Intercorp
Financial Services

IFS Climate Report 2024

Intercorp Financial Services

Climate Report 2024

Table of Contents

01 Introduction

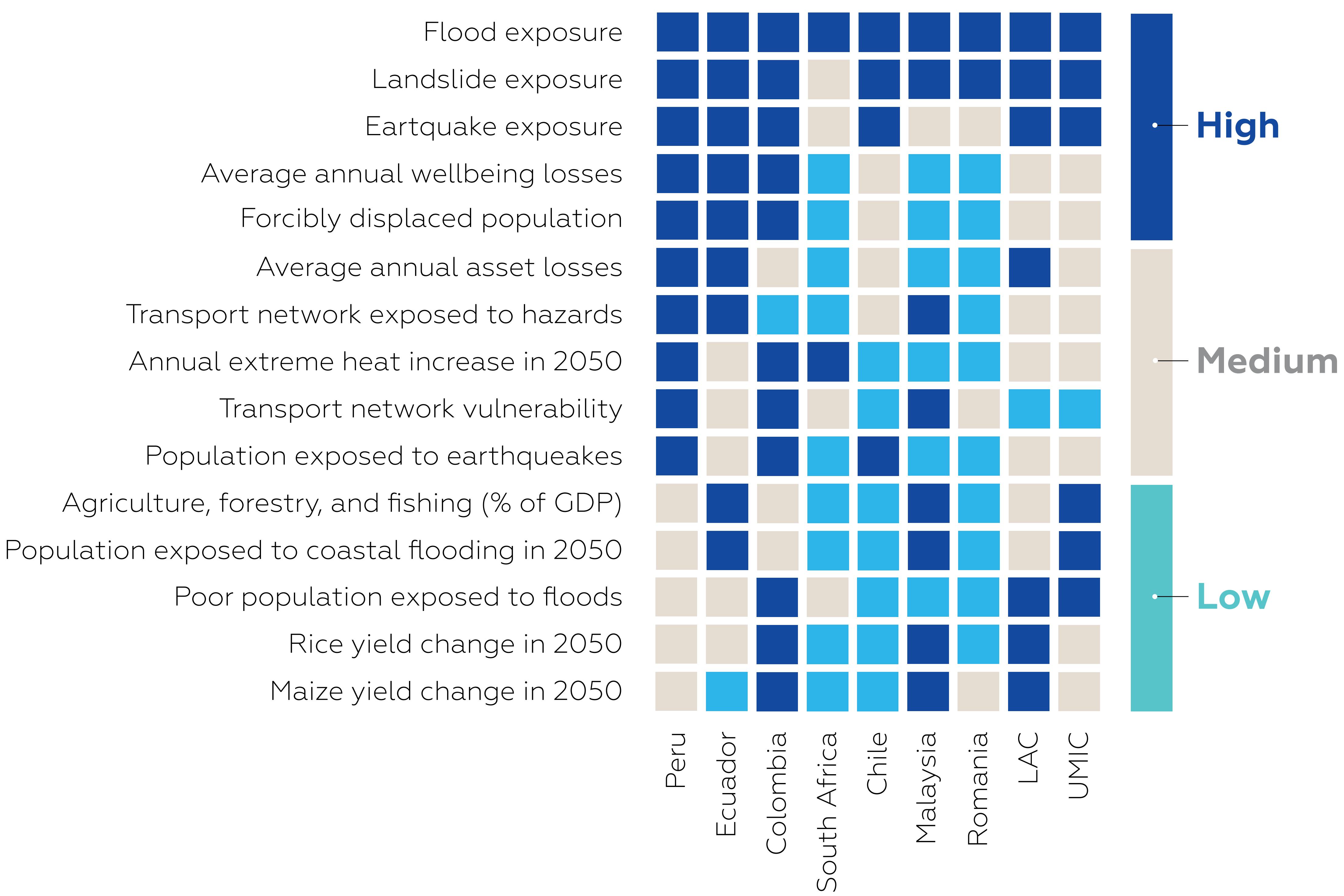
Natural capital and the global economy are under stress from climate change. The World Bank's National Climate and Development Report has determined that Peru is more exposed and vulnerable to natural hazards than most similar countries. It has the highest scores in 10 out of 15 indicators of risk factors.

Therefore, as a financial institution operating in a region highly vulnerable to climate change, we aim to gradually incorporate the assessment of climate risks and opportunities into our decision-making processes.

We are pleased to present our progress on climate action through this first Climate Report aligned with best practices and leading guidelines on climate-related financial disclosures.

Risk factors

Peru vs. selected economies



Source: Country Climate and Development Peru Report, World Bank (2022).

1.1 About IFS

IFS is a leading provider of banking, insurance, wealth management services, and payments for retail customers and commercial clients in Peru. Our purpose is to empower all Peruvians to achieve financial well-being.

We have built a financial platform that is focused on areas with a unique combination of our own key capabilities, coupled with potential for growth and profitability. We strive to:

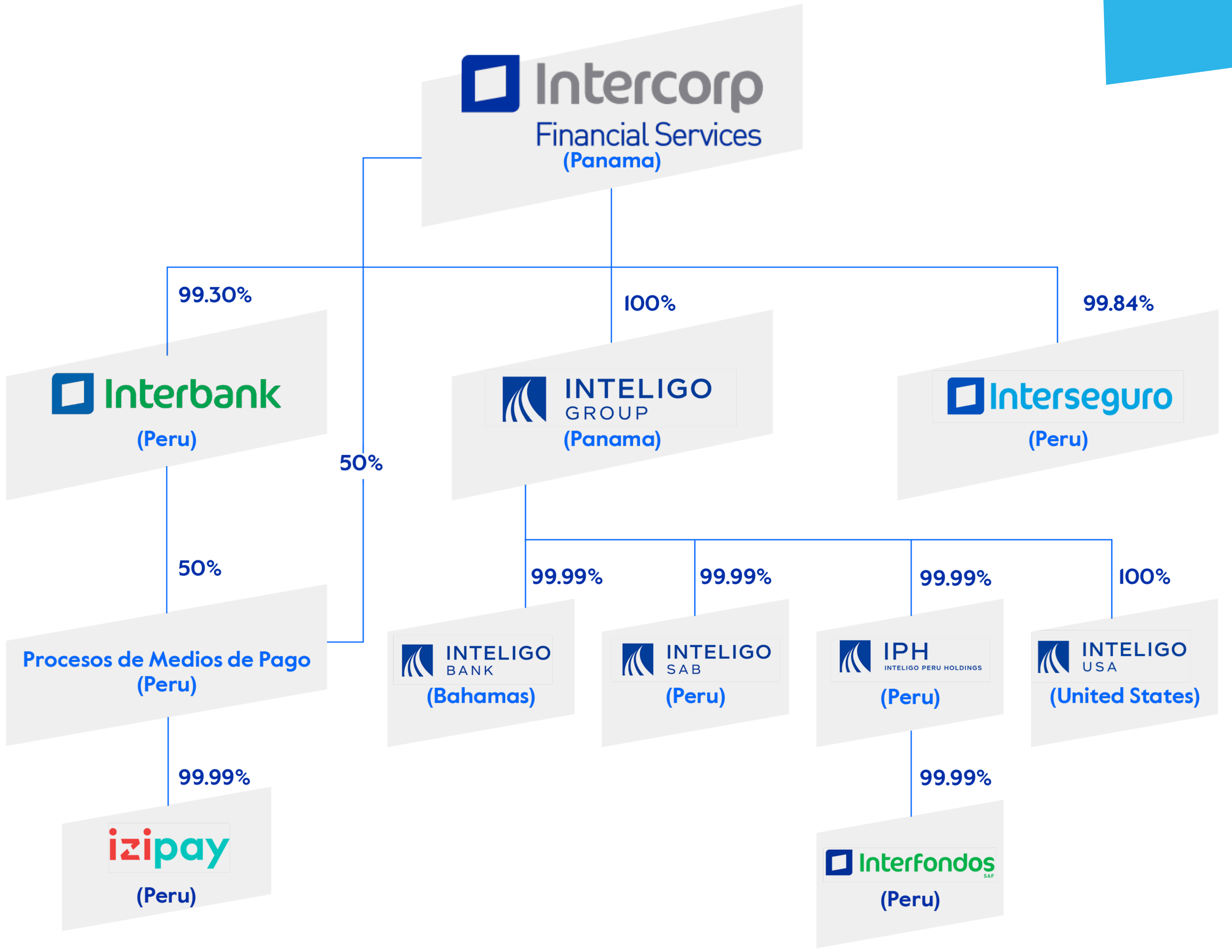
- Become the leading digital financial platform to provide profitable solutions with a clear strategic focus on key businesses.
- Provide the best digital experience based on operational excellence.
- Develop analytics, AI capabilities, and the best talent as our competitive advantage.

We manage our business in three segments (jointly referred as our "Subsidiaries"):

- Our banking segment operates through our subsidiary Banco Internacional del Perú S.A.A ("Interbank"), which provides a full range of retail banking and commercial banking products, and services to individuals, large companies, and small and medium enterprises.
- Our insurance segment operates through our subsidiary Interseguro Compañía de Seguros S.A. ("Interseguro"), which provides a wide range of retirement, savings, life, unemployment, and other insurance products mainly to retail customers.
- Our wealth management segment operates through our subsidiary Inteligo Group Corp. and its subsidiaries Inteligo Bank Ltd., Inteligo SAB S.A., Inteligo USA Inc and Interfondos S.A. SAF (jointly "Inteligo Group"), which together provide financial and wealth management such as, private banking, financing, brokerage, advisory, and other investment services.

The following chart details IFS organizational structure:

For more information, please refer to our 2023 IFS Sustainability Report and 20-F.



1.2 Our progress on climate strategy

Understanding the importance of climate action in the financial sector, IFS is committed to developing a climate strategy aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations now incorporated in the IFRS Sustainability Disclosure Standards.

The IFRS Sustainability Disclosure Standards, developed by the International Sustainability Standards Board (ISSB), fully incorporate the recommendations of the TCFD.

Such incorporation represents a consolidation and alignment of sustainability reporting frameworks, reducing the implementation burden for companies already familiar with TCFD. Thus, TCFD guidelines are not being replaced, but rather incorporated and built upon by the new IFRS Sustainability Disclosure Standards, which are becoming the global baseline for sustainability reporting.

While the corporate strategy is still under construction, we have already taken several key steps to lay the groundwork for this strategy.

IFS' Climate Change Strategy Journey

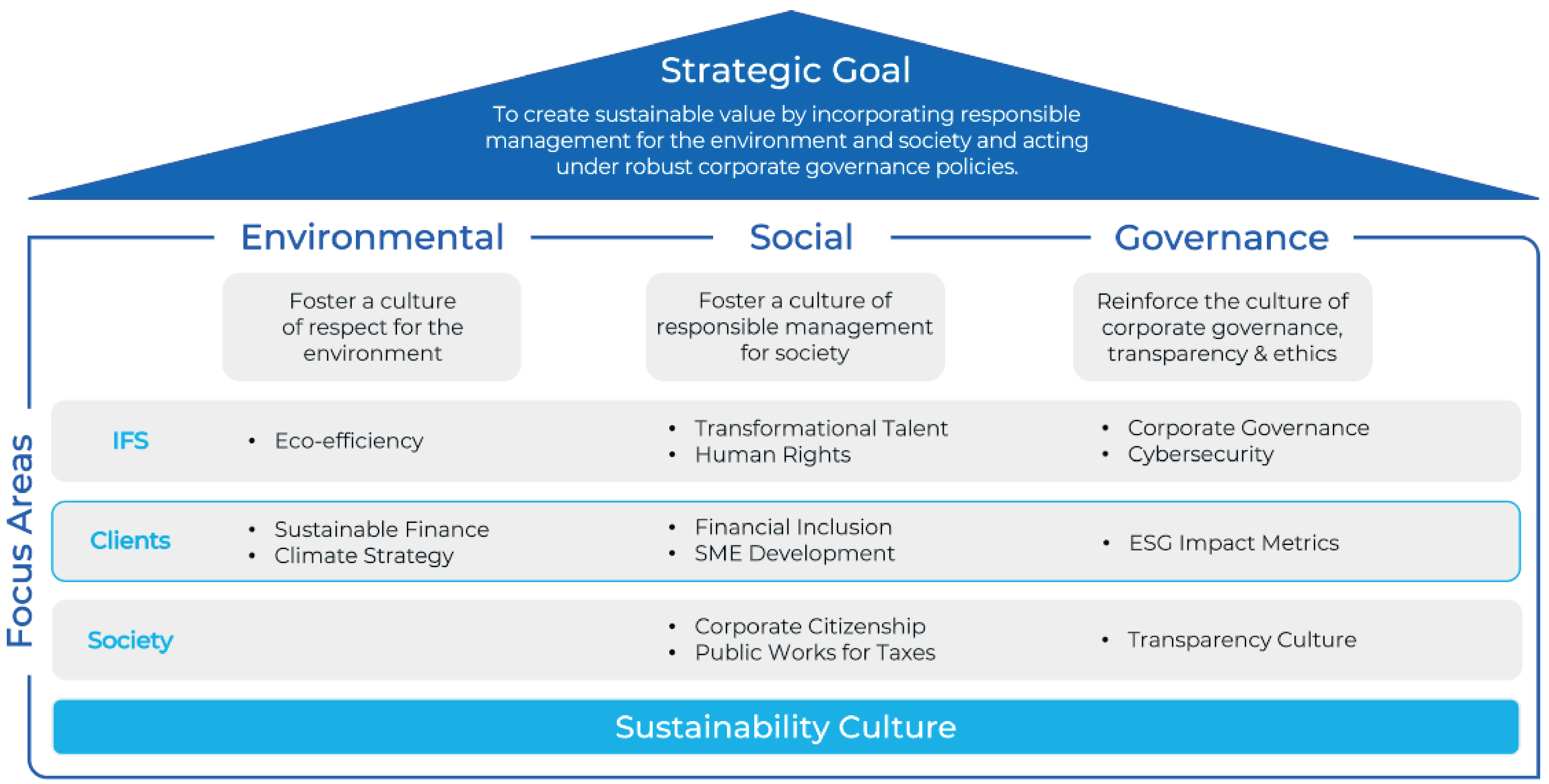
TCFD Pillar	2021-2023 Setting the foundation	2024-2026 Initial steps towards a climate strategy	2027-2030 Improving our climate strategy
Governance	• Appointed Chief Sustainability Officer at IFS. • Established the Sustainability Executive Committee at IFS. • Appointed Sustainability Owner at each Subsidiary. • Established the oversight of the climate governance at board level at Interbank. • Policies approved: IFS' Sustainability Policy, Interbank's ESRA Policy and Inteligo Group's Responsible Investment Policy.	• Implement the Climate Governance at IFS and each Subsidiary. • Disclose our first Climate Report aligned with TCFD. • Deliver climate-focused training programs to enhance the knowledge and capabilities of IFS and each Subsidiary's management and board of directors. • Approve Interseguro Responsible Investment Policy.	• Strengthen the Climate Governance at IFS and each Subsidiary. • Strengthen climate-focused training programs to enhance the knowledge and capabilities of IFS and each Subsidiary's management and board of directors.
Strategy	• Published the Sustainable Financing Framework at Interbank. • Offered thematic investment related to sustainability at Inteligo Group. • Implemented eco-efficiency strategies at each Subsidiary.	• Develop qualitative assessments of climate risks at Interbank. • Strengthen Interbank's sustainable finance strategy. • Increase our clients' investments in thematic funds. • Reinforce the eco-efficiency practices at each Subsidiary.	• Develop qualitative assessments of climate risks at each Subsidiary considering time horizons and scenario analysis.
Risk Management	• Strengthened the ESRA process at Interbank. • Included activities related to coal and non-conventional oil and gas in Interbank's Exclusion List. • Incorporated ESG screening at Inteligo Group's and Interseguros's investments.	• Integrate climate risk in the comprehensive risk management Interbank. • Include climate criteria into the Interbank's ESRA.	• Integrate climate risk in the comprehensive risk management at each Subsidiary.
Metrics and Targets	• Disclosed IFS's carbon footprint (scope 1, 2 and 3). • Set a target for a sustainable finance commercial portfolio at Interbank. • Integrated ESG risk analysis in 20% of Interseguro's investment portfolio. • Integrated ESG analysis in 100% of Inteligo Bank's investment recommendations for our clients. • Purchased certified carbon credits at Interseguro.	• Set SBTi own emissions reduction targets at Interbank. • Revise the target for sustainable finance at Interbank.	• Set SBTi own emissions reduction targets at IFS. • Achieve 17.5% reduction of scope 1 and scope 2 at Interbank. • Measure and disclose financed emissions at IFS.

02 Governance

2.1 Sustainability and climate governance at IFS

At IFS, we have included climate strategy at the core of our sustainability strategy. Therefore, establishing clear and robust governance for the oversight and decision-making process is one of our priorities.

Operating Sustainability Framework at IFS



Our commitment to sustainability is encapsulated in the Corporate Sustainability Policy approved by our Board, which sets out these overarching principles for action on sustainability issues:

- Ethics and Integrity
- Human Rights
- Development and Inclusion
- Service and Innovation
- Environmental and Climate Commitment
- Partnerships and public engagements

IFS' Environmental and Climate Commitment, includes our commitment to progressively incorporate in our strategy both the risks and opportunities associated with climate change. This includes adopting processes and risk management practices that support the Paris Climate Agreement's objective to limit the rise in global temperatures to a maximum of 1.5°C above pre-industrial levels.

For more information, please refer to the Corporate Sustainability Policy.

IFS Management Level

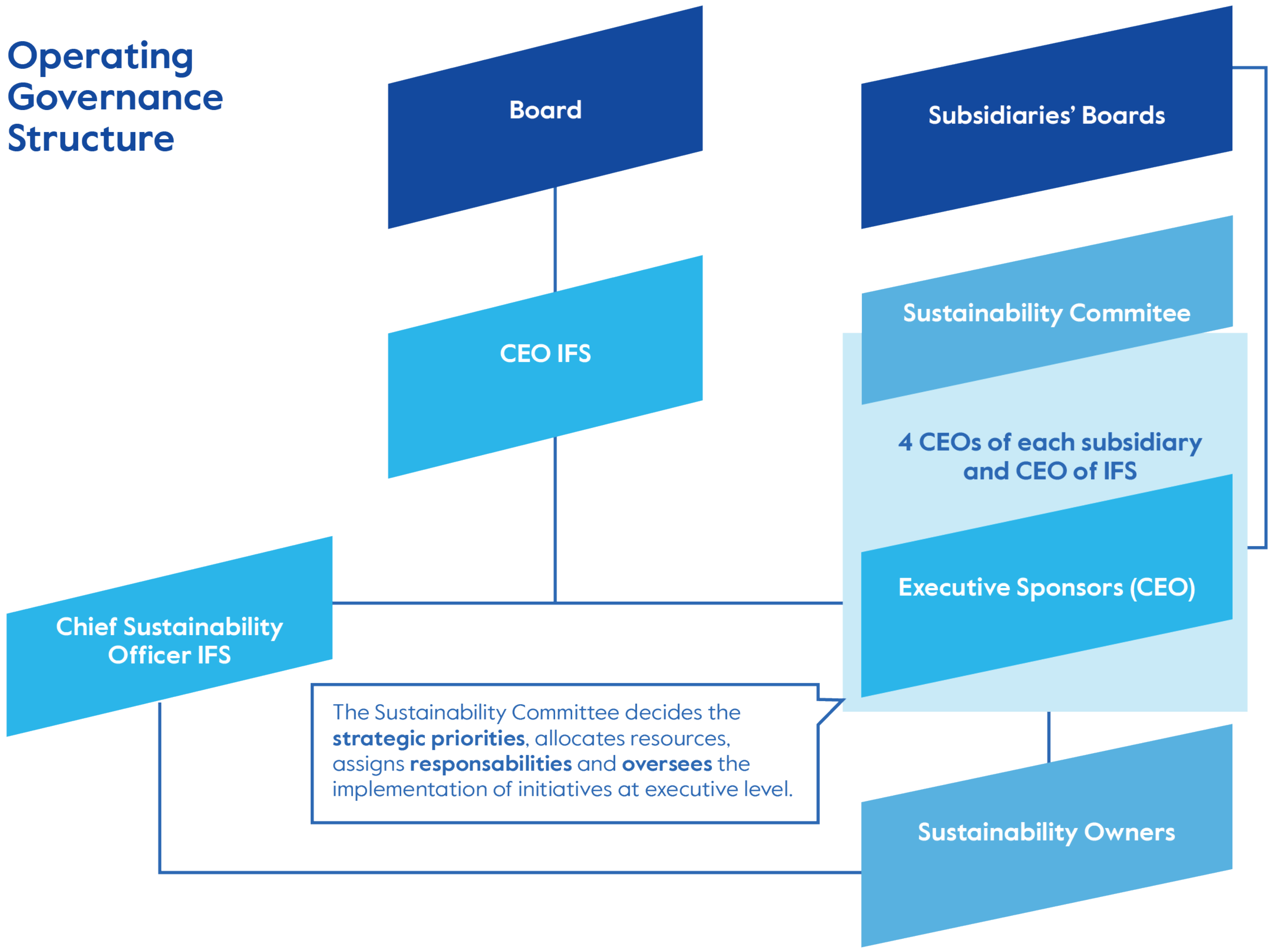
At IFS, the Chief Sustainability Officer (CSO) oversees climate change and environmental, social, and governance initiatives. To execute these plans, the CSO is in constant coordination with the Subsidiaries to ensure implementation according to their strategy and priorities. The CSO presents the results to the Board of Directors and, annually, at the Annual Shareholder's Meeting.

Additionally, the CSO works closely with the Executive Sustainability Committee. This Committee is led by IFS´CEO with the participation of each of the Subsidiary's CEO. The Committee is responsible for deciding strategic priorities, allocating resources, assigning responsibilities, and discussing the implementation of initiatives at the executive level. The committee meets as often as required by the IFS CEO, but no less than twice a year.

2.2 Sustainability and climate governance at each Subsidiary

IFS strengthens its ESG efforts from the ground up. Each Subsidiary has dedicated ESG teams, led by a Sustainability Owner, that tailor strategies (including climate change initiatives) to their specific needs. These teams report their annual progress directly to their respective Boards and work with the CSO on a coordinated basis.

Operating Governance Structure



To ensure a cohesive sustainability strategy and identify synergies across the Subsidiaries, the Sustainability Owner and their teams from each Subsidiary hold monthly meetings where they report on their main achievements and align their goals in various areas, such as reporting standards, eco-efficiency strategy, climate risks, climate opportunities, and ESG ratings management.

Interbank

The Executive Vice-Presidency of Corporate Affairs and Legal oversees the execution of the sustainability strategy collaborating closely with the entire organization to ensure that sustainability principles are embedded into annual strategic plans and reflected in the company's final products and services.

At the board level, the Board of Directors delegated the oversight of sustainability and climate governance to the Sustainability and Governance Committee. This Committee oversees Interbank's sustainability strategy according to the Bank´s Sustainability Policy including the Bank´s Environmental, Social and Governance operating model.

This function also includes supervising Interbank's climate strategy, so that the Bank's strategic plans progressively consider climate-related risks and opportunities - in the short, medium, and long term.

ESG risk analysis Governance

Interbank became a signatory of the Equator Principles in January 2023 thus an internal review process was necessary to align the Bank´s 2022-2023 environmental and social risk analysis processes with the Equator Principles (EP4) and IFC Performance Standards. As a result, the Board of Directors approved the revised Environmental and Social Risk Analysis Policy (ESRA Policy) in June 2023.

Interbank´s ESRA Policy establishes the guidelines for social and environmental risk management of the Bank's commercial financing portfolio.

For more information, refer to the Bank's Environmental and Social Risk Analysis Policy and first Equator Principle Report.

The main parties responsible for the application and implementation of the ESRA Policy are:

- The Comprehensive Risk Management Committee, responsible, by delegation of the Board of Directors, for reviewing, approving, and monitoring the policies, procedures, and organization for Comprehensive Risk Management.
- The Executive Vice-Presidency of Risks, through two main departments:
    - Risk Admission Department, which, among other tasks, assesses environmental and social risk before approving financing.

- Management and Monitoring Department (Gestión y Seguimiento), which, among other tasks, monitors financing, including environmental and social obligations. This Division is also responsible for designing and implementing ESRA training for the corporate commercial and credit risk teams.

- The Executive Vice-Presidency of Commercial Banking is responsible, among others, for ensuring that clients and their operations are not included in Interbank's Exclusion List; determining whether the operation to be financed falls within the scope of the ESRA and informing the client of the results of the categorization of potential operations according to environmental and social impact.

Since joining the Equator Principles, Interbank has developed internal training to equip its corporate commercial and credit risk teams with a thorough understanding of the EP framework and ESRA process. Furthermore, Interbank has updated manuals to assist staff in applying the EP framework effectively in their daily work.

Sustainable Finance Governance

The Sustainable Financing Committee of the Executive Vice-Presidency of Commercial Banking consists of the corporate commercial sustainable finance team and the sustainability team.

The Committee is responsible for supervising the sustainable financing portfolio, including the following functions:

- Identify potential loans and clients that meet the criteria for sustainable financing.
- Negotiate and incorporate reporting and financial covenants into the loan contracts, as relevant.
- Monitor the reporting of the KPIs under each sustainable loan.
- Implement training for the corporate commercial and credit risk executives.

Interbank´s processes and manuals outline clear responsibilities across teams to approve, disburse, and monitor the reporting of the KPIs of all sustainable financing.

Furthermore, to integrate sustainability into its business practices, management has linked the allocation and disbursement of sustainable financing agreements to the variable compensation of the commercial executives.

Interseguro

The Executive Vice Presidency of Human Development Management oversees the execution of the sustainability strategy, collaborating closely with the entire organization to ensure that sustainability principles are embedded into annual strategic plans and reflected in the company's final products and services.

ESG risk Analysis Governance

During 2023, Interseguro integrated ESG risk analysis into their investment decision process. The following governance ensures such analysis in Interseguro's investments:

- Executive Investment Vice-Presidency: develops the strategy of Interseguro's investment portfolio. This includes the strategy for responsible investments, ensuring the duly implementation of the ESG screening process, and presenting the ESG score from such process to the Board Investment Committee.

- Board Investment Committee: approves possible investments and operations as well as analyzes possible risks and proposes measures to mitigate them. The committee receives ESG screening results for informational purposes.

Inteligo Group

The Sustainability Sponsor oversees the strategy and initiatives in Inteligo Group, periodically presenting progress to the Executive Committee and the Board of Directors. In addition, the Sustainability Lead is responsible for promoting the execution of the sustainability strategy in the subsidiaries of Inteligo Group.

ESG risk Analysis Governance

In December 2022, Inteligo Group approved its Responsible Investment Policy which establishes the guidelines for the integration of ESG criteria in their investment decision process. The following governance ensures the implementation of the Policy:

- Board of Directors: approves the Responsible Investment Policy, as well as its updates.

- Strategy and Analysis Management: designs the implementation of the strategy for the integration of ESG factors based on the Policy's guidelines.

- Responsible Investment Advisory Committee: composed of three members of the Management Committee in charge of addressing any disputes that may arise from the implementation of the strategies included in the Policy.

- Risk Management: monitors compliance with the Policy and escalates issues to relevant officers and the advisory committee when necessary.

03
Strategy

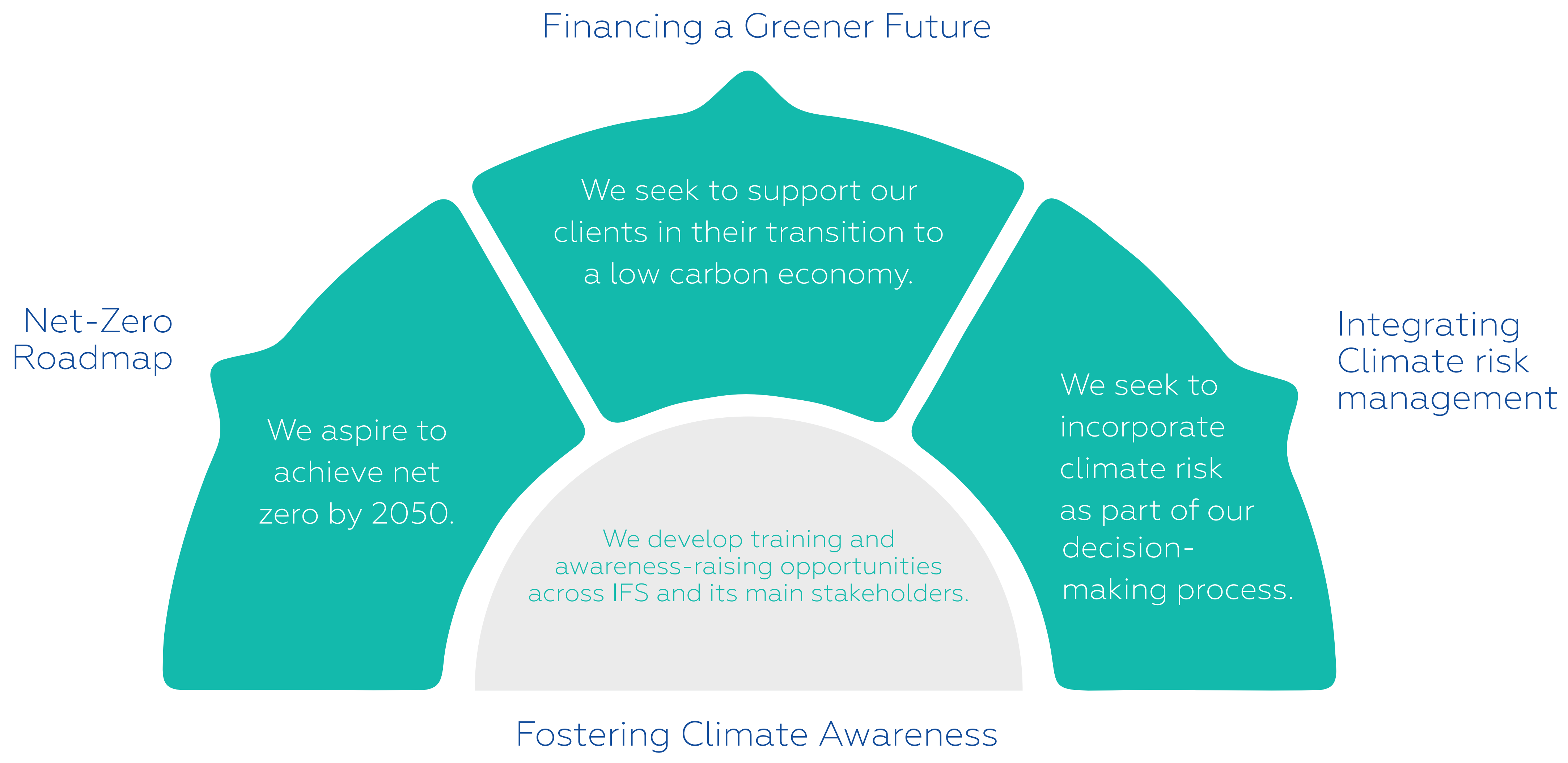
Climate change presents both risks and opportunities for financial institutions.

On the one hand, it presents significant risks, such as extreme weather events, policy changes, and resource scarcity which could all disrupt financial institutions lending portfolios.

On the other hand, as companies and new customer behaviors shift towards eco-friendly practices, new markets and businesses emerge, climate change is also an opportunity to innovate and provide new products and services.

We have included the following pillars as part of our climate change strategy:

IFS' Climate Change Strategy Main Pillars



3.1 Climate-related risks

As a foundational step in building its climate strategy, IFS prioritized classifying climate risks according to best practices and the TCFD framework, as established in this section.

Physical Risks

Physical risks are linked to climatic events that can be gradual or abrupt and can lead to physical damage to assets (infrastructure, real estate), disruptions in production or supply chains, and/or changes in the productivity of economic activities (agriculture, energy production).

According to the National Adaptation Plan of Peru and the scenario analysis carried out by Servicios Nacional de Meteorología e Hidrología del Perú, the 4 material climate risks for Peru are:

- Decrease in precipitation - Droughts
- Floods
- Landslides *(huaycos)*
- Glacial retreat

Aligned with the TCFD, physical risks at IFS have been classified as acute and chronic:

Risk	Definition	Potencial financial and non-financial impact [1]	Time Horizon	Responses
Acute	Risks are caused by extreme events such as droughts, storms, cyclones, and floods.	• Impact on transportation, electrical, and communications systems. • Damage to facilities that prevents the normal provision of services. • Impact on lending activity and the value of collaterals. • Impact on the value of assets or companies with insurance. • Increase in the cost of insurance. • Disruption to customers' operations in sectors that are highly dependent on weather conditions, such as agriculture, fishing, or tourism.	ST, MT, LT	• Including climate events into Interbank's commercial risks macroeconomic projections. • Establishing a business continuity plan that integrates climate disasters. • Interbank's real estate properties and client mortgages are protected by insurance that covers climate-related events. • Implementing eco-efficiency technologies in the administrative and financial stores. • ESG risk analysis at Interbank, Interseguro and Inteligo Group's. • Offering green loans and sustainability-linked loans at Interbank. • Implementing our first qualitative assessment of climate risk with a deep dive into Interbank's commercial portfolio.
Chronic	Risks resulting from progressive changes in weather patterns, such as rising temperatures, water scarcity, and sea level rise.	• Increased operating costs of offices and stores to ensure proper temperature conditions at work. • Affecting the health of employees and customers. • Disruptions in the value chain due to loss of value of assets or damage to infrastructure in risky or vulnerable areas. • Loss of profitability of clients with operations located in areas of higher risk or vulnerability. • Threats or loss of value of customer assets (guarantees).	LT	

Short-term (ST): Up to 3 years **Medium-term (MT):** From 4 to 10 years **Long-Term (LT):** More than 10 year

[1]Identified impacts are for illustrative purposes and represent potential impacts on IFS or its clients.

Transition Risks

Transition risks are the risks associated with the transition to a lower carbon economy. They refer to an entity's financial losses that may arise directly or indirectly from the process of adjusting to a lower carbon and more environmentally sustainable economy. This may take the form of the adoption of environmental policies, technological advances, or changes in the market climate and consumer preferences.

Risk	Description	Potencial financial and non-financial impact[2]	Time Horizon	Responses
Legal and regulatory	Policy and regulatory measures to curb GHG emissions.	• New market entry barriers caused by political changes that could affect us and our clients' businesses. • New banking regulations (e.g., disclosures, stress tests, taxonomies). • Tax reforms and incentives related to climate change (e.g., carbon tax).	ST, MT, LT	• Monitoring of climate risk disclosure regulations that could potentially impact IFS. • Strengthening our climate reporting aligned with best practices and TCFD. • Measuring GHG emissions (scope 1, 2, and 3) and managing the carbon footprint at each Subsidiary.
Technology	Transition to new climate technologies and substitution of carbon-intensive products.	• Potential change in clients' current business models, affecting profitability and loan/investment performance. • Increased costs related to research and development of new technologies.	ST, MT, LT	• Monitoring of green technologies and trends. • Offering green loans for Interbank's commercial client's climate investments. • Offering financial incentives under Sustainability Linked Loans aligned to our client's climate performance. • Offering thematic investments related to climate to Inteligo Group's clients.
Market	Alterations in the supply and demand of certain goods and services in the market.	• Investment revaluation. • Increased demand for liquidity. • Increased business needs to develop green and climate solutions in their products. • Decrease in demand for products or services that have an adverse environmental impact.	ST, MT, LT	• Integrating climate criteria into existing or new products. • Expanding the green products that we already offer (green loans, green mortgages, thematic investments). • Implementing phase-out of coal investments and unconventional oil and gas at Interbank commercial banking. • Disclosure of the Inteligo Group's Responsible Investment Policy. • Implementing ESG risk analysis at Interbank, Interseguro, and Inteligo Group.
Reputation	Increased demand for transparency and accountability by stakeholders.	• Reputational impact due to increased accusations of greenwashing or ESG washing. • Reputational impact when negative environmental issues arise among customers in the IFS portfolio. • Decreased competitive ability due to loss of trust.	ST, MT, LT	• Disclosing our climate change responses through the sustainability report and other reports. • Increasing green external communications. • Establishing clear protocols and escalation processes in case of any greenwashing or ESG washing news. • Implementing phase-out of coal investments and unconventional oil and gas. • Implementing a culture strategy that includes climate change as one of its main pillars.

Short-term (ST): Up to 3 years **Medium-term (MT):** From 4 to 10 years **Long-Term (LT):** More than 10 year

[2] Identified impacts are for illustrative purposes and represent potential impacts on IFS or its clients.

3.1.1 Climate-related risk analysis on Interbank's prudential risks

As part of our climate strategy roadmap, Interbank partnered with a specialist consultant in 2024 to conduct a climate risk qualitative assessment. This assessment focused on how climate risks could materially impact key prudential risks, including credit, market, liquidity, operational, and reputational risks.

As a result of Interbank's climate risk assessment, the following main potential impacts were identified:

Prudential Risk	Potential Physical Risks	Potential Transition Risks
Credit	• Reduced purchasing power due to the inability of borrowers to meet their financial responsibilities because of extreme weather events. • Increased probability of default (PD) and loss given default (LGD) because of severe weather events. • Business disruption due to increased probability of non-payment by commercial customers due to business failure, asset damage, or supply chain disruption.	• Increase in PD of more carbon-intensive sectors because of energy transition public policies and regulations. • Increase in PD and decrease in collateral value due to costs generated by energy efficiency regulations. • Reduced revenues due to higher PD from commercial banking clients involved in ESG legal proceedings and fines.
Market	• Reevaluation of prices and loss of value of investments, assets, and commodities due to acute physical risks that could change market expectations.	• Reduction in the prices of financial derivatives and securities due to market and regulatory changes.
Liquidity	• Increase in withdrawals of client funds to finance repairs of damage caused by physical risks.	• Withdrawal of funds from companies operating in coal-related sectors because of a tightening of climate policies. • Divestments or capital outflows by investors due to lack of alignment with transition and decarbonization objectives.
Operational	• Significant impact on business continuity (products, services, obligations, and prioritized channels) due to the impact of extreme weather events. • Local losses due to the impact of extreme weather events in financial stores.	• Operational risk due to lack of investment in new technologies and processes that respond to climate needs. • Climate-related factors can also lead to operational risk losses from litigation.
Reputation	• Reputational impact due to changes in society's perception of inefficient management in the monitoring of extreme weather events.	• Risk of facing legal action for non-compliance with regulations related to climate change. • Social disapproval for financing activities misaligned with fossil fuels' phase-out.

Please refer to section 4.1 for the results of the qualitative materiality analysis of how climatic risks can affect the above-mentioned traditional prudential risks under climate scenarios and different time horizons.

3.2 Climate-related opportunities

At IFS, we are actively exploring climate-related opportunities that can enhance operations and create a competitive edge for our product offerings across our Subsidiaries.

Recognizing the unique needs of each business, our Subsidiaries identify and integrate the most pertinent and strategic opportunities into their individually tailored sustainability strategies, approved by their respective Boards.

The following main climate-related opportunities have been identified for IFS and its Subsidiaries:

Climate-related opportunities	Description	Potential Impact	Time Horizon
Operational eco- efficiency	Reducing our consumption of water, energy, paper and recovering the waste generated.	• Purchase of renewable energy. • Initiatives to reduce water and energy consumption. • Initiatives to reduce paper consumption. • Initiatives for solid waste management. • Transition to renewable energy in financial stores.	ST, MT
New products and services or innovation in existing products	Adding value to our new or existing products through innovations that promote energy efficiency, emissions reduction, and decarbonization of our portfolio.	• Promotion of commercial banking products that allocate funds for assets or projects with a positive impact on the environment (green loans). • Promotion of retail banking products that have a positive impact on the environment (hybrid and electric vehicles, green housing). • Promotion of thematic investments. • Positioning and increased competitiveness. • Business diversification and access to new customers, thus generating positive impacts on revenues.	ST, MT
International Markets	Seeking funds for sustainable financing to drive the transition to a greener and more climate-resilient economy.	• Access to incentives from the public sector, green funds, and multilaterals. • Expansion of competitive income sources.	ST

Short-term (ST): Up to 3 years **Medium-term (MT):** From 4 to 10 years **Long-Term (LT):** More than 10 year

3.2.1 Financing a greener future

At IFS, we play a proactive role in channeling resources towards sustainable practices.

Our main initiatives are:

Sustainable Financings at Interbank

Interbank's sustainable finance strategy focuses on developing business opportunities that impact mainly on the following Sustainable Development Goals (SDGs):

In addition, to SDG 13, which consists of taking urgent action to combat climate change and its effects, the Bank has defined its main aspirations through its green taxonomy:

- Promotion of energy generation through renewable sources.

- Reduction of GHG emissions.
- Promotion of energy efficiency.

In 2023, Interbank launched its Sustainable Finance Framework, verified by a Second Party Opinion (SPO) from S&P Global Ratings, to establish clear guidelines for the process of issuing or obtaining sustainable financing. In this way, through Interbank, we reaffirm our commitment to the transition of our commercial banking portfolio towards one that contributes to climate change mitigation and adaptation and generates significant impacts on social inequality.

Interbank's Sustainable Finance Framework is aligned with the principles established by the International Capital Market Association and the Loan Market Association:

- Green Bond Principles
- Social Bond Principles
- Sustainability Bond Guidelines
- Green Loan Principles
- Social Loan Principles
- International Finance Corporation (IFC): Guideline for Blue Finance

The framework defines selection and eligibility criteria and procedures for the financing of projects or activities, as well as international sustainability certifications for the sectors included in the framework. The eligibility criteria are classified into seven environmental and four social categories, resulting in the framework's environmental and social taxonomy.

Environmental and Social Taxonomy

Green/Blue Loans

Goals:
- Promotion of renewable energy generation.
- Reduction of greenhouse gas emissions.
- Promotion of energy efficiency.
- Pollution prevention and control.
- Promotion of the transition to a circular economy.

Categories
- Sustainable agriculture and fishing.
- Energy efficiency.
- Renewable energy.
- Sustainable construction.
- Sustainable water management.
- Circular economy.
- Green transportation.

Social Loans

Goals:
- Strengthen the competitiveness of SMEs.
- Promote financial inclusion and job creation.
- Increase the quality of and access to education, health, and housing services for vulnerable groups.
- Support groups and individuals in vulnerable situations.

Categories
- Financing for entrepreneurs and underserved groups.
- Financing for small and medium-sized enterprises (SMEs).
- Financial inclusion or education programs.
- Access to essential services.

Interbank offers the following products which have a measurable impact on the environment and climate:

Green Loans

The fundamental determinant of a green loan is the use of the loan proceeds for Green Projects. All designated Green Projects should provide clear environmental benefits, which will be assessed and, where possible, quantified by the borrower.

Interbank´s commercial banking product portfolio, offers sustainable leasing, sustainable factoring or discounting, and sustainable short-term lines. All financing must demonstrate the use of funds with measurable green or social impact indicators based on the approved categories in the taxonomy of the Sustainable Finance Framework.

Likewise, clients are required to report periodically their progress in the established indicators to measure the impact Interbank has through these financings.

Sustainability Linked-Loans

Interbank also offers Sustainability Linked Loans (SLLs). SLLs are instruments for which the economic characteristics can vary depending on whether the borrower achieves ambitious sustainability performance objectives. The use of proceeds about an SLL is not a determinant. SLLs look to support a borrower in improving its own ESG performance, measured by applying predefined Sustainable Performance Targets (SPTs) to predefined KPIs.

Sustainability Linked-Loan (internal guideline as reference)

- **Relevant and measurable KPIs, of which at least one must be environmental.**
- **Ambitious SPTs.**
- **Baseline: minimum of 3 years, where possible.**

Sustainable Finance in Retail Banking: Mivivienda

In response to Interbank's customers' needs in the face of the effects of climate change, the bank offers a state-run affordable housing program that provides financing and credit risk coverage for the acquisition, construction, or improvement of homes built under energy, waste, and water efficiency standards. In addition, it offers direct financial incentives to the end customer through interest rate subsidies, if payments are made on time.

Thematic Investments by Inteligo Group

Inteligo Group's portfolio includes thematic investments related to sustainability. These investments in equity assets aim to include in the portfolio offering, investments related to companies that are providing solutions to environmental and social challenges.

These thematic investments include, among others, climate-related investments such as clean energy and water demand and pollution control.

Manager	Fund
BNP	BNP Parvest Aqua
Natixis	Natixis Water Fund
Pictet	Pictet Clean Energy
Wellington	Wellington Global Impact Fund

3.2.2 Sustainability and climate awareness

We believe that for an effective and timely management of climate change risks and opportunities, it is necessary to promote a culture across IFS.

To this end, we have training strategies and awareness raising opportunities for the Board of Directors, senior management, middle management, and all employees in general.

Our Sustainability Talks

We constantly offer Sustainability Talks delivered by experts to all employees on climate change and sustainable finance best practices.

These talks provide a platform to raise awareness on sustainability material topics for IFS and foster a shared understanding of the importance of climate action.

ESG Forums

We also host ESG forums and seminars for other stakeholders that focus on strengthening our sustainability culture by raising awareness, engaging stakeholders, and promoting dialogue roundtables. By discussing sustainability topics, we enhance our commitment to a sustainable future.

In 2023 we conducted the 1° Sustainability Forum with the participation of board members, CEOs, C-suit level, and key commercial leaders of each Subsidiary to discuss the main ESG challenges, including climate-related, and opportunities in the Peruvian financial industry.

15 hours of training and workshops

70 attendees

In June 2024 we held our 1° Sustainable Supply Chain Forum in which our main suppliers participated.

This was led by the Facility Management team at Interbank and advisory experts who presented climate change risks and opportunities.

3 hours of training

90 suppliers

Promoting green loan growth through recognition

Interbank's Commercial Vice presidency fosters a culture that prioritizes sustainable finance goals. During monthly meetings, commercial executives who actively promote green loan placements are recognized for their efforts. This recognition program serves as a powerful motivator, encouraging the team to collaborate and achieve green loan placement targets.

04
Risk Managment

IFS fosters a unique risk management structure that balances independence with centralized oversight. While each Subsidiary operates independently, they all adhere to general risk management guidelines established by the IFS Board of Directors and Management. Ultimately, the IFS Board and Management are responsible for identifying and controlling group-wide risks.

Each Subsidiary has a dedicated risk management team that oversees the identification, management, and monitoring of their risks, including credit, market, liquidity, and operational risks, as applicable in each Subsidiary.

As part of our climate risk management strategy, Interbank partnered with a specialist consultant in 2024 to conduct a climate risk qualitative assessment focused on how climate risks could impact key prudential risks.

For a detailed description of the potential impacts of each prudential risk, please refer to section 3.1.1, Section 4.1 subsequently explains the methodology and results of the climate risk materiality assessment.

4.1 Climate risk materiality analysis at Interbank

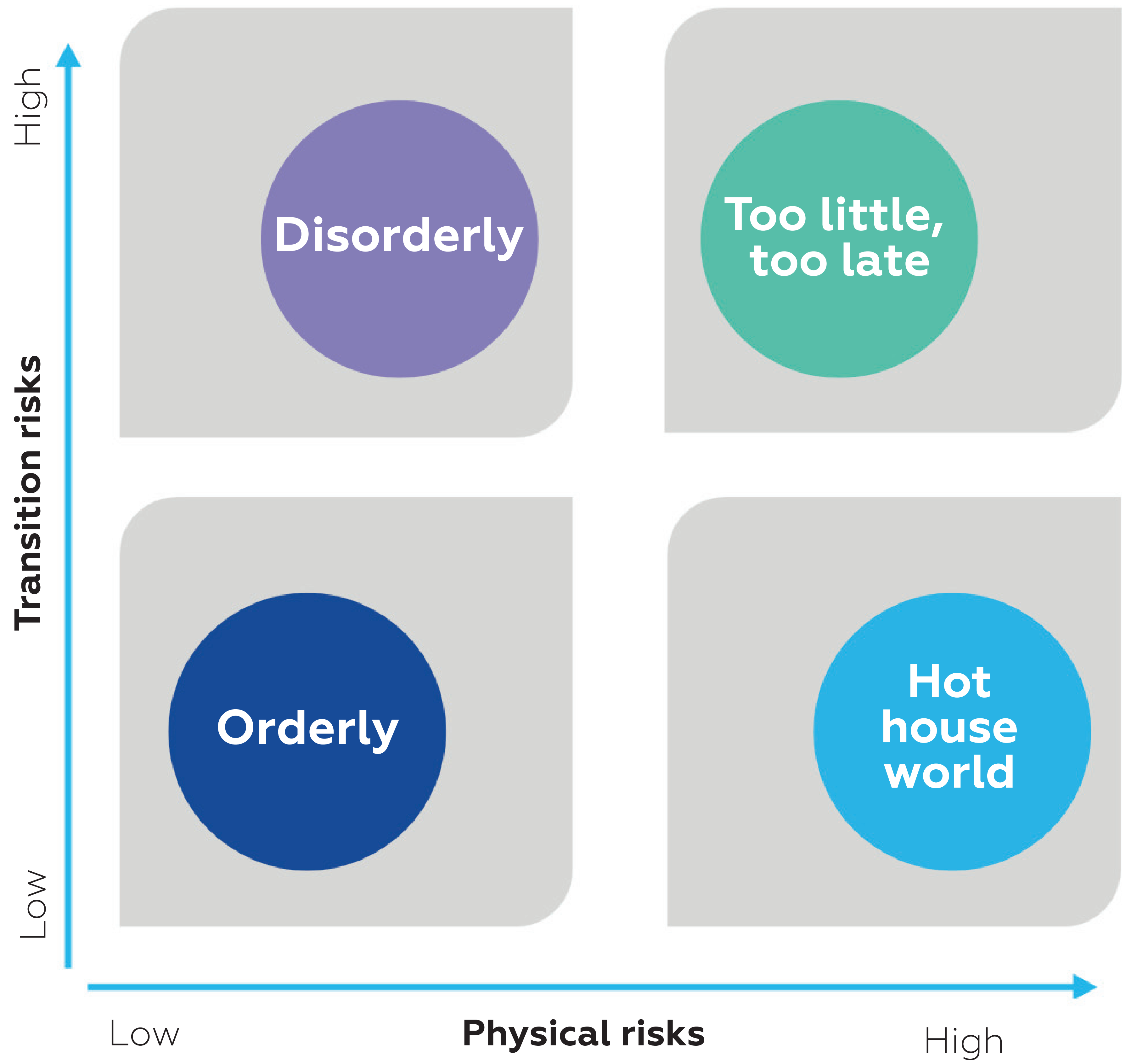
Identification of NGFS Climate

The Network for Greening the Financial System (NGFS) plays a crucial role in addressing climate risk. This international group of central banks and supervisors works collaboratively to ensure climate risks are fully considered in maintaining global financial stability.

NGFS Climate Scenarios are a key tool developed by the network. This comprehensive framework allows for the examination of various plausible climate outcomes. These scenarios serve as the foundation for conducting climate risk assessments, providing valuable insights for financial institutions.

Each scenario shows a range of higher and lower risk outcomes:

- Orderly: assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.
- Disorderly: explore higher transition risk due to policies being delayed or divergent across countries and sectors. For example, carbon prices would have to increase abruptly after a period of delay.
- Hot House World: assume that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise.
- Too Little, Too Late: reflect delays and international divergences in climate policy ambition that imply elevated transition risks in some countries and high physical risks in all countries due to the overall ineffectiveness of the transition.



Source: Adapted from the Network for Greening the Financial System NGFS climate scenarios.

For Interbank, the Disorderly climate scenario was selected as the most appropriate scenario according to its regulatory, market, and socioeconomic context.

Although this impact analysis focuses on the Disorderly scenario, the assessment has also been performed on the Orderly and Hot House World scenarios to get a complete picture of climate risk under different projections.

Methodology of Materiality Analysis

The materiality analysis conducted during 2024 followed a qualitative approach and is structured in three blocks:

1. **Conceptual framework and definition of the methodology:** it includes the definition of climate risks, as well as the mechanisms through which they are transmitted to traditional prudential risks. This is described in section 3.1.1.

2. **Qualitative materiality analysis**: qualitative assessment, considering probability and impact, of how climate risks may affect the main traditional prudential risks in different time horizons. The result of this analysis is included in the following heatmap chart "Risk assessment according to Disorderly Scenario".

3. Deep dive into the commercial portfolio: given that the Commercial Banking loan portfolio may be materially impacted by climate risks, a more detailed analysis of the same was performed. This includes the sectors to which Interbank has exposure, as well as a selection of those most relevant to Interbank and with the greatest potential impact due to their carbon intensity.

Risk assessment according to Disorderly Scenario		Physical Risks ST	Physical Risks MT	Physical Risks LT	Transition Risks ST	Transition Risks MT	Transition Risks LT
Credit risk	Commercial Banking	Lower Risk	Lower Risk	Moderate Risk	Lowest Risk	Lower Risk	Lower Risk
	Real State Banking *(Banca Inmobiliaria)*	Lower Risk	Lower Risk	Lower Risk	Lowest Risk	Lower Risk	Lower Risk
	Retail Mortgages	Lower Risk	Lower Risk	Lower Risk	Lowest Risk	Lower Risk	Lower Risk
Other risks	Operational	Lowest Risk	Lowest Risk	Lowest Risk	Lowest Risk	Lowest Risk	Lowest Risk
	Market	Lowest Risk	Lowest Risk	Lower Risk	Lowest Risk	Lowest Risk	Lowest Risk
	Liquidity	Lowest Risk	Lowest Risk	Lowest Risk	Lowest Risk	Lowest Risk	Lower Risk
	Reputational	Lowest Risk	Lower Risk	Lower Risk	Lowest Risk	Lower Risk	Lower Risk

Short-term (ST): Up to 3 years **Medium-term (MT):** From 4 to 10 years **Long-Term (LT):** More than 10 year

Lowest Risk · Lower Risk · Moderate Risk · Major Risk · Extreme Risk

The result of this analysis is included in the following heatmap chart "Risk assessment in Interbank's loan portfolio".

Deep Dive in Commercial Portfolio

The credit risk analysis includes a collection of sector and geographic exposure data, along with an in-depth review of the sectors to gauge the financial consequences of both physical and transition risks. This aids in examining industry trends across various time horizons and climate scenarios.

In this analysis, the location of all the properties pledged as collateral is of particular importance, since the mortgage exposure, both in the retail and commercial segments, is relevant and material for Interbank.

The following industries have been identified as material, considering not only Interbank's exposure in terms of loans but also considering that they are carbon-intensive:

- Agriculture and fishing
- Mining
- Construction
- Industrials
- Energy
- Hydrocarbons

Risk assessment in Interbank's loan portafolio	Physical Risks			Transition Risks		
	ST	MT	LT	ST	MT	LT
Agriculture and fishing	Low	Moderate	High	Low	High	High
Mining	Low	Moderate	High	Moderate	Moderate	High
Construction	Low	Moderate	Moderate	Low	Moderate	Moderate
Industrials	Low	Low	Moderate	Low	Low	Moderate
Energy	Low	Moderate	High	Moderate	Moderate	High
Hydrocarbons	Low	Low	Moderate	Moderate	High	High

Short-term (ST): Up to 3 years **Medium-term (MT):** From 4 to 10 years **Long-Term (LT):** More than 10 year

Low Impact | Moderate Impact | High Impact

4.2 Integrating climate into our risk management

Recognizing the urgency of climate action, we have prioritized integrating in an initial phase ESG risk considerations into the risk management frameworks of Interbank (see section 4.2.1), Interseguro (see section 4.2.2), and Inteligo Group (see section 4.2.3).

This initial focus allows us to gain valuable experience while we finalize the climate strategy for all Subsidiaries, ensuring a tailored approach aligned with each entity's sustainability goals.

4.2.1 ESG risk analysis at Interbank

Interbank's Risk Methodology Department takes a proactive approach to incorporating climate risks into its economic forecasts.

As applicable, they assess and revise these forecasts based on the latest insights from their economic consultants and Peruvian meteorological agencies.

Specifically, the forecast reports integrate factors such as the Coastal El Niño, the Global El Niño Phenomenon (FEN), and other relevant climate events. This multi-scenario approach considers various possibilities and their probability of occurrence to be considered in the process of identification of commercial risks.

In addition, Interbank has developed a framework to assess ESG risks to their corporate clients. This analysis is carried out through its Environmental and Social Risk Analysis (ESRA) framework, which has been strengthened at a methodological level and aligned with international standards and local regulatory requirements (SBS Resolution No. 1928-2015).

In 2022-2023, the Bank conducted an internal process, with the advice of a specialist consultant, to align this system with the best international practices in the sector in terms of ESG risks and to be governed by the IFC Performance Standards and the Equator Principles. As a result, the Bank improved its ESRA and strengthened its processes for identifying, mitigating, and monitoring social and environmental risks in its commercial portfolio.

Interbank's ESRA Policy establishes the guidelines for social and environmental risk management of the Bank's commercial financing portfolio.

For more information, please visit our Environmental and Social Risk Analysis Policy.

Interbank's ESRA applies to:

- Advisory service for project financing when the total estimated investment in the project exceeds US$10 million.
- Financing of a project when the total estimated investment in the project exceeds US$ 10 million.
- Corporate loans of more than US$10 million to primary suppliers of a project.
- Bridge loan for the financing of a project requiring an estimated total investment of more than US$10 million.
- Credits to a non-retail customer related to a stage of a project, provided the following conditions are met: The customer's total amount of credits related to the project in the financial system amount to at least US$50 million, and the customer's total amount of credits related to the project in the company (before syndication or resale) is at least US$ 25 million.
- Project-related refinance and project-related acquisition finance of the above mentioned financings.

In 2023, the Interbank expanded the scope of ESRA to include financings of more than US$10 million (beyond project finances) approved by the Board Credit Committee for carbon-intensive industries.

This allowed us to perform environmental and social risk analyses for clients in industries with high environmental risk, such as mining, agriculture, energy, hydrocarbons, oil, textiles, and fishing, among others.

Finally, in 2023 the Interbank included in the Exclusion list the following activities:

- Exploration, extraction, production, and transportation of unconventional oil and gas as listed below:
    - Tar sands (also called oil sands): oil mixed with bitumen.
    - Shale oil and gas: oil and gas contained within a rock classified as shale characterized by low permeability.
    - Oil and gas in the Arctic region (region inside the Arctic Circle).
    - Offshore Oil & Gas: only deep water and ultra-deepwater oil and gas.
    - Liquified Natural Gas (LNG) derived by non-conventional extractions above listed.
- Coal-related activities are listed below:
    - Coal mining: extraction of thermal coal from both surface (open pit) and subsurface mines
    - Coal Power: burning of coal at coal-fired power plants for the generation of energy.
    - Coal Infrastructure: Coal-related infrastructure (railway lines and trains, ships and barges used to transport coal, pipelines, and coal terminals).
    - Coal processing companies.

4.2.2 ESG risk analysis at Interseguro

Interseguro recognizes the importance of ESG factors in achieving long-term investment success. Its commitment to sustainability is reflected in the way they manage their portfolio, which is primarily composed of high-credit quality, long-term fixed-income instruments.

Interseguro applies a comprehensive ESG scoring system that considers environmental, social, and governance criteria during the evaluation of their investment portfolios.

Among the environmental criteria, they include questions related to the measurement and reduction of the carbon footprint, waste, water and energy consumption, as well as reduction targets.

All investment proposals submitted to the board investment committee incorporate a comprehensive ESG score analysis for informational purposes.

4.2.3 ESG risk analysis at Inteligo Group

Aligned with Inteligo Group's Responsible Investment Policy, Inteligo has integrated ESG questionnaires as a core element of their portfolio screening process. This approach ensures that both the financial performance and sustainability profile of potential investments are thoroughly assessed.

Specifically, the environmental screening questionnaire, developed by the Strategy and Analysis Management team, incorporates questions regarding climate change and alignment with the TCFD recommendations.

This integration allows Inteligo Group to not only measure the ESG performance of mutual and investment funds within their portfolio but also to establish a robust monitoring process that tracks their sustainability development over time.

In December 2022, Inteligo Group approved the Responsible Investment Policy aligned with the UN-PRI principles. This policy seeks to integrate ESG) criteria into operational activities, risk models, and client evaluation processes.

In addition, in line with the Principles for Responsible Investment, Inteligo Group designed and integrated ESG metrics into the analysis of investment processes, which is based on the following fundamentals:

- **Integration of ESG criteria into investment analysis tasks, including information gathering, materiality analysis, and evaluation of active ownership.**
- **Construction of portfolios that consider the results of regular evaluations of ESG criteria applied to all assets and funds that constitute them.**
- **Incorporation of ESG aspects that have a material impact on business performance in the investment or asset decision-making process which also includes traditional financial factors.**

By incorporating non-financial factors, Inteligo Group can keep a more selective analysis and exclusions in the services and products of sectors whose activity does not match the principles supported in their Responsible Investment Policy.

05
Metrics and targets

5.1 Interbank's sustainable finance results

Interbank takes a data-driven approach to its sustainable lending practices. The bank utilizes specific indicators to measure the environmental and climate impact of its green loans and sustainability-linked loans (described in section 3.2.1).

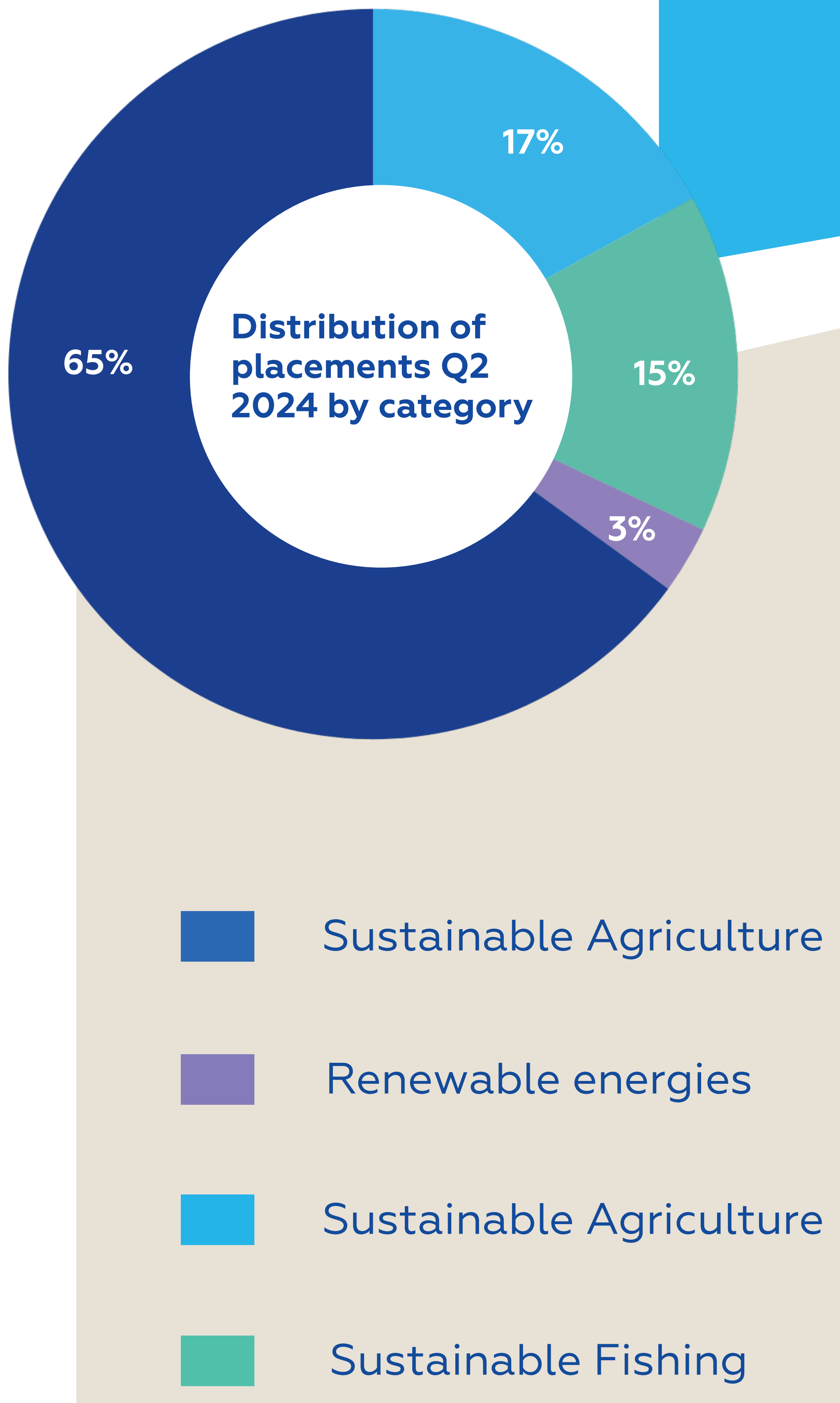
These loans are categorized according to the rigorous criteria established in Interbank's Sustainable Finance Framework.

As of the end of second quarter of 2024, Interbank's sustainable lending portfolio boasts a significant total of US$ 211.35 million.

Green loans labeled at the end of Q2 2024

Sustainable Lending Portfolio	
Green Loans	US$ 87, 350, 000
Sustainability-Linked Loans	US$ 124, 000, 000
Total of green loans and Sustainability-Linked Loans	**US$ 211, 350, 000**

Demonstrating a strong commitment to environmental progress, Interbank has set an ambitious target of reaching US$600 million in sustainable loans by 2026. This significant expansion will further amplify the bank's positive impact on the environment and climate.



MiVivienda

In retail banking, Interbank's sustainable mortgage product called Mivivienda (described in section 3.2.1), represents 20% of their total mortgage portfolio.

Sustainable mortgages at the end of Q2 2024

Sustainable Lending Portfolio	
Mivivienda (sustainable mortgage)	S/ 1,956,502,956
Total of retail mortgages	S/ 9,724,467,964
Percentage of sustainable mortgage value over total value (%)	**20.12%**

Assessment of social and environmental risks in financed transactions 2023

Transactions	Categories*		
	A	B	C
Projects**	-	2	-
Non-Projects**	-	10	12

* Definition of categories:
Category A: operations with potentially significant adverse social or environmental impacts. These are characterized as diverse, irreversible, and unprecedented.
Category B: operations with limited potential adverse social or environmental impacts. Impacts are few, usually localized to specific locations, reversible and easily addressed through mitigation measures.
Category C: operations with minimal or no social or environmental impacts.
**Projects applicable under Equator Principles Rules.
*** Non-projects are other financings granted by Interbank, beyond project finance, of more that US$10 million to clients of industries with high environmental risk.

5.2 Interbank's ESG risk analysis results

During 2023, Interbank applied its ESRA in 24 financed transactions, which represented a total of S/ 2,773.93 million at the end of the year and were classified into categories A, B, or C according to the risks andpotential impacts identified during the corresponding due diligence processes.

5.3 Interseguro's ESG risk analysis results

As of this report, Interseguro has applied the ESG risk analysis, detailed in section 4.2.2, to 20% of the companies within its portfolio. This initial phase represents 14% of our total Assets Under Management (AuM).

Interseguro aims to gradually expand the application of this analysis to encompass the entire portfolio, including non-conventional sectors such as government investments.

5.4 Inteligo Group's ESG risk analysis results

Regarding the implementation of ESG risk analysis mentioned in section 4.2.3, 100% of Inteligo Bank investment funds recommended to its clients, and more than 40% of the issuers

Inteligo Group	2023 (Million USD)		
Categories of assets and investments	**Inteligo Bank**	**Interfondos**	**Total**
Amounts of assets evaluated under the ESG risk questionnaire	755.46	1044.8	1800.26
Thematic investment related to sustainability	12.42	4.2	16.62
Total	767.88	1049	1816.88
% of assets under management covered that integrate ESG criteria over total AUM	**13.9%**	**77.1%**	**26.5%**

under management, have been evaluated under the ESG risk questionnaire.

Also, regarding the thematic investment mentioned in section 3.2.1 offered by Inteligo Group, it represents 16% of the total thematic investment under management.

5.5 IFS' Greenhouse Gas (GHG) emissions

All our Subsidiaries measure their carbon footprint related to Scope 1, Scope 2, and selected categories of Scope 3. In addition, we are in the process of developing mitigation and decarbonization plans and targets aligned with international guidelines.

The measurement of our carbon footprint is based on the Greenhouse Gas Protocol (GHG Protocol) and is verified according to ISO 14064-1: 2018 by a third party.

In that sense, the calculation in all our Subsidiaries covers the following scopes and categories:

- Scope 1: Refers to emissions generated and controlled by the organization, these being the consumption of fuels used by vehicles, mobile machinery, and stationary machinery. It also includes the consumption of refrigerant gases, recharging of fire extinguishers, consumption of lubricants, welding gases, and fertilizers.
- Scope 2: Refers to direct consumption of electrical energy.
- Scope 3: Refers to emissions generated outside the boundaries of the organization, which includes travel, employee commuting, accommodation, electricity consumption for remote work, courier services, water consumption, waste decomposition, supplies, and electricity consumption by our agents.

Our 2023 carbon footprint reveals an increase of 8.2% for location-based emissions and

13.9% for market-based emissions compared to 2022, totaling 13,335.40 tCO2e. This rise is primarily attributed to two factors:

- Return to In-Person Work: As business practices shifted towards more face-to-face interaction in 2023, associated emissions increased.

- Expanded Emissions Scope: We enhanced the comprehensiveness of our carbon footprint calculation by including new sources such as cash transportation, card distribution, and waste management across Interbank stores nationwide, among others. This broader scope rovides a more accurate representation of our environmental impact.

Carbon footprint in IFS

Year	Coverage (%)	Scope 1 (tCO2e)	Scope 2 (tCO2e)		Scope 3 (tCO2e)	Total (tCO2e)	
			Location-based	Market-Based		Location-based	Market-Based
2020	96%	428.46	2,990.16	2,990.16	7,472.96	10,891.58	10,891.58
2021	100%	393.59	2,715.74	2,715.74	13,571.04	16,860.37	16,860.37
2022	92%	419.49	3,022.56	2,413.30	8,880.43	12,332.48	11,723.22
2023	100%	1,416.64	3,508.55	3,508.55	8,414.61	13,339.37	13,339.37

Other environmental indicators

Indicators	2020	2021	2022	2023
Intensity (tCO2e/million soles)*	n/d	n/d	2.09	2.13
Total non-renewable energy consumed	6,814	5,996.9	5,655.2	7,585.1
Total renewable energy purchased or generated for own consumption (MWh)	12,617	9,632.1	10,112.4	8,922.3
Total energy consumed (MWh)	19,431	15,629	15,767.6	16,507.3
Total water consumed (millions of m3)	0.163	0.145	0.148	0.153

*Considered in the calculation of the ratio: Location-Based emissions and total revenues

Interbank's operational emissions targets

IFS is currently developing an emissions reduction strategy to fulfill our pledge of attaining net-zero emissions by 2050. This strategy will encompass all our Subsidiaries and be aligned with the Science Based Targets initiative (SBTi).

Interbank has already begun laying the groundwork for reduction targets. Utilizing 2019 as a base year, they are establishing plans to significantly reduce energy consumption, water use, and waste generation by 2030.

In addition, Interbank has set emissions reduction targets following the SBTi methodology. Using 2023 as the baseline year, Interbank aims to reduce scope 1 and scope 2 emissions by 17.5% by 2030.

Reduction targets in Interbank's environment indicators

Indicator	Metric	Target 2019 - 2030
Energy consumption	kWh	-60%
Water Use	m^3	-30%
Non-reusable waste	Ton	-35%

Carbon offsets by Interseguro

During 2023, Interseguro measured and offset their carbon footprint of two significant events:

- Salesperson's Day: in-person gathering to recognize the achievements of Interseguro's sales team and reward top performers. This event's emissions were up to 38 tons of CO2eq.
- Anniversary Celebration: an annual celebration of the company's accomplishments and growth as a sustainable company. This event's emissions were up to 44 tons of CO2eq.

To measure and offset the carbon footprint of such events, Interseguro partnered with The Carbon Sink, a leader for consulting in the development of climate strategies and projects that generate carbon credits certified by the most important international standards.

Therefore, to neutralize this environmental impact, Interseguro purchased certified carbon credits from the REDD+ Castañeros Project in Madre de Dios, Peru. The project, owned by Bosques Amazonicos S.A. (a Peruvian company), promotes the protection and restoration of Bosques de Castañero located in Madre de Dios (Peruvian Amazon) which was threatened by the construction of the Interoceanic Highway in 2009.

Finally, as a part of our commitment to sustainability and sustainable financing, IFS remains focused on developing improved metrics and indicators to effectively gauge and communicate our environmental impact and vulnerability to climate risk.

Intercorp
Financial Services

IFS Climate Report 2024