

Banco do Brasil's Commitment to climate change



Context

Sustainability and environmental, social and governance (ESG) issues have been gaining more and more relevance over the last few decades. The concern with achieving a model of economic development, production and consumption that is in harmony with environmental limits and, at the same time, contributes to the reduction of inequalities is global and shared by governments, companies, non-governmental entities and civil society in general.

When considering ESG aspects in business strategy, the sector can offer new financial instruments to the market, such as capital for new technologies, emissions trading platforms

and green loans, taking advantage of the opportunities of shared value. Thus, sustainability becomes a long-term strategic asset in creating value for companies.

Climate change is currently one of humanity's greatest challenges. The emission of greenhouse gases (GHG) caused by human activities and their possible impacts on economic and ecological processes, based on strong scientific evidence, has presented a disruptive potential of economic and social processes that needs to be addressed by society.

More and more companies and global conglomerates seek to adopt policies and implement practices to face the challenges related to the climate, making them more attractive by generating sustainable value in their strategies and incorporating nonfinancial performance indicators or with the cost of capital directly linked to the environmental performance.

In 2015, during the United Nations Framework Convention on Climate Change (COP 21) in France, 196 countries signed the Paris Agreement, a document through which they committed themselves to adopt targets for reducing greenhouse gas emissions, aiming to reduce emissions from their production processes, in an attempt to combine efforts for the benefit of a low carbon future, in which global average warming does not exceed 2°C above pre-industrial levels.

To achieve the ultimate goal of the Agreement, governments have engaged in building their own commitments, based on the so-called Nationally Determined Contributions (NDC). Through the NDCs, each nation presented its contribution to reducing greenhouse gas emissions, following what each government considered feasible from the local social and economic scenario. The Brazilian government has committed itself to reduce greenhouse gas emissions by the year 2025 by 37% below 2005 levels, with a subsequent indicative contribution of reducing greenhouse gas emissions by 43% below 2005 levels by 2030.

In 2022, the Ministry of Environment updated the Brazilian GHG emissions target in the context of the 26th Conference of the Parties to the Framework Convention (COP 26) in which it was suggested that countries revisit their short-term climate ambition and factor in new actions to reduce emissions, including of methane, by 2030. In this new version, reductions of 37% by 2025 and 50% by 2030 were set, and Brazil also committed to neutralizing its emissions by 2050. For this objective to be achieved, greater engagement with the various actors in civil society will be necessary, among them Banco do Brasi.

For leaders of the World Economic Forum (WEF), environmental risks are among the most serious in terms of their effect on the world's wealth and prosperity today. Climate change has been high on the forum's agenda for the past five years, with the recognition that it is reaching a crisis point in many parts of the world. According to the "Global Risks Report 2022"¹, since 2011 climate change has been among the top five global risks in terms of probability and economic impact.

¹ Available at <https://www.weforum.org/reports/global-risks-report-2022>

In 2022, the Intergovernmental Panel on Climate Change (IPCC) released the IPCC Sixth Assessment Report, in which it reinforces that climate change already affects all parts of the world, and much more severe impacts may be on our way if we fail to cut back on GHG emissions by half in this decade alone and to immediately start scaling up adaptation measures.

The IPCC predicts that climate risks will blend into one another as multiple disasters occur at the same time and in the same areas. In tropical regions, for example, the combined effects of heat and drought can trigger sudden and massive losses in crop yields.

TCFD – Task Force on Climate-Related Financial Disclosures

The Financial Stability Board (FSB)² was set up in 2009 by the Group of 20 (G20), a group of economic ministers and central bank presidents from the 19 most developed countries in the world, plus the European Union. The FSB is the international body that monitors and makes recommendations on the global financial system. In 2015 it announced the establishment of a task force, the Task Force on Climate-related Financial Disclosures (TCFD), to develop a consistent way of reporting financial risks related to climate change and contribute to directing investments towards low-carbon activities.

The TCFD makes recommendations on climate change management disclosures, including four core topics: the organization's governance structure and processes on climate-related risks and opportunities; the risk and opportunity management strategy; the identification of climate risks; the assessment metrics used and the targets set for management in the short, medium and long term.

As such, companies will have to develop a governance model for the climate change theme containing strategy, risk and opportunity management and management indicators, aiming to provide information on the potential impact of climate change for clients, investors, insurers and other stakeholders regarding the impacts of physical and transition risks and business opportunities for the transition economy.

According to the TCFD report³, one of the most significant risks facing organizations today is related to climate change. While it is widely recognized that the continuity of greenhouse gas emissions is aggravating global warming and this may lead to economic and social losses, the exact timing and severity of physical effects are difficult to estimate, which makes the problem a unique challenge, especially in the context of economic decision-making.

² The Financial Stability Board (FSB) was established in 2009 as a successor to the Financial Stability Forum (FSF). The FSF was founded by the G7 in 1999 on a demand from the G20 leaders in 2008 to become a stronger institution.

³ *Recommendations of the Task Force on Climate-related Financial Disclosures*. Disponível em https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Report-062_817.pdf

Impacts are not only physical and do not manifest themselves only in the long-term. The reduction of GHG emissions implies a reduction in the use of fossil fuels and related physical assets, with the consequent loss of profitability of related activities. On the other hand, the transition to a low-carbon economy generates opportunities for solutions in mitigating emissions and adapting to the consequences of climate change, such as increasing clean and more efficient technologies, targets for reducing resource consumption (energy, fuels, paper), financing low-carbon farming techniques, prioritization of photovoltaic and wind energy sources, increasing the resilience of city infrastructure etc.

The expected transition to a low-carbon economy is estimated to require about USD 1 trillion of investment per year, generating new investment opportunities. At the same time, the reputational risk of organizations exposed to the effects of climate change can vary significantly, as these organizations may be most affected by the physical impacts of climate change, by climate policies and by new technologies. A 2015 study⁴ estimated that by the end of the century the value of assets in the world at risk from climate change will range from USD 4.2 trillion to USD 43 trillion.

Banco do Brasil, aware of the relevance and urgency of the issue of climate change and the importance of engaging governments, the private sector and society in efforts to reduce greenhouse gases and to adapt communities in areas of climate vulnerability, is committed to the transition to a low-carbon economy and to the leadership role that Brazil can assume in this issue.

BB's adherence to the TCFD

On May 28, 2021, Banco do Brasil formalized its adherence to the TCFD recommendations, thus assuming the commitment to identifying and reporting to its stakeholders the exposure of its portfolio to carbon-intensive sectors, its consequences and impacts on financial earnings, allowing more accurate pricing of assets, risk measurement and more efficient allocation of capital, reducing the vulnerability to abrupt impacts of climate change on the real economy. The complete list of institutions that joined the initiative can be accessed here [link](#).

In summary, the adherence to the Task Force's recommendations contributes to BB's better performance in corporate sustainability indices and facilitates access to capital, increasing the confidence of leaders and investors and allowing BB to measure how climate change may impact its business, in addition to favoring an alignment of climate risk management actions at BB with the guidelines of the new regulations issued by the Central Bank of Brazil (BCB) regarding environmental, social and climate risks.

⁴ The Economist Intelligence Unit, "The Cost of Inaction: Recognizing the Value at Risk from Climate Change", 2015. Value at risk measures the loss a portfolio may experience, within a given time horizon, at a particular probability, and the stock of manageable assets is defined as the total stock of assets held by non-bank financial institutions. Bank assets were excluded as they are largely managed by banks themselves.

What guides us?

At Banco do Brasil, Corporate Socio-environmental Responsibility (RSAE) is expressed in policies and in the various voluntary commitments assumed over time. The main objective of governance in RSAE is to manage BB's environmental and social (E&S) performance, which occurs based on the implementation and dissemination of the Environmental, Social and Climate Responsibility Policy (PRSAC), which considers, in an integrated manner, the economic, environmental, social and climate dimensions in business and the ethical and transparent relationship with stakeholders.

Climate change is included in the Environmental, Social and Climate Responsibility Policy (PRSAC), in the BB Sustainability Guidelines for Credit and also in the Environmental and Social Guidelines - Restrictive List and Exclusion List.

Between September and October 2021, the Central Bank of Brazil (BCB) issued standards that have impacted the management of environmental, social and climate risks by BB, as follows:

- a) CMN Resolution No. 4,943, of September 15, 2021, which amends CMN Resolution No. 4,557, of February 23, 2017, and improves the rules for managing Environmental, Social and Climate Risks, applicable to financial institutions.
- b) CMN Resolution No. 4,945, of September 15, 2021, which provides for new rules on the Environmental, Social and Climate Responsibility Policy (PRSAC) and on the actions for its effective implementation by SFN institutions.

In view of the requirements of these regulations, BB has prepared a new Environmental, Social and Climate Risk Policy (PRSAC) aimed to regulate how to disclose information on environmental, social and climate risks and opportunities, which must be adopted by BB's Prudential Conglomerate in the coming years.

The new PRSAC rules will come into effect in July 2022 and focus on handling the possibility of losses for regulated institutions. This policy redefines the social risk, which relates to practices that violate fundamental rights and guarantees or common interests, and the environmental risk, which is associated with acts of environmental degradation.

The policy also introduced concepts of transitional climate risk, in connection with the process of transition to a low-carbon economy, and physical climate risk related to the occurrence of frequent and severe weather events or long-term environmental changes, which may be associated with changes in weather patterns.

The Guidelines provide socio-environmental guidance to be considered in the analysis of loan and financing proposals. They address strategic issues, including climate change, and are applicable in the analysis and granting of credit to the sectors of Agribusiness, Irrigated Agriculture, Electricity, Civil Construction, Cement, Mining, Oil & Gas, Transport, Paper & Cellulose and Steel. The elaboration and annual reviews of the Guidelines count on the participation of several stakeholders (shareholders, industry experts, NGOs, customers and employees), supported by the analysis of studies and reports that, in turn, consider projections of global climate models. In 2020, the Sustainability Guidelines for Credit were updated considering legal, political, economic and environmental and social aspects.

BB has some specific guidelines for the Coal (Mining) and Oil & Gas sectors, in connection with the existence of mitigating factors for environmental impacts in the credit analysis of exploration projects for mines, refineries and oil and gas transport pipelines, inclusion of contractual clauses by which entrepreneurs undertake to decommission phased-out facilities and encourage proposals from companies with capacity to implement prevention actions and prepare a nationwide response to incidents with dams, pollution and/or contamination by oil and its derivatives.

The Socio-environmental Guidelines - Restrictive List and Exclusion List, on the other hand, bring various activities in which the Bank assumes credit risk under certain conditions, applying different rigor in the analysis, granting and monitoring of credit (Restrictive List). The Exclusion List, as the name implies, lists excluded activities that the Bank does not assume credit risk due to legal impediments or because they are not in alignment with the BB Guidelines.

The Coal (Mining) and Oil & Gas sectors are listed as BB's restricted activities and for which Environmental Impact Studies and associated documents are required, such as Ecological-Economic Zoning, Environmental and Social (E&S) Responsibility Analysis, within the credit limits and projects, when applicable, Grant of Right to Use Water Resources and Forest Origin Document, when applicable, without prejudice to other requirements necessary to ensure conformity with BB's Environmental and Social Guidelines and its Credit Policy.

Therefore, we understand that our policies, business practices and risk management for the hard coal sector are adequate given the relevance of the portfolio exposure that represents less than 0.001% of our total multiple bank loan portfolio as of December 2022. Similarly, the risk management related to the oil and gas sector is also adequate considering the relevance of the portfolio exposure which is 2.3% of our total multiple bank loan portfolio as of December 2022. In the financial statements, the segment is represented within the macrosector "Oil & Gas".

In 2020, BB approved the Specific Climate Risk Management Policy with the objective of contributing to improving the risk management, establishing guidelines for proactive action and taking advantage of opportunities related to climate issues. As of 2021, the climate risk management became part of the Specific Risk and Capital Management Policy.

Other policies include various socio-environmental aspects, which are also considered in business and administrative practices, such as credit and investment operations, and relationships with suppliers and employees. Due to their relevance, these guidelines are replicated in the Credit Sustainability Guidelines for different sectors of activity.

Sustainability Plan - Agenda 30 BB



Banco do Brasil's Sustainability Plan contributes to the improvement of business and processes by consolidating actions with an environmental, social and climate focus. Revised every two years and ordered into sustainability challenges prioritized by senior management, it is broken down into commitments established for a period of three years, covering the entire company.

Since 2017, the Plan has been called Agenda 30 BB. The new agenda reflects the premises of the global 2030 Agenda and is inspired by the Sustainable Development Goals (SDGs), responding to the global call to build a world driven by adequate management of natural resources, respect for human rights and generation of sustainable results.

The Agenda 30 BB ensures that internal processes are adopted in a robust manner, agreeing on commitments and actions that have an impact on the business as a whole. With increasingly sustainable business and administrative practices, BB disseminates to its entire value chain the importance of incorporating the principles of sustainability in the planning and execution of actions. Sustainability is a transversal pillar in the Bank's strategy, whose leaders are committed to the challenge of reconciling business competitiveness with the construction of a more sustainable world. Sustainability is one of the dimensions in the BB Corporate Strategy 2022-2026 and presents itself as one of the objectives in the Bank's

strategic map, which has its leaders committed to the challenge of reconciling business competitiveness with the construction of a more sustainable world.

In 2021, the Sustainability Plan - Agenda 30 BB 2021-2023 was approved. The climate issues are included in the challenge: "Improve the governance and management of risks and opportunities related to climate issues, giving transparency to Banco do Brasil's commitments and practices in relation to the topic". Through [BB's Annual Report](#), account is taken of the actions developed in the previous period and the actions that will be developed in the coming years. In the period between January and July 2023, Agenda 30 is undergoing the review process, updating metrics and incorporating new trends. The new document is expected to be completed by the middle of the second half of 2023.

Voluntary pacts and commitments

For almost three decades, Banco do Brasil has participated in various Forums and Initiatives in the governmental and private spheres.



Pactos e Compromissos Voluntários



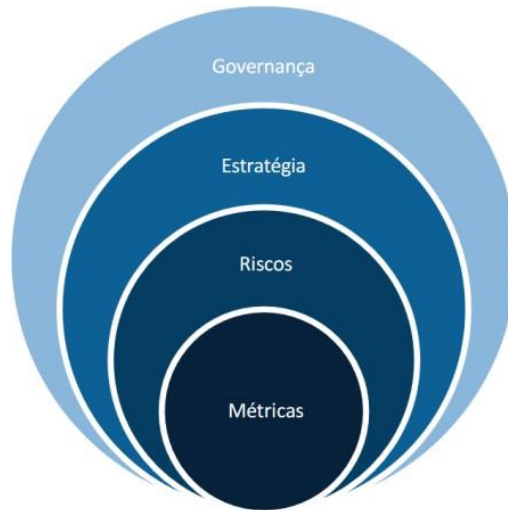
Among the voluntary commitments and pacts made over time, several address the issue of climate change directly or transversely, such as the following:

- Caring for Climate – The Global Compact
- Carbon Disclosure Project – CDP
- Companies for the Climate - EPC Platform
- Sustainable Development Goals - SDG
- Equator Principles ▪ Brazilian GHG Protocol Program
- Task Force on Climate-Related Financial Disclosures – TCFD
- Business Ambition for 1.5°C

Climate Change

After adhering to the TCFD recommendations, BB has undertaken the commitment to implementing high levels of transparency in its disclosure of financial information related to climate risks and opportunities. The clear and concise disclosure of this information helps financial institutions find the best way to measure climate-related impacts business and stakeholders.

BB's main financial information was structured according to the disclosure pillars recommended by the TCFD, as follows:



Fonte: Adaptado de TCFD

Social, Environmental and Climate Risk Management Strategy and Governance

RSAE permeates the organizational structure and is expressed in the policies and various voluntary commitments assumed. The main objective of governance in RSAE is to manage the environmental, social and climate performance based on the Environmental, Social and Climate Responsibility Policy (PRSAC), which takes into account, in an integrated manner, the economic, environmental, social and climate dimensions in business and the ethical and transparent relationship with stakeholders.

The governance structure, social, environmental and climate risk management strategies and physical and transition risk scenarios can be found in our [GRSAC Report](#), [Annual Report](#) and [ESG Databook](#).

Metrics and Targets

At the end of 2019, Banco do Brasil set goals to reduce GHG with a long-term vision. BB has committed to reducing its Scopes 1 and 2 emissions by 30% by 2030.

The targets set were based on guidelines and criteria published by the Science-Based Targets initiative (SBTi) and on the emission levels in 2018 reported in our GHG Emissions Inventory.

In addition to reporting BB's GHG emission levels and sources, the Emissions Inventory is aimed, as already mentioned, to be a carbon management tool and thus guide the performance of the sustainability strategy for GHG emissions.

In addition to offsetting 100% of GHG emissions, our targets are to achieve 90% renewable energy in our energy matrix by 2024.

Business opportunities

On the opportunities arising from climate change, the Bank supports initiatives aimed at mitigation, such as the Low Carbon Agriculture Program (ABC Program), which represents an opportunity for both BB and for rural producers.

The ABC Program has the potential to contribute to the achievement of the environmental goals of the Paris Agreement (NDCs). Its role is especially relevant, as Brazil has presented targets that are not conditional on the receipt of international resources, which further justifies the need for its strengthening and alignment with the objectives of mitigating greenhouse gas emissions (GHG).

Since its launch in 2010, BB has been leading the initiative, which finances sustainable agricultural production systems, with recognized capacity to reduce or sequester greenhouse gas (GHG) emissions and promote the production of vegetation/biomass and food, as well as the preservation of the environment.

Initiatives aimed at reducing CO₂ emissions in agricultural activity are supported by the ABC Program. Through it, positive financial with the contracting of operations, whose balance reached R\$ 8.7 billion in December 2022. Customers have at their disposal a portfolio of products that includes Agricultural Insurance, Agricultural Insurance Billing, Proagro and Proagro Mais. In the 2022/2023 crop year, 57.9% of all agricultural funding, amounting to R\$ 51.7 billion, was covered by Agricultural Insurance and Proagro to mitigate the risk of production loss due to extreme weather events.

During 2021, BB reviewed the credit lines that compose the green portfolio, according to the methodology of Febraban and BB Sustainable Finance Framework, which had a second opinion from Sustainalytics. Based on this and also considering the social contributions identified in the portfolio, a new nomenclature was proposed for the green portfolio: Sustainable Business Portfolio.

The result of the job was submitted to the independent evaluation of Sitawi Finanças do Bem, an important and recognized Brazilian organization, which classified the operations according to their contribution to sustainability and reaffirmed in its opinion the mostly transformational contribution of the portfolio.

The identification of the credit lines eligible to compose BB's Sustainable Business Portfolio is based on the methodology developed by the Brazilian Federation of Banks (Febraban) and published in the study Measuring Financial Resources Allocated in Green Economy, and also in BB Sustainable Finance Framework, prepared according to the main international standards, such as the Green Bond Principles (GBP) and Social Bond Principles (SBP), among others.

In December 2022, BB's Sustainable Business Portfolio had a balance of R\$ 327.3 billion. It is composed of investment and loan-related credit operations for the renewable energy, energy efficiency, sustainable construction, sustainable transport, sustainable tourism, water, fisheries, forest, sustainable agriculture and waste management sectors. Companies that receive credits that are inserted in segments whose performance generates effective transformational social and environmental impacts are also considered.

Find out more at <https://ri.bb.com.br/en/corporate-governance-and-sustainability/sustainability/>

In October 2020, BB approved its sustainable finance model, which establishes parameters and management for raising funds for projects classified as sustainable in the global market. Funding resources of this type can be used to finance projects capable of offering financial returns and linked to Environmental, Social and Governance (ESG) benefits.

The process started with the Technical and Financial Cooperation Agreement between Banco do Brasil and the Inter-American Development Bank (IDB), and had the technical support of the consultancy Sitawi Finanças do Bem, resulting in the elaboration of the "Sustainable Finance Framework", whose green and social categories are contemplated. The possibility of leveraging projects related to low-carbon agriculture sets it apart from those available on the market. The Framework was approved by Sustainalytics, one of the main independent companies in the world of Second Opinion (SPO), following a set of international standards and guidelines.

The model is unusual in the Brazilian financial system, in addition to considering the issues labeled as sustainable, green and social (supported by the Framework), it also considers the possibility of debt issues of the type of Sustainability-Linked Loans and Sustainability-Linked Bonds. The SLLP and SLBP standards link the interest paid for these issuances to the performance of its ESG indicators, such as reducing the company's carbon footprint, increasing the diversity of its staff and reducing the risk of loan portfolios of high environmental, social and climate impact.

Seeking to expand its funding sources, in June 2021, BB launched the the LCA Verde (Green Agricultural Time Deposit), whereby funds raised are allocated exclusively to lines of credit that meet Environmental, Social and Governance (ESG) criteria focused on reducing GHG emissions, recovering pastureland, and fostering renewable energy and operations aimed at family farming operations, such as Pronaf.

In November 2021, BB's Sustainable Finance Framework was updated. Among the main advances of the second version, we highlight: the inclusion of categories Energy Efficiency, Green Buildings, Clean Transport and Sustainable Management of Waste and Effluents, in addition to the Social mode through loans.

As a result of this funding model, BB completed the issuance of its first social bond in the

international debt market in January 2022 worth US\$500 million, and in April 2023, the first sustainable bond was issued for US\$ 750 million. The fundraising aims to promote projects with a positive social impact and support micro and small enterprises to overcome the challenges imposed by the pandemic.

Carbon Market

Aware of its role, BB wants to help its clients and investors in the transition to a more sustainable portfolio, delivering positive E&S externalities. To this end, BB proposes to play a transforming role in society by showing customers that investing in sustainable projects in the Carbon Market is an excellent option for those who want to encourage a business environment that takes into account finance results and positive impact on society and the environment.

To support companies that have voluntarily assumed the commitment to minimizing emissions in their decarbonization journey, we have identified opportunities for BB to act based on three pillars:

- a) **Climate-Focused Strategy:** finance the adoption of mitigation practices;
- b) **Reduction of Emissions:** advise the preparation of emission inventories, finance the transition to a carbon-neutral economy, intermediate offset with carbon credits and insure productive projects to minimize the Greenhouse Gases footprint;
- c) **Carbon Offset:** develop carbon projects and markets.

As a participant of the banking industry, BB takes on a crucial responsibility: allocate investments and assist in the transition from a high-impact to a green, low-carbon and inclusive economy, with proper risk management and engaged in the development of innovative fundraising models.

Our planning factors in climate change issues and prioritizes businesses that take advantage of opportunities of a low carbon economy. We also identify sustainable production chains that can foster a green economy, notably to meet the emission reduction commitments undertaken by Brazil at the Paris Conference.

Against this backdrop, in partnership with Petrobras and with the institutional support of the Central Bank of Brazil and the Ministry of Environment, in May 2022 Banco do Brasil brought together some of the top business, political and environmental leaders in Brazil and the world in Rio de Janeiro for discussions at the [Global Carbon Market Congress – Decarbonization & Green Investments](#). Corporate strategies, projects and cases to boost green business

were then brought along, with a focus on innovations and models to promote the carbon market in Brazil



During this event, BB announced a set of initiatives to support our customers in the origination, development and trading of carbon credits.

On the origination front, support for rural producers will range from identifying the potential of the area to the completion of the project and generation of credits, by following internationally recognized and validated methodologies. This whole process will take place through partnerships carried out by the Bank with companies and startups specialized in carbon credit generation projects.

On the negotiation front, BB will start intermediating and negotiating carbon credits. As a result, BB will make business feasible and advance the carbon credit market, thus benefiting both the credit buyer, represented by companies and institutions that wish to neutralize their emissions, and the credit offeror, which can even be represented by customers who participate in origination programs.

Moreover, to make this market more accessible to small producers, who require more support to join the market, Banco do Brasil has committed to developing new automation technologies for existing carbon credit methodologies.

For further information about the solutions provided by BB, [clique aqui](#).

BB Environmental Management System

The internal management of the effects of climate change is aligned with the Sustainability Plan - Agenda 30 BB, in relation to the development of initiatives and adoption of practices that contribute to the mitigation of the effects of operations on social and environmental aspects.

The BB Environmental Management System - EMS is in accordance with environmental legislation, with reference to the Brazilian Standard ABNT NBR ISO 14.001. The System consists of a set of objectives, assumptions, requirements, responsibilities, programs, initiatives and standards for the implementation of environmental guidelines, aligned with BB's Specific Policy on Environmental, Social and Climate Responsibility.

It is the premise of BB's EMS to consider the external and internal context of the organization in the search for continuous improvement of its System. BB's EMS carries out communication actions to stimulate the efficient consumption of natural resources and prevent pollution, by raising awareness, engagement and strengthening of culture in RSA. In addition, BB continuously seeks to improve its environmental management skills, through training aimed at developing an environmentally appropriate conduct inside and outside the professional environment.

BB's EMS is composed of Environmental Programs, Initiatives and Indicators, including:

- Electricity Bills Management
- Integrated Control of Energy, Water and Building Utilities
- Toner Cartridge Reconditioning Program - Prorec
- Selective Collection Program ▪ PGRS - Solid Waste Management Plan
- Sustainable Procurement and Contracting
- BB Zero Paper Program
- Disposal of Unserviceable Movable Property
- Zero Plastic Program
- ISO 14.001 certification
- LEED Certification in Energy and Environment Design - LEED
- Indicator: Operational Efficiency Index - IEO

The following are some initiatives that contribute to the reduction of GHG emissions.

➤ **Consumption of energy from renewable sources**

Energy consumption (GWh) ¹ 302-4	2020	2021	2022	Change 2021-2022
	532.84	516.99	509.46	-1.48%
Reduction target set % change year-on-yea	-5.00%	-3.00%	-2.50%	
Target achieved in the year	☑ (achieved - 6.68%)	☒ (not achieved - 2.97%)	☒ (not achieved -1.46%)	

Energy consumption - Details (GWh)				
Energy consumption (GWh)	2020	2021	2022	Change 2021-2022
National Interconnected System (SIN) ²	449.30	423.59	412.57	-2.60%
Free Contracting Environment (ACL)	74.86	80.57	81.18	0.76%
Distributed Generation (solar power plants)	8.68	12.83	15.71	22.45%
Total energy expenses				
Amount in the year (R\$ million)	2020	2021	2022	Change 2021-2022
National Interconnected System (SIN) ²	422.00	444.80	449.80	1.12%

Since 2018, Banco do Brasil and EDP Banco do Brasil and EDP have maintained a partnership for the Bank's entry into the Free Energy Market, in the Free Contracting Environment. The contract provides for the provision of approximately 400 GWh to 24 BB facilities located in 14 states, under a five-year contract. To get an idea of the volume contracted, the energy purchased is equivalent to the annual consumption of a city with 130 thousand inhabitants.

The great benefit of the partnership is that the energy purchased is of the incentive type, originating from renewable sources, such as wind, solar and small hydroelectric plants (PCHs), which reaffirms the Bank's commitment to the adoption of actions that involve the reduction of greenhouse gas emissions in its operations.

In 2020, two buildings were migrated to the Free Market, totaling the 24 provided for in the contract, which resulted in savings of R \$ 4.5 million, equivalent to a 20% expense reduction compared to the captive market tariff. (acquired directly from the energy utility).

Also in 2020, we assumed the commitment to expand the participation of renewable sources in our energy matrix: the objective is to reach, by 2024, a level of supply of energy 90% renewable. The objective will be achieved through remote distributed generation, with 22%, and through the free market, with 68%. In the previous year, this level was 88%, with electricity consumed from renewable sources⁵.

We currently have 12 photovoltaic plants in operation, 04 under construction, 13 under contract and another 11 in the bidding phase, totaling 40 plants by 2024. When the 40 plants are in operation, they will generate enough energy to serve approximately 2,000 branches, allowing the institution save approximately R\$490 million over 15 years.

⁵ Source: Contract BB/EDP and ONS – Operador Nacional do Sistema Elétrico, available at: <http://www.ons.org.br/paginas/sobre-o-sin/o-sistema-em-numeros>

Continuing with the strategy of increasing operations in the Free Energy Market, in 2021, we currently have 63 migrated buildings, with a forecast of another 12 by the end of 2023. Between 2019 and May 2023, we achieved savings of R\$ 58.3 million.

Regarding electricity consumption, there was an approximate reduction of 10.8% compared to 2019, equivalent to 62 GWh. This reduction is due to the actions implemented regarding energy efficiency.

In 2021, new initiatives to optimize energy consumption and electricity costs joined those already implemented in previous years and which are still in progress. Among the new initiatives, the following were implemented:

- Automated management of electric energy - initiative carried out in the review of energy supply contracts that resulted in a R\$300,000 reduction in expenses on this input in 2021;
- Integrated control of energy, water and building utilities – a solution installed in 298 branches, with expected 15% savings in consumption over a four years' service contract.

Regarding electricity consumption, there was a reduction of 3% compared to 2020, equivalent to 15 GWh. This reduction is due to the actions implemented, and due to the restriction of employees on the bank's premises, due to the pandemic and the implementation of the home office.

➤ **Water Consumption and Paper Use**

In relation to water consumption – an input from public concessionaires – regionalized parameters of efficient consumption are also adopted. Management is carried out through the establishment of actions for units that present water consumption above the established targets. In this sense, the inspections in the hydraulic installations must be highlighted, to detect the causes of high consumption.

Water

Global Goal	- 5.00% of consumption in 5 years, compared to 2022 (2023-2027)				
Annual goals ¹	2023	2024	2025	2026	2027
	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%
Water consumption (thousand m ³) 303-5 ^{2,3,4}	2020	2021	2022	Change 2021-2022	
	955.70	1,139.33	1,128.40	-0.96%	
Reduction target set % change year-on-year ¹		-3.00%	-5.00%	-5.00%	
Meta atendida		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	(achieved -15.87%)	(not achieved +19.21%)	(not achieved -0.96%)		
Total water expenses					
Amount in the year (R\$ million)	2020	2021	2022	Change 2021-2022	
	28.60	29.70	28.20	-5.05%	

Adopted in all units, the BB Zero Paper program is aimed to make paper obsolete in our processes. Less paper consumption reduces not only environmental impacts but also costs of document printing and mailing, maintenance, transportation and storage services, as well as the use of other related inputs such as toner, paper rolls, mailing pouches and a number of materials and pieces of furniture for filing paper documents.

Paper

Global Goal	-70.00% of printed matter, by 2028, compared to 2017				
Annual goals, compared to the previous year	2023	2024	2025	2026	2027
	-4.00%	-4.25%	-4.50%	-5.50%	-5.75%
Paper consumption					
Number of print-outs (million) 301-1	2020	2021	2022	Change 2021-2022	
	112.82	103.76	91.01	-12.29%	
Effective reduction ¹		-50%	-20%	-12.29%	
Target achieved		<input type="checkbox"/>	<input type="checkbox"/>	not setted	
	(not achieved -49.68%) ²	(not achieved -8.03%)	(achieved -12.29%)		

➤ Selective Collection Program

The Selective Collection Program contemplates the management of solid, non-hazardous

recyclable waste (paper, plastic, metal and glass) generated at BB's facilities, which are sent for recycling in accordance with public policies and current environmental legislation.

➤ **Environmental Certifications - ISO 14.001 and LEED**

At the end of 2021, we maintained the following certifications, which attest to our commitment to environmental preservation:

- Leadership in Energy and Environment Design (LEED), certification related to sustainable construction and awarded by the United States Green Building Council, for the headquarters in Brasília (Federal District).
- ISO 14.001 Environmental Management System in operation at the company headquarters in Brasília (Federal District) and at the Torre Matarazzo Building in São Paulo (SP) Banco do Brasil's The GABB is verified by internal and external audits that certify the requirements of the standard and prove the effectiveness of environmental actions related to consumption of water and electricity, selective waste collection and services and the involvement of the 8.000 people working within the area.

➤ **Operating Efficiency Index**

In 2019, the Operational Efficiency Index was renamed the Operational Eco-efficiency Index, while retaining the acronym OEI, to reinforce the sustainable nature of the concept in practices already underway

In order to rationalize the consumption of water, energy and paper, expand the coverage of the Selective Collection Program and intensify the reduction of GHG emissions, the IEO is the instrument by which all units are evaluated in the following aspects:

- **Water/electricity:** assessed from the cumulative average of the branch's monthly consumption records, with a consumption target of equal to or below the established regional standard.
- **Paper:** linear reduction target of 2% of consumption compared to the previous year.
- **Selective Collection:** assessed from the monthly records of the volume of waste selectively discarded (paper, plastic, metal, and glass) and sent for recycling.

This index is used to assess the environmental performance of the units, reinforced with communication, guidance and periodic monitoring actions.

➤ **Carbon Management**

BB's GHG Emissions Inventory is one of the main tools for carbon management at the Bank. The inventory is built under the Operational Control approach, considering more than 3,900 facilities throughout the country (retail, wholesale and government branches, regional units

and strategic units).

The calculation of the Bank's GHG emissions follows the specifications of the Brazilian GHG Protocol Program and accounts for the gases emitted by its direct activities under Scope 1 (stationary combustion, mobile combustion and fugitive emissions), Scope 2 (electric power consumption) and the activities that influence Scope 3 (upstream transportation and distribution, downstream transportation and distribution, business travel, displacement of employees, solid and liquid waste from the operation, and goods and services purchased).

The Inventory goes through external verification, according to ISO 14.064 definitions, which attests that the information contained in the GHG inventory is complete, accurate, consistent, transparent and without discrepancies. BB's GHG inventory has been gold certified since 2010.

BB's GHG emissions data are published annually in the [Public Emissions Registry](http://www.registropublicodeemissões.com.br) (www.registropublicodeemissões.com.br). The information is also made available to the market via CDP (Carbon Disclosure Project) and the [Annual Report 2022](#), in addition to being part of the national social and environmental indicator reports, such as the B3's Corporate Sustainability Index (ISE), and international reports, such as the Dow Jones Sustainability Index (DJSI) of the New York Stock Exchange.

➤ **ICO2 Internal Pricing**

Based on the average prices of qualified projects to compose the portfolio to offset our emissions, at the end of 2019 we approved the internal carbon pricing, with the adoption of R\$18.00/ tCO₂e (or US\$4.50/tCO₂e), obtained by calculating the average price of ton of carbon registered in the voluntary and regulated markets in Brazil.

The definition of the internal carbon pricing methodology and the internal carbon price aims to offset BB's emissions related to scopes 1 and 2, in accordance with the climate change commitment and for evaluating investments in the institution's own structure, in order to support investment stress testing, as well as motivate low carbon investments, the supply chain/suppliers and employees.

Carbon pricing also leads investments towards less carbon-intensive solutions by internalizing part of the externalities represented by emissions, so those companies can incorporate these external costs into their business decisions and seek alternatives to minimize their effects

➤ **Increase in the CDP evaluation grade**

In mid-2020, Banco do Brasil joined the Benchmark Club, from CDP, seeking support from the entity to improve its participation in the Climate Change Program, also from CDP. In December 2021, CDP released the outcomes of the 2021 cycle of the Climate Change Program. In that edition, we once again outperformed by reaching grade B against grade B- in 2020-.

With the score achieved in 2021, BB continues to be eligible to be included in 2022 in the CDP Brazil Index of Climate Resilience (I-CDPR70), which measures the performance of the stocks of companies with practices in climate management, in line with global trends and recommendations international agreements such as the Task-Force for ClimateRelated Financial Disclosures (TCFD), which facilitates the disclosure of climate-related financial information by companies worldwide.

The evaluation of companies occurs through the analysis of an extensive questionnaire that includes the main parameters related to the theme of climate change: Governance (policies and guidelines); Engagement of senior management; Risks and opportunities; Business strategy; Goals and performance; Emissions methodology; Verification; Carbon pricing.

The increase in Banco do Brasil's score in 2021 reflects the improvement of practices, such as the adoption of the Specific Risk and Capital Management Policy, increased use of renewable energy, definition of internal carbon price, incorporation of criteria related to climate change in the supply chain and expansion of the business portfolio with potential reduction in emissions, among others.

Além disso, em 2021 a nota obtida no CDP passou a compor a avaliação das empresas para integrar a carteira ISE/B3, na qual o BB é listado desde a sua criação, em 2005.

For more information, consult [CDP Climate Change do Banco do Brasil](#).

➤ **Suppliers**

For the management of Scope 3 GHG emissions in its Inventory, BB promotes actions to mitigate environmental and social risks in its supply chain within a broader scope, under the optimum of several instruments that govern this relationship, such as Code of Ethics, Supplier Relationship Policy, Internal Regulations, among others.

The Internal Regulations include specific rules for sustainable hiring, which include the Sustainable Purchasing and Descartes Standard document available on the BB Portal for consultation, meeting the legal requirements and the social and environmental commitments assumed. Documentary due diligence procedures are also carried out when contracting and paying suppliers, covering the Environmental, Human Rights and Integrity dimensions.

By joining the CDP Supply Chain in 2017, Banco do Brasil has been able to better monitor suppliers with respect to their impacts on the environment, on climate change and the water

management. Accordingly, we have guided our performance in fighting climate emergency by encouraging behavioral changes in the supply chain, something that can be perceived in the results achieved in the 2021 CDP Cycle.

Even in the scenario of the Covid-19 pandemic, of the total respondents in 2021, 75% reported that Climate Change is part of their business strategy, an increase from the previous year and the result of awareness raising actions among our suppliers. With respect to the risk analysis, 53% confirmed they carry out climate risk management.

The results obtained in the Climate questionnaire represented an advancement in the supplier's climate change management. On the other hand, the results concerning water management have signaled that this issue should be more closely followed by BB. We also underline that the list of respondent suppliers has been improved year by year to improve its representation and capture our supply chain complexity. Therefore, we seek to optimize the monitoring of emissions and mobilize our supply chain to achieve an increasingly low carbon economy.

Transparency in our actions

➤ Carbon Efficient Index (ICO2) of B3 S.A. – Brasil, Bolsa, Balcão

On June 17, 2010, BB subscribed to B3's ICO2, São Paulo Stock Exchange and was listed in all the last eleven editions. The ICO2 is composed of shares of the companies participating in the IBrX-50 index and considers in its weighting not only the free float of the shares of the companies, but also the degree of efficiency of emissions of Greenhouse Gases, identified through the analysis of the inventory emissions.

With this, BB has demonstrated to the market its commitment to transparency, as well as its willingness to seek alignment with the best practices regarding business eco-efficiency and the contribution to a low carbon economy, consistent with the provisions of its strategy and its Environmental, Social and Climate Responsibility Policy (PRSAC).

➤ Covid-19 Pandemic

Considering that 2020 and 2021 were severely affected by the Covid-19 pandemic, a response to the risks arising from the pandemic was required. Thus, with the decree by the authorities of the pandemic state, BB took measures to adapt and protect its employees, service providers and suppliers, customers and society in general.

Awareness-raising and adoption of measures to protect against the spread of the virus were carried out: distribution of masks (common or face shields) to all employees (as well as mandatory use in all units), availability of gel alcohol, hygiene recurring of all furniture, equipment and physical structures, temperature measurement in all the Bank's facilities and the adoption of physical distance between people.

BB also implemented a large-scale home office and / or remote work for its employees, prioritizing those with comorbidities or who cohabit with family members in these conditions; reviewed and improved processes, products and services; provided services to customers and the population in general, as far as possible, remotely. Approximately 86% of the employees of the general administration and 29% of those employed in the branch network worked remotely. In September 2021, we gradually resumed in-person activities while observing health and safety guidelines provided for in internal policies and in regulations issued by proper authorities, given the domestic scenario. Since March 2020, thousands of employees have been under the emergency home working scheme.

As a result of these actions, there was a drastic reduction in commuting and business trips and trends in digitization and remote work were anticipated, which were already underway before the pandemic and which were intensified, in addition to other possibilities. It is expected that the result of these practices and trends will reflect on the reduction of BB's GHG emissions in the coming years, mainly in Scope 3, precisely the most relevant and on which the institution has less interference. Although there are still no quantitative and accurate data available about the full effect of these actions, they will certainly be considered in the improvement and execution of BB's corporate business strategy.

Our commitment to the future

At Banco do Brasil, we seek to face the challenges of reconciling business competitiveness with the construction of a more sustainable and socially just world in a constructive and transparent manner. For this reason, the issue of Climate Change is of great relevance to our company.

In order to move forward in this direction and be attentive to the international scenario and the needs of our country, as well as to the directions of the financial sector, we are working with our Agenda 30 BB to connect our business strategies with global priorities. We seek innovative solutions to challenges, maintaining a sustainable operating model that combines financial performance with environmental, social and climate responsibility, in line with our history.

As such, we seek to act in a proactive and innovative way in the creation and improvement of financial solutions that stimulate and help governments, companies and individuals to implement actions to reduce greenhouse gas emissions and adapt to the current and expected effects of climate change, collaborating in the transition to a low carbon economy.

Therefore, we have made efforts to increase the financing and/or investments for:

- projects for generation, distribution and consumption of renewable energy, including decentralized microgeneration;
- energy efficiency projects for industries, aiming at replacing them with more efficient

- machines and equipment and for commercial and residential real estate ventures; ▪ low-carbon agriculture projects and for the adoption of sustainable agricultural practices;
- sustainable timber and non-timber forest management projects and the reforestation of native and commercial forests;
- urban mobility, energy efficiency and mitigation and adaptation of cities and their citizens to the effects of climate change;
- access by investors and companies to capital directed to the low carbon economy via capital market instruments;
- economic and financial projects and instruments that support the implementation of the National Climate Change Policy and the National Emissions Reduction Policy;
- engagement with governments, academia, business and the third sector to jointly promote actions that contribute to the transition to a low-carbon economy.

As such, we hope to continue to generate long-term value for both shareholders and society and, little by little, to build a fairer and more humane world for the generations to come.

The financial market plays an essential role in driving economic growth on a sustainable basis. Aware of this fact, we have launched 10 Long-Term Sustainability Commitments with targets by 2030. They reinforce our brand positioning and involve actions in Sustainable Business, Responsible Investment and ESG Management.

And to continue as protagonists in the search for an increasingly sustainable world, we will do our homework and support employees, customers, investors, suppliers and society in the transition to a portfolio of products and services, and more sustainable practices, which generate value for people and the environment. All commitments are aligned with global objectives, such as the Paris Agreement and the SDGs (Sustainable Development Goals). Get to know BB's 10 Long-Term Sustainability Commitments and the outcomes achieved by March 2023:

10 ESG Commitments for the Future





(1) In Balance; (2) Disbursements; (3) Entrepreneurs; (4) Agriculture, culture, civil defense, education, energy efficiency and public lighting, sports and leisure, road infrastructure, public cleaning, environment, urban mobility, health, safety and health surveillance; (5) Applicable AuM; (6) Scope 1 and 2. Scope 2 decreased to zero considering the market-based choice (purchase of i-REC's); (7) Renewable energy purchased on the free market (ACL) and own production at the end of the period; (8) According to Budget Execution Summary.

Broader Climate Action (SDG 13) initiatives are reported in our Sustainability Plan – Agenda 30 BB. The 8th update cycle took place in 2020, in which the 10 Long-Term Sustainability Commitments were also factored in, with targets to be achieved by 2030 and with the goal of increasing our positive contribution in line with global priorities and society demands.

Every two years, the Sustainability Plan is revisited and updated as the targets set in the Long-Term Commitments advance, through risk analysis, studies of opportunities and trends, benchmarking with national and international peers, analysis of market indices and rankings, and our different stakeholders' views. The climate-related Agenda 30 actions are as follows:

Accountability 2022

Agenda 30 BB 2021 – 2023



Sustainable Businesses

Challenge: Develop and offer financial solutions and business models that incorporate ESG (environmental, social and governance) aspects so as to foster the transition to an inclusive and low-carbon economy.

Action: Increase the assets under management covered by ESG assessment.

Indicator: Achieve 100% of applicable assets under management covered by ESG assessment by December 31, 2022.

Accountability: Achievement of 100% of the applicable assets (98.9%) of total assets.

Action: Increase the balance of funds managed with ESG aspects.

Indicator: Develop ESG investment solutions for clients from the retail and private segments by June 30, 2022.

Accountability: Launch of two new investment funds, the BB MM BRL Lyxos Bridgewater All Weather Sust IE and the BB MM Carbono.



Environmental And Social Impacts of Operations/Activities

Challenge: Assess and measure environmental, social and economic impacts (externalities) generated by BB's products, services and activities so as to maximize positive impacts and reduce negative impacts on the environment and society.

Action: Identify loan/financing operations aimed at reducing GHG emissions.

Indicator: Identify, by December 31, 2022, the loan/financing operations aimed at reducing GHG emissions (low-carbon products or products that avoid emissions) and quantify the emissions avoided and revenue generated.

Accountability: BB's total estimated avoided emissions in the renewable energy financing portfolio in 2022 are 20,450,472.07 tCO₂E.

Sustainable Businesses



Challenge: Develop and offer financial solutions and business models that incorporate ESG (environmental, social and governance) aspects so as to foster the transition to an inclusive and low-carbon economy.

Action: Issue and originate a sustainable bond.

Indicator: Originate R\$6.5 billion in sustainable bonds by December 31, 2023.

Action: Increase the balance of funds managed with ESG aspects.

Indicator: Reach the balance of R\$12 billion of funds managed with ESG aspects by December 31, 2023.

Action: Increase the volume of sustainable credit.

Indicators:

- Disburse, in 2023, R\$536 million for allocation to energy efficiency and renewable energy by December 31, 2023 – Agribusiness Market.
Disburse, between 2021 and 2023, R\$548 million for allocation to energy efficiency and renewable energy by December 31, 2023 – Corporate Pillar/SME.
- Contract, in 2023, R\$1,499 million in Project Finance and/or Structured Operations of renewable energy and/or operations aimed at players from the renewable energy segment for investment in their activities by December 31, 2023.
- Disburse, in 2023, R\$200 million for allocation to energy efficiency and renewable energy by December 31, 2023 – Public Sector Market.
- Disburse, between 2021 and 2023, R\$590 million for allocation to energy efficiency and renewable energy by December 31, 2023 – Individuals Market.
- Increase the amount of the portfolio aimed at good agricultural practices and low-carbon agriculture to R\$113.0 billion by December 31, 2023.

Impacted SDGs:



Sustainability Culture



Challenge: Transform the organizational culture by implementing sustainability policies, programs, commitments and actions, fostering change in behavior and strengthening the management of this topic in the Banco do Brasil Conglomerate.

There are no actions/indicators related to this challenge to be completed in 2023.

Environmental and Social Risk



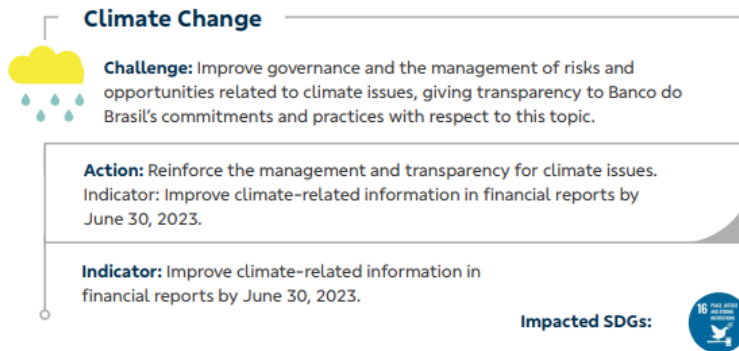
Challenge: Strengthen environmental and social risk management in Banco do Brasil's business, processes and commercial relations.

Action: Review BB's credit process from the environmental and social risk standpoint.

Indicator: Review and publish the BB Sustainability Guidelines for Credit and the Environmental and Social Guidelines – Restrictive List and Exclusion List by December 31, 2023.

Impacted SDGs:





The commitments assumed upon adherence to the TCFD were addressed in a context-specific Action Plan aligned with the company's strategy, Banco do Brasil's Social, Environmental and Climate Responsibility Policy (PR SAC), the Sustainability Plan - Agenda 30 BB and the recommendations of the TCFD itself. Of the 40 activities foreseen in the Plan, 36 have been completed and the remaining 4 are expected to be completed by the end of 2023.

Among the actions completed, with regard to the theme "adaptation to physical climate risks" we highlight the following actions:

- Define a system (flow and stakeholders) for monitoring and supervising the progress of climate change goals, seeking synergy with the ESG Panel, BB Sustainability Commitments and induction instruments.
- Develop reporting process for periodic monitoring of physical risks related to agribusiness portfolios regarding climate change risk.
- Ascertain the exposure and significant concentrations of the Bank's portfolio from the perspective of climate, physical and transition risk, including information on geographical region and sectors.
- Assess the Bank's exposure to the location of owned and "in use" physical facilities from a climate risk perspective, including vulnerability analysis.
- Assess the Bank's exposure to suppliers from a climate risk perspective, including vulnerability analysis.
- Develop a periodic process of specific climate risk analysis for the Bank's largest credit exposures.
- Coordinate the process of preparing scenarios related to climate change, aiming to support Banco do Brasil's Corporate Strategy (ECBB), in the various time horizons, as well as to assess the resilience of strategic definitions.
- Establish dynamics for periodic discussion in the scenarios forum to identify potential threats arising from climate risk.
- Develop analyses of the impact of climate change scenarios on BB's portfolio and on

the sectors monitored.

- Coordinate the description of the impacts of risks related to climate change on the organization's business, strategy and financial planning, aiming at disclosure to the market.
- Coordinate the description of processes to manage climate change-related risks, including how they make decisions to mitigate, transfer, accept or control such risks, prioritizing climate-related risks, including how materiality is determined within the organization, for market disclosure..

The results achieved with the commitments made and policies established are published in [BB's Annual Reports](#), [ESG Databook](#), quarterly results disclosures and the [Social, Environmental and Climate Risks and Opportunities Report \(GRSAC\)](#).

➤ **Financed Emissions**

In line with our adherence to the Business Ambition for 1.5°C and aligned by the SBTI's sector guidance⁶, we are committed to neutrality of emissions by 2050 and have set a goal to reducing the intensity of emissions arising from our corporate loan portfolio⁷ by 25% in 10 years, considering the base year of 2021.

The assessment of financed emissions follows the PCAF (partnership of carbon accounting financials) methodology. In 2021 our financed emissions reached 11,190,000 tCO₂e in a corporate loan portfolio of R\$ 108.32 billion, which is equivalent to an emission intensity of 0.1033 million tCO₂e for each R\$ 1 billion of loans granted.

In 2022 our financed emissions reached 13,410,000 tCO₂e in a corporate loan portfolio of R\$ 133.41 billion, which is equivalent to an emission intensity of 0.1005 million tCO₂e per R\$ 1 billion of loans granted. This represented a 2.7% decrease in emissions intensity in 2022, surpassing the established target of 2.5% reduction for the year.

Also, in line with the commitment to reduce financed emissions, Banco do Brasil commits to fully divest⁸ its credit and proprietary investments exposure to mineral coal by 2030, whether for mining, power generation or associated infrastructure, both for new projects and for existing ones.

⁶ Banco do Brasil has been monitoring the construction of the SBTI Financial Institutions Net-Zero Standard Conceptual Framework and as soon as the guidelines are published, it will submit its targets for validation.

⁷ The Corporate Loan Portfolio includes loans to companies with annual revenues over R\$200 million and represented, in 2022, 37.2% of the bank's Companies Expanded Loan Portfolio.

⁸ The divestment includes a phase of exposure reduction with the restriction to new operations with coal extraction companies; a transition phase, encouraging the transition to thermoelectric power generation companies; and the phase-out, in 2030, with the divestment of companies with more than 15% of their revenue coming from coal-fired electricity generation.