

Sustainable Financing Allocation and Impact Report

August 2024



Table of Contents

Company Overview.....	3
Our Achievements.....	5
Key Figures.....	7
Allocation and Impact of Proceeds.....	8
Appendix.....	11
Annex.....	12

Sustainable Financing Allocation and Impact Report

August 2024



Company Overview

Banco PAN (“PAN”) is a financial institution licensed and operating in Brazil. Headquartered in São Paulo and with more than 2,900 employees, PAN operates mainly in the segments of credit and transactional financial services for individuals.

Banco PAN is part of the BTG Pactual’s Prudential Conglomerate, which controls the institution with 74.5% of total shares. All regulatory information is registered with the Brazilian Central Bank under the Conglomerate’s umbrella, however, Banco PAN discloses its individual indicators to provide additional transparency and accountability to the market.

Banco PAN works through a complete digital platform and a robust network of banking correspondents, connecting its clients to contextual financial solutions with simplicity, using technology to provide intelligent financial solutions to its millions of clients.

Materiality and Commitments

In 2022, PAN conducted its second in-depth materiality assessment to understand the main sustainability-focused risks and opportunities faced by the bank. This process included the engagement of over 3,500 clients, employees, correspondents, investors, financial experts and members of PAN’s Executive Board and Board of Directors.

As a result, such process defined 10 material topics that guide PAN’s ESG strategy, aligning its business to the needs and expectations of its clients, suppliers, employees, and investors and, at the same time, creating economic and social value.

The selection of material topics was based on the following criteria:

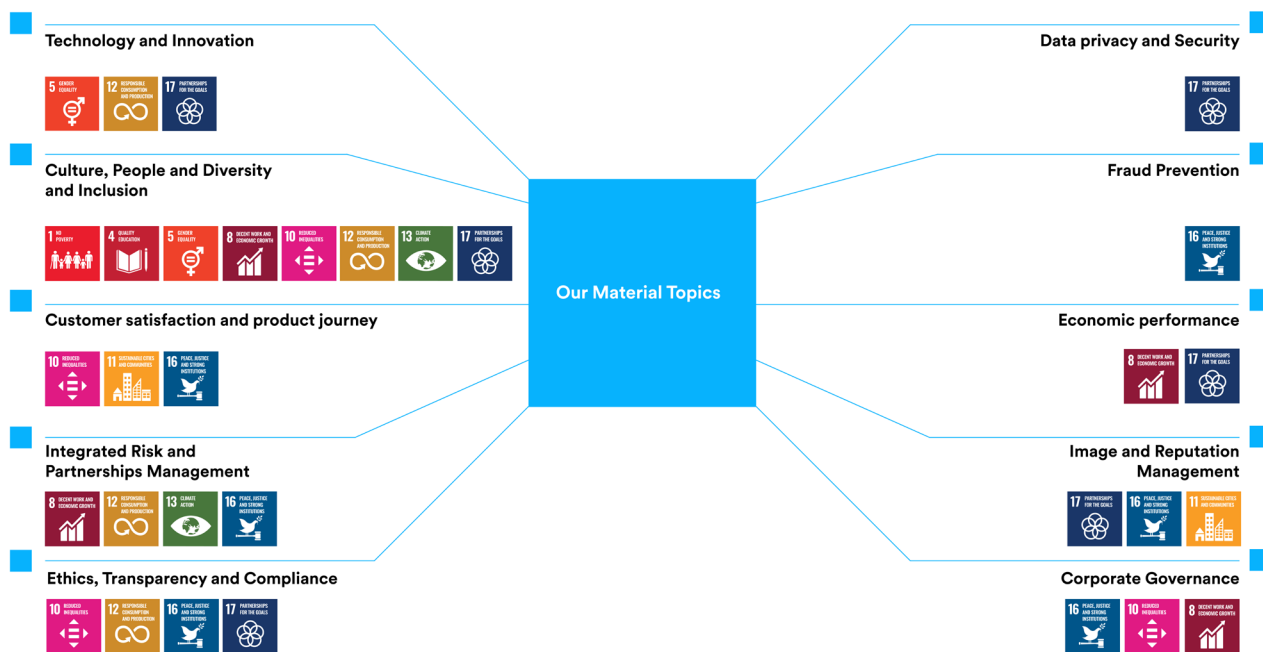
- Concerns and priorities of clients, employees, and investors;
- Positioning and business strategy;
- Potential to create value and positive impacts for the society and the environment.

To ensure the ESG agenda was aligned with the Sustainable Development Goals (SDGs), PAN correlated its material issues with them, promoting convergence between its ESG commitments and the UN Agenda 2030, as follows:

1. Technology and Innovation - SDG 5, 12, 17
2. Culture, People, Inclusion and Diversity - SDG 1, 4, 5, 8, 10, 12, 13, 17
3. Client Journey and Satisfaction - SDG 10, 11, 16
4. Integrated risk and partnerships management - SDG 8, 12, 13, 16
5. Ethics, Transparency and Compliance - SDG 10, 12, 16, 17
6. Data Privacy and Security - SDG 17
7. Fraud Prevention - SDG 16
8. Economic Performance - SDG 8, 17
9. Image and Reputation Management - SDG 11, 16, 17
10. Corporate Governance - SDG 8, 10, 16

Sustainable Financing Allocation and Impact Report

August 2024



Since 2020, when the ESG department was created, PAN has reinforced the importance of this agenda through many initiatives. In 2020, it joined the UN Global Compact and committed to contribute implementing and observing the 10 principles upholding fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption.

Sustainable Financing Allocation and Impact Report

August 2024

Our achievements

ESG Journey

2020



Since 2019, Banco PAN has been awarded with the GPTW standard, that determines the best companies for employees to work in



Pacto Global Rede Brasil

The Global Compact was developed for purposes of mobilizing the international business community to adopt fundamental and internationally accepted values in the human rights, labor relations, environment and fight against corruption areas.

2021



Elected one of the Great Places for Women to Work and got its first Top Employer Certification



Compensated 100% of its emissions (ex-financed emissions) generated in 2021, thus becoming its Carbon Neutral journey

2022

IGPTWB3

Entered the 2021 portfolio of the IGPTW (Great Place to Work Index)



The Gold Standard of the Brazilian CHG Protocol Program is the highest level of certification awarded to companies that demonstrate compliance with all transparency criteria in their Carbon Inventory



Initiative by institutional investors interested in the management of greenhouse gas emission effect by the largest companies in the world and the mitigation and adaptation actions they scored as B on CDP



Elected as the Top 5 Financial Institutions in Brazil from employees to work and elected Great Place to Work for Women, LGBTQ+ and Ethnic-Racial

Highlights 2023

Environmental



GHG Protocol Gold Seal

ISEB3

ISE B3 4th place and 1st in Financial Institutions

Social



GPTW* Top 4 Financial Institutions



GPTW* Great Place to Work



TOP Employer 4th consecutive year as TOP Employer



CDP Rated B



Municipal Seal of Human Rights and Diversity (6th Edition)

São Paulo City Hall



15+ institutions supported in social projects

Sustainable Financing Allocation and Impact Report

August 2024



ESG Governance

As part of BTG Pactual Prudential Conglomerate, Banco PAN reports its ESG initiatives and risks to Banco BTG Pactual, leader of the Conglomerate, that has a Board-level ESG oversight. Moreover, PAN's Board of Directors is responsible for overseeing PAN's ESG agenda, which helps to drive a focus on sustainability issues across its strategy, policies, and programs.

Board of Directors:

Banco PAN's Board of Directors is the highest governing authority in ESG integration, risk management, sustainability matters and is responsible for monitoring and approving social, environmental and climate related risks and opportunities related to banking activities. Amongst its duties, the Board provides general business guidance, including its ESG journey strategy, approves PAN's Risk Appetite Statement (RAS), monitor risk indicators evolution, and approves PAN's Corporate Policies.

The Board is supported in its duties by a complete structure of Committees & Commissions. These include Remuneration Committee, Risk Commission and ESG Commission.

ESG Commission:

Banco PAN's ESG Commission reports to PAN's Board of Directors and to BTG Pactual's ESG Committee. With monthly meetings, the Commission is composed by two C-level members (CTO & Chief of Marketing and CRM Officer) and other heads and managers from various backgrounds.

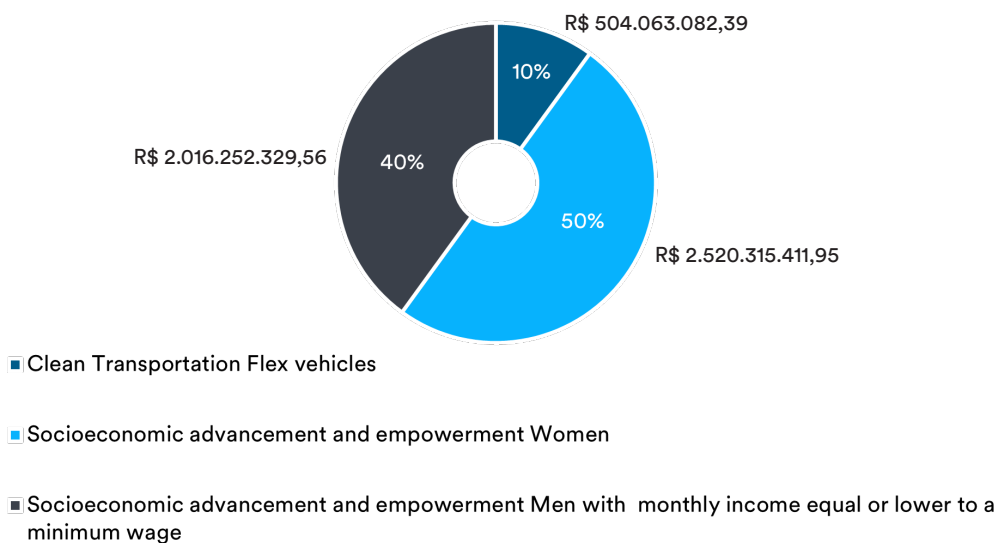
The ESG Commission is responsible for (a) ensuring that PAN's operations and processes are in compliance with the Conglomerate's Social, Environmental and Climate Responsibility Policy ("PRSAC"); (b) ensuring PAN's Social, Environment and Climate Responsibility guidelines are being complied with and subjected to assessment by the Board of Directors at least every five years; (c) guiding and validating PAN's ESG annual report, which consolidate ESG action plans, projects, proposals and initiatives; (d) strengthening PAN's ESG culture; (e) monitoring ESG commitments; (f) monitor compliance with current ESG standards, assessing effectiveness of actions implemented, impacts of non-compliance and act in a timely manner to ensure deviation corrections; (g) guiding and establishing competences for the necessary measures for identifying, classifying, evaluating and mitigating ESG risks; and (h) ensuring that the Board of Executive Officers and the Board of Directors are aware of matters that may have a relevant impact on PAN's image.

Sustainable Financing Allocation and Impact Report

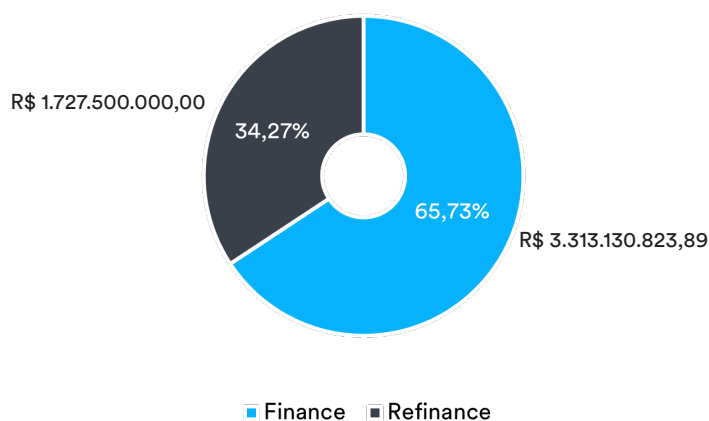
August 2024

Key Figures

Allocated Amount (%)



Allocated Amount - Finance x Refinance



Reported impact

- 67.15 tons of CO2e avoided
- 1,628,486 loans provided to women in the target population
- 726,404 loans provided to members of the target population

Sustainable Financing Allocation and Impact Report

August 2024



Allocation and Impact of Proceeds

In May 2023, Banco PAN published its Sustainable Financing Framework (“Framework”), with the aim to ensure transparency and quality of funds raised through financial instruments that contribute to social and/or environmental benefits (“Sustainable Instruments”).

Since then, PAN was able to distribute Sustainable Instruments in alignment with international principles and guidelines, such as Green Bond Principles, Green Loan Principles, Social Bond Principles, Social Loan Principles and Sustainability Bond Guidelines. Among the Sustainable Instruments are local and international bonds, notes, loans, credit transactions, time deposits and financial letters.

On July 7th, Banco Pan issued its first time deposit (“Sustainable Time Deposit”), having

initiated the bank’s activities in raising sustainable funds. As of March 31st, 2024, PAN had an outstanding amount of R\$ 5.04 billion for financing and refinancing its eligible portfolio, in accordance to the categories defined in the Framework.

- Refinancing is defined as loans originated before the first Sustainable Time Deposit issued in this one-year period (before July 7th, 2023).

- Financing is defined as loans originated after the first Sustainable Time Deposit issued in this one-year period (after July 7th, 2023).

The amount of R\$ 5.04 billion is allocated in two categories set out in the Framework, according to the eligibility criteria. These are:

- a. Clean Transportation
- b. Socioeconomic advancement and empowerment

1. low-income individuals - Brazilians with monthly income equal or lower to a minimum wage.
2. Based on lab test (“NEDC”) procedure
3. A flex-fuel motorcycle, also known as a Flex Fuel Vehicle (FFV), can run on either gasoline, ethanol, or a blend of both fuels.
4. Low displacement motorcycles, between 50 and 150 cc
5. Brazilians with monthly income equal or lower to a minimum wage.

Sustainable Financing Allocation and Impact Report

August 2024

Green Portfolio Category	Eligibility Criteria	Objectives	SDG Alignment
Clean Transportation	<p>Financing Electric, Hybrid, Flex and non-motorized vehicles to low income individuals¹</p> <p>Only vehicles limited to a threshold of 75g CO2/km are eligible.²</p>	Provide access to clean transportation to low-income population	 
Socioeconomic advancement and empowerment	<p>Motorcycle financing⁴, FGTS Backed and Payroll Loans to social-economically vulnerable groups</p> <p>Economically vulnerable population as defined by either income⁵, gender minorities, marginalized communities (black and indigenous people) or victims from natural disasters</p>	Provide equitable participation and integration into the market and society, including reduction of income inequality	 

The funds raised were allocated as follows:

Project Category	Sub-Category	Percentage of Total	Amount Financed (BRL)	Amount Refinanced (BRL)	Total (BRL)
Clean Transportation	Flex motorcycles	10%	R\$ 331.313.082,39	R\$ 172.750.000,00	R\$ 504.063.082,39
Socioeconomic Advancement and Empowerment	Women	50%	R\$ 1.656.565.411,95	R\$ 863.750.000,00	R\$ 2.520.315.411,95
Socioeconomic Advancement and Empowerment	Men with monthly income equal or lower to a minimum wage	40%	R\$ 1.325.252.329,56	R\$ 691.000.000,00	R\$ 2.016.252.329,56
Total (BRL)			R\$ 3.313.130.823,89	R\$ 1.727.500.000,00	R\$ 5.040.630.823,89

Sustainable Financing Allocation and Impact Report

August 2024

Information on each of the categories:

Clean Transportation

Sub-Category

Products	Target Group
Flex motorcycles	Men with monthly income equal or lower than a minimum wage

Impact Report Indicators:

Portfolio Category	Reporting Indicators
Clean transportation	Annual GHG emissions reduced/avoided in tons of CO2 equivalent

Socioeconomic advancement and empowerment

Products	Target Group
Credit	Women
Payroll loan	Men with monthly income equal or lower than a minimum wage
Payroll card	
FGTS	Women
	Men with monthly income equal or lower than a minimum wage
Vehicles	Women
Low displacement motorcycles, between 50 and 150 cc	Men with monthly income equal or lower than a minimum wage

Portfolio Category	Reporting Indicators
Socioeconomic advancement and empowerment	Number of loans provided to each target group

Sustainable Financing Allocation and Impact Report

August 2024



Disclaimer

The information contained in this Sustainable Financing Report does not constitute a recommendation regarding any securities of Banco PAN. This Sustainable Financing Report is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by Banco PAN or any of its subsidiaries. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Although the information herein has been obtained from sources believed to be reliable, neither Banco PAN nor any of its affiliates make any representation or warranty, expressed or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of the information and opinions. Nothing in this document constitutes a representation that any investment strategy contained herein is suitable or appropriate to a recipient's individual circumstances.

Sustainable Financing Allocation and Impact Report

August 2024



Appendix:

Calculation Method of CO₂ and Emission Reduction

Every two years, Banco PAN conducts a survey of its customers to understand the usability patterns of its vehicle financing products, checking on issues such as fuel preference and the number of kilometers driven. Some indicators from this survey were used to configure the sustainable framework impact calculations, as described below:

1. ESG Research: “Which fuel do you prefer when you fill up?”. 15% of respondents said “Ethanol”.
 - Extrapolation: we assume that these customers fill up with ethanol 100% of the time.
 - Therefore, 15% of the contracts will cover the entire average monthly distance (from the survey) using only ethanol.
2. ESG Research: we obtained the average mileage that customers who financed flex-fuel motorcycles travel over the course of 1 month. Value considered: 685.06 km.
3. Baseline: 100% gasoline.
 - We found no studies to support assumptions for another baseline. Given that the introduction of flex-fuel motorcycles in Brazil is recent (Honda, the biggest seller of motorcycles, started production in 2009), we believe it is safe to assume this baseline.
4. Emission factors for motorcycles: taken from the PBGHG Protocol, found on Climas (WayCarbon’s platform used for calculating emissions). Emissions considered for the displacement calculation:
 - Ethanol: 0.3 gCO₂e/km
 - Gasoline: 29.8 gCO₂e/km (already considering the % of ethanol present in gasoline)
5. We considered the emissions avoided under PAN’s responsibility at the time the contract was closed. Therefore, the allocation rate of 80% was taken into account, considering 100% of the financing minus the average down payment for the financing of flex motorcycles (20%).

Proposed calculation:

- Estimated km driven financed with the vehicle (monthly)
 - $D = \text{Average km driven per year weighted by financing time}$
- Number of contracts = N
- Avoided Emissions = E (tCO₂e)
- Allocation Factor = F (% of the value of the vehicle that is financed)
 - $E = [D \times F \times N \times 0,15 \times (29,8 - 0,3)] / 10^6$
 - $E = [685.06 \times 80\% \times N \times 15\% \times (29.5)] / 10^6$

Sustainable Financing Allocation and Impact Report

August 2024



Annex

MORNINGSTAR | SUSTAINALYTICS

Banco PAN

Type of Engagement: Annual Review

Date: 21 May 2024

Engagement Team:

Akshay Chandrakapure, akshay.chandrakapure@morningstar.com

Sidharth P R, sidharth.pr@morningstar.com

Introduction

In 2023 and 2024, Banco PAN (“PAN”, or the “Issuer”) issued sustainability bonds (the “2023/2024 Sustainability Bonds”) to finance projects relating to clean transportation and socioeconomic advancement and empowerment. In 2024, PAN engaged Sustainalytics to review the projects financed with proceeds from the 2023/2024 Sustainability Bonds (the “Nominated Projects”) and provide an assessment as to whether the projects meet the use of proceeds criteria and the reporting commitments outlined in the Sustainable Financing Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in May 2023.²

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Clean Transportation	i. Financing Electric, Hybrid, Flex and non-motorized vehicles to low-income individuals ³	i. Annual GHG emissions reduced/avoided in tons of CO ₂ equivalent
	ii. Only vehicles limited to a threshold of 75g CO ₂ /km are eligible ⁴	ii. Estimated reduction in fuel consumption
Socioeconomic advancement and empowerment	i. Motorcycle financing, ⁵ FGTS Backed and Payroll Loans to social-economically vulnerable groups	i. Number of loans provided to each target group
	ii. Economically vulnerable population as defined by either income, ⁶ gender minorities, marginalized communities (black and indigenous people) or victims from natural disasters	ii. Average loan size provided to each target group
		iii. Number of loans provided to individuals in vulnerable communities

¹ Banco PAN, “Sustainable Financing Framework, PAN”, (2023), at:

<https://ri.bancopan.com.br/Download.aspx?Arquivo=z5Qx/8DascDVqY9/egS3iw=&linguagem=pt>

² Sustainalytics, “Second-Party Opinion, PAN”, (2023), at:

<https://ri.bancopan.com.br/Download.aspx?Arquivo=DyHSrBliXuLieQRhO/v5jQ=&linguagem=en>

³ Brazilians with monthly income equal to or lower than the minimum wage.

⁴ Based on the New European Driving Cycle lab test (“NEDC”) procedure.

⁵ Low displacement motorcycles, with engine displacement between 50 to 150 cubic centimeters.

⁶ Brazilians with monthly income equal to or lower than the minimum wage.

Sustainable Financing Allocation and Impact Report

August 2024



Annual Review
Banco PAN

MOOREWATSON | SUSTAINALYTICS

Issuer's Responsibility

PAN is responsible for providing accurate information and documentation relating to the details of the funded projects, including descriptions of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from PAN's 2023/2024 Sustainability Bonds. The work undertaken as part of this engagement included collection of documentation from PAN and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by PAN. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings, or conclusions herein due to incorrect or incomplete data provided by PAN.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁷ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. PAN has disclosed to Sustainalytics that the proceeds from the 2023/2024 Sustainability Bonds were fully allocated as of 31 March 2024.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Projects to determine if impact was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁷ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Sustainable Financing Allocation and Impact Report

August 2024

Appendix

Appendix 1: Allocation and Reported Impact

Banco PAN has raised BRL 5,040.63 million through its issuance of sustainability bonds between June 2023 and March 2024, to finance or refinance projects related to clean transportation and socioeconomic advancement and empowerment. One hundred percent of the proceeds raised were fully allocated to the nominated projects as of March 31, 2024.

Table 3: Net Proceeds Allocation and Reported Impact by Use of Proceeds Category

Use of Proceeds Category	Sub-Category	Impact Reported	Amount Financed (million BRL)	Amount Refinanced (million BRL)	Net Proceeds Allocated (million BRL)	Percentage of total
Clean Transportation	Flex motorcycles ⁸	67.15 tons of CO ₂ e avoided	331.31	172.75	504.06	10
Socioeconomic advancement and empowerment	Women ⁹	1,628,486 loans provided to women in the target population	1,656.57	863.75	2,520.32	50
	Men with monthly income equal or lower to a minimum wage ¹⁰	726,404 loans provided to members of the target population	1,325.25	691.00	2,016.25	40
Total			3,313.13	1,727.50	5,040.63	100

⁸ Sustainalytics notes that all financed flex motorcycles meet the framework eligibility criteria, i.e., a threshold of 75g CO₂/km based on the lab test (NEDC) procedure.

⁹ Sustainalytics notes that the beneficiaries are women who have a monthly income equal to or less than the minimum wage in Brazil, as described in the Framework.

¹⁰ Sustainalytics notes that the beneficiaries are Brazilians with a monthly income equal to or less than the minimum wage in Brazil, as described in the Framework.

Sustainable Financing Allocation and Impact Report

August 2024



Annual Review
Banco PAN

MORNINGSTAR | SUSTAINALYTICS

Disclaimer

Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or content providers, and may be made available to third parties only in the form and format disclosed by Sustainalytics. They are not directed to, or intended for distribution to or use by India-based clients or users and their distribution to Indian resident individuals or entities is not permitted.

They are provided for informational purposes only and (1) shall not be considered as being a statement, representation, warranty or argument either in favor or against the truthfulness, reliability or completeness of any facts or statements that the issuer has made available to Sustainalytics for the purpose of this deliverable, in light of the circumstances under which such facts or statements have been presented; (2) do not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (3) do not constitute investment advice, financial advice, or a prospectus, nor represent an "expert opinion" or "negative assurance letter" as these terms are commonly understood or defined by any applicable legislation; (4) are not part of any offering and do not constitute an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (5) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; (6) are not a substitute for professional advice; (7) past performance is no guarantee of future results; (8) have not been submitted to, nor received approval from, any relevant regulatory body; (9) have not and cannot be incorporated into any offering disclosure, unless otherwise agreed in writing.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. Sustainalytics has not independently verified any such information or data. The deliverables are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics does not undertake any obligation to update or revise any of the statements in the deliverable to reflect events, circumstances, changes in expectations which may occur after the date of the opinion or any statements included in the opinion. Neither Sustainalytics/Morningstar nor their content providers accept any liability from the use of the information, data or opinions contained herein or for actions of third parties in respect to this information, in any manner whatsoever, except where explicitly required by law. Sustainalytics does not assume any responsibility shall the bond default. Any reference to content providers' names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our content providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics believes it has put in place appropriate measures designed to safeguard the objectivity and independence of its opinions. For more information, visit [Governance Documents](#) or contact compliance@sustainalytics.com.

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring compliance with its commitments, for their implementation and monitoring.

Sustainable Financing Allocation and Impact Report

August 2024

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

