includes issues regarding opportunities and risks related to climate change.	Climate risk analyses will be incorporated in decision making and client qualification.
	Work will take place on new financing contracts with DFIs and multilaterals whose destination of funds, among others, includes climate issues.	Periodically review the roadmap established for the transition to a low-carbon economy and update it in accordance with the local context and the requirements of stakeholders and investors.
Risk management	Use the georeferencing tool of SARAS through the incorporation of layers related to climate risk in Ecuador to include it in the analysis of credits that require DDA.	Include the entire portfolio of companies in the ESMS georeferencing tool to incorporate climate risk in decision making.
		Establish new tools/procedures to identify and evaluate climate risks. Define the acceptable risk appetite for the climate change risks identified that have a significant impact.
Indicators and metrics	Prioritize more sectors according to the quantified GHG emissions for 2022 and the requirements of the UNEP FI.	Calculate emissions of the portfolio of companies of Produbanco annually. This information will facilitate the assessment of the progress made under the action plan for reaching net-zero by 2050.

