



Sustainability Linked Finance Framework

Sustainability goals



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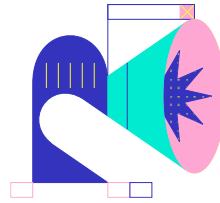
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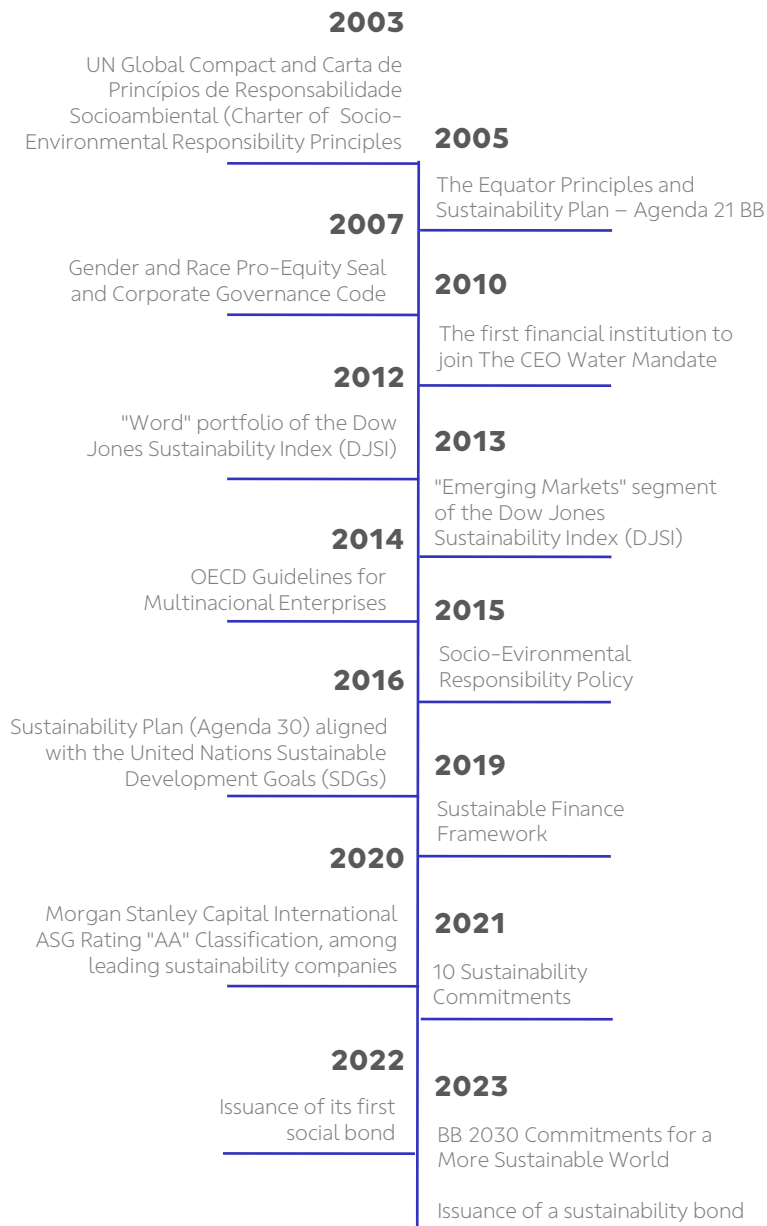


Introduction



Banco do Brasil has a long history of incorporating ESG – environmental, social and governance – aspects (Figure 1) on its business practices. Among these initiatives, it is relevant to highlight the bank's Sustainability Plan, which contributes to the improvement of business and processes by consolidating actions with a socio-environmental focus. The plan, titled 'BB 2030 Commitments for a More Sustainable World' (BB Commitments), unfolds in commitments mapped based on the assessment of national and international sustainability trends, market indices, and the overall demands of society.

Figure 1 – Banco do Brasil ESG history



The BB Commitments 2030 for a More Sustainable World are crucial to this document, as they outline sustainability targets undertaken by the Bank through 40 actions and 110 indicators (within the context of 24 themes) for the short and medium term in the BB 30 Agenda (2023-2025). Thus, BB commits to sustainability targets, from which it declares targets to be implemented by 2030¹, divided into four fronts: sustainable credit, responsible investment and ESG and climate management, and positive impacts on the value chain.

In addition to the key points highlighted in Figure 1, Banco do Brasil has other specific initiatives aligned with a sustainable development trajectory. In 2023, examples of these initiatives include the reorganization of bank units to prioritize ESG performance in its strategic structure² and the “All Amazonia” initiative, introducing a new sustainability-focused

campaign as part of a global movement that aims to raise awareness about the importance of preserving the forest and recovering degraded areas.

Seizing the opportunity presented by the global attention on New York during the United Nations General Assembly, BB conducted a series of institutional and business agendas throughout September 2023. The goal was to promote and support awareness of the critical importance of preserving the Amazon, while also highlighting its biodiversity and potential³.

Therefore, beyond its results and recognition, Banco do Brasil has been building corporate and portfolio targets related to ESG issues. As previously presented, the indicators and targets considered in this document should take into account this pre-existing sustainability strategy of BB, aligning with or surpassing it.



¹ Specifically, in the case of reducing the intensity of scope 3 emissions, the target pertains to 2031, as the information is assessed at the end of the year 2030.

² BB strengthens ESG performance and empowers the role of the Ombudsman with the reorganization of some units in the headquarters structure <https://www.bb.com.br/pbb/pagina-ini-cial/imprensa/n/67641/BB%20refor%C3%A7a%20atua%C3%A7%C3%A3o%20ASG%20e%20empoderamento%20da%20Ovidoria%20com%20reorganiza%C3%A7%C3%A3o%20de%20algumas%20unidades%20na%20estrutura%20da%20sede/>

³ Banco do Brasil All Amazonia <https://sustentabilidade.bb.com.br/all-amazonia?lang=EN>



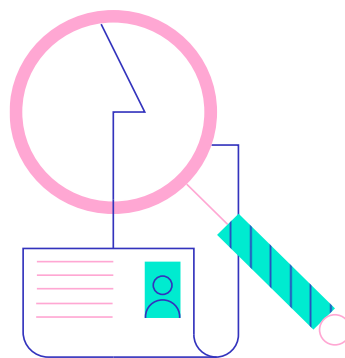
Objective and Methodology

Objective of the SLFF

Labeled debt instruments, also known as sustainable, thematic, or ESG instruments, are financial mechanisms through which companies and financial institutions can raise and allocate funds to generate positive impact on the environment and/or society. These instruments, which can be formalized through loans or debt securities, are a way to provide resources for activities and projects that bring environmental and social benefits or to support companies and financial institutions in achieving sustainability targets.

There are two types of labeled debt instruments: those tied to the Use of Proceeds (UoP) and those linked to ESG performance targets (Sustainability-Linked). In the former case, funds raised in the issuance of bonds or loans are "earmarked" for a specific purpose. In the case of instruments linked to ESG performance targets, as referred to in this Framework, funds raised in these issuances have unrestricted use – however, the issuer assumes an obligation to fulfill certain predefined targets.

The sustainable debt market originated⁴ with instruments tied to the use of proceeds (UoP), and for this reason, Banco do Brasil chose to commence its journey in this market through such instruments. In 2020, BB published its first Sustainable Finance Framework (SFF) with the purpose of reinforcing its commitment to the transition to a greener and more inclusive economy through the issuance of sustainable bonds and loans in domestic and international markets. The document was updated in 2021 to incorporate feedback received in its Second Party Opinion (SPO), conducted by an international consultancy.



Committed to expanding its fundraising tools, Banco do Brasil aims to advance its sustainability agenda by defining Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) based on international references. In that sense, the bank presents its Sustainability-Linked Finance Framework (SLFF) to issue sustainability-linked bonds and loans in the domestic and international markets⁵.

The selected KPIs and SPTs pertain to both the bank's financed operations, as the cardinal impact of a financial institution relates to its resource mobilization, and corporate diversity actions. Thus, BB integrates this initiative into its commitment to a sustainable future, aiming to reconcile economic results, biodiversity protection, and social development.

While the 2020-21 Sustainable Finance Framework (SFF) details possibilities for the use of thematic resources for socio-environmental issues, the current Sustainability-Linked Finance Framework (SLFF) defines indicators and their respective sustainability targets aligned with the Bank's commitments and international best practices.

The publication of this document coincides with the rise of ESG initiatives in Brazilian financial institutions. More specifically, the market is witnessing the acceleration of performance-linked ESG debt, which presupposes the establishment of specific performance targets for the institution – unlike the case of debt associated to the thematic UoP. In this way, Banco do Brasil aligns itself with market trends and best practices regarding fundraising for the promotion of environmental, social, and governance initiatives.

⁴ Capital Reset: What are green bonds? The ABC of ESG debt <https://capitalreset.uol.com.br/fi-nancas/divida-esg/o-que-sao-os-green-bonds-o-abc-da-divida-esg/>

⁵ Issuances may be carried out, domestically and internationally, by Banco do Brasil S.A., including, but not limited to, through Banco do Brasil S.A., Grand Cayman Branch.



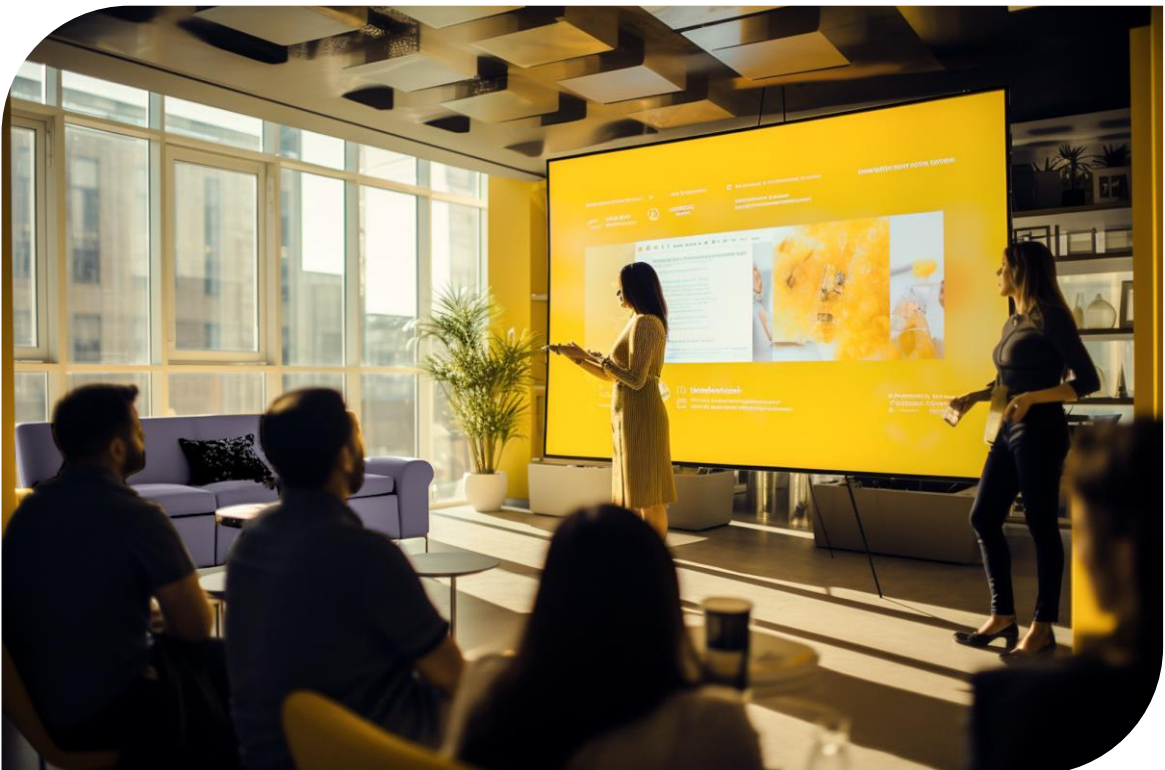
Methodology for the SLFF

The present document is based on the methodology for selecting indicators and targets from the Sustainability-Linked Bond Principles (SLBP)⁶ – as defined by the International Capital Market Association (ICMA) – and the Sustainability-Linked Loan Principles (SLLP)⁷ – as defined by the Loan Syndications and Trading Association (LSTA) – for the issuance of bonds and loans linked to targets, respectively.

In other words, these international references establish best practices for structuring, disclosing, and developing frameworks focused on the issuance of Sustainability-Linked Bonds (SLB) and Sustainability-Linked Loans (SLL) – that is, bond financial instruments (SLB) or loans (SLL) which may have varying financial and/or

structural features depending on whether the issuer achieves predefined ESG objectives.

ICMA and LSTA define that issuances aligned with the SLBP/SLLP should provide an investment opportunity with transparent sustainability credentials. Due to the arbitrary nature of resource utilization for this type of instrument, aligned with the institution's performance, it is essential to emphasize the transparency, accuracy, and integrity of information that issuers will disclose and report to stakeholders. Therefore, SLBs/SLLs encourage the issuer to achieve predetermined, ambitious, and quantifiable sustainability targets that are regularly monitored and externally verified.



⁶ ICMA: Sustainability-Linked Bond Principles <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slb/>

⁷ LSTA: Sustainability-Linked Loan Principles <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>



In order to reinforce and uphold these robust standards of transparency and integrity, the European Leveraged Finance Association (ELFA) partnered with ICMA to create a set of additional recommendations specifically tailored for non-investment-grade issuers: the Practical Recommendations for High Yield Sustainability-Linked Bonds⁸. The recommendations encompass more detailed guidance on the disclosure of indicators and targets, insights into coupon adjustments, contractual requirements, among other aspects, utilizing platforms for enhanced transparency.

Banco do Brasil⁹ commits to promoting, based on the guidelines outlined in this document, future enhancements in its social and/or sustainability outcomes within the established timelines. These future performance objectives will be:

- i. Measured through Key Performance Indicators (KPIs)
- ii. Evaluated in comparison to Sustainability Performance Targets (SPTs).

The next section details the alignment of Banco do Brasil’s SLFF with SLBP/SLLP main components:

- Selection of Key Performance Indicators (KPIs)
- Calibration of Sustainability Performance Targets (SPTs)
- Bond characteristics
- Reporting
- Verification

Table 1 – BB’s KPIs and SPTs at a glance

| | KPI | Scope | Baseline year | SPT |
|---|---|---|---------------|--|
| 1 | Increase sustainable loan balance | BB’s sustainable business portfolio – category A (20% of the credit portfolio – individuals and legal entities) | 2020 | Disburse BRL 320 billion for sustainable loan portfolio by 2030 |
| 2 | Expansion of credit for sustainable agribusiness operations | BB’s sustainable agribusiness portfolio (59% of the total agribusiness portfolio) | 2022 | Expand sustainable agribusiness credit operations to achieve a balance of BRL 200 billion by 2030 |
| 3 | Reduction in the intensity of greenhouse gas emissions financed in the credit portfolio | BB’s Corporate Loan Portfolio (13% of the total) | 2021 | Reduce financed GHG emissions’ intensity from the corporate loan portfolio by 25% by 2031 |
| 4 | Increase in gender and racial diversity in senior leadership | Banco do Brasil S.A. (banking activities, does not include other subsidiaries of the financial conglomerate) | 2022 | Attain 30% representation of women and 30% representation of Black, Brown, Indigenous, and other underrepresented ethnicities in senior leadership roles by 2030 |

⁸ ICMA: ELFA and ICMA publish Practical Recommendations for High Yield Sustainability-Linked Bonds <https://www.icmagroup.org/News/news-in-brief/elfa-and-icma-publish-practical-rec-ommendations-for-high-yield-sustainability-linked-bonds/>

⁹ Only the bank, does not include other companies neither subsidiaries of the prudential con-glomerate.



Sustainability-Linked Finance Framework

Selection of Key Performance Indicators (KPIs)



The selection of indicators was based on the analysis of five parameters defined as primary criteria in the SLBP/SLLP for determining the best KPIs for Banco do Brasil, enabling a subsequent definition of targets linked to these indicators. Banco do Brasil considered various parameters (Table 2) for analyzing and selecting the indicators.

Table 2 – SLBP/SLLP parameters for defining KPIs

| Analysis criterion | Options | Explanation |
|---|----------|--|
| Relevance and materiality to BB's Business | Low | The indicator can exhibit high, medium, or low relevance and materiality concerning the issuer's services and activities. In the case of Banco do Brasil, a financial institution, the highest materiality is associated with the societal and environmental impacts of financed activities. |
| | Moderate | |
| | High | |
| Alignment with BB's Sustainability Strategy | Low | The indicator can have high, moderate, or low alignment with Banco do Brasil's sustainability strategies, commitments, and plans |
| | Moderate | |
| | High | |
| Measurability | Yes | The indicator may or may not be measurable, meaning it may or may not have methodologies, techniques, or tools to quantify it |
| | No | |
| Verifiability | Yes | The indicator may or may not allow external verification, meaning data collection is possible if there are platforms/methods/resources to verify the indicator |
| | No | |
| Comparability | Yes | The indicator may or may not allow for comparison, i.e., whether counterparts of Banco do Brasil (other banks in the S1 ¹⁰ segment) also work with the indicator or not |
| | No | |

The following four subtopics (**KPI 1: Increase sustainable loan balance; KPI 2: Expansion of credit for sustainable agribusiness operations; KPI 3: Reduction in the intensity of greenhouse gas emissions financed in the credit portfolio; KPI 4: Increase in gender and racial diversity in senior leadership**) specify the selected Key Performance Indicators (KPIs) and their classification according to the SLBP/SLLP methodology parameters, along with the respective justifications for the assessment.

¹⁰ Universal banks, commercial banks, investment banks, exchange banks, and savings banks that: have a size equal to or greater than 10% (ten percent) of the Gross Domestic Product (GDP) or engage in significant international activities, regardless of the size of the institution (https://www.bcb.gov.br/estabilidade/financeira/resprudencialsegmentacao?moda=IAberto=mod_55)





KPI 1: Increase sustainable loan balance

Banco do Brasil's sustainable business portfolio lists credit lines aimed at financing clients and projects with positive socio-environmental impact within four major categories: i) Low Carbon Agriculture; ii) Good Socio-environmental Practices; iii) Corporate Portfolio – CNAEs (National Classification of Economic Activities)¹¹ related to Green Economy; and iv) Social Businesses.

Banco do Brasil believes that its sustainable business portfolio has a positive impact, taking into consideration the relevance of each of its credit lines. In an evaluation report on BB's sustainable business portfolio conducted in 2024¹², the consulting firm ERM NINT classified credit lines with "high (A)" additionality in the bank's portfolio¹³ (Table 3).

Table 3 – Criteria for independent audit opinion on BB's sustainable business portfolio

| Category | Environmental classification | Social classification |
|------------------------|---|---|
| High (A) ¹⁴ | <ul style="list-style-type: none"> • Full alignment with environmental standards • Low socio-environmental risk (corporate portfolio) • Included lines and projects primarily support investments • Projects falling within this classification would be automatically eligible for labeled debt issuance | <ul style="list-style-type: none"> • Full alignment with the categories and target population of the SBP • Projects falling within the classification would be automatically eligible for labeled debt issuance |

The method used to assess the portfolio was based on Green Bond Principles (GBP)¹⁵, Climate Bonds Standards¹⁶, European Union's Sustainable Finance Taxonomy¹⁷, Social Bond Principles¹⁸, The Coolest Bonds¹⁹, Febraban's Green Taxonomy (Brazilian Federation of Banks)²⁰, and other internationally recognized sustainability standards. Considering that there is already a methodology in place for measuring the impact of Banco do Brasil's sustainable business portfolio, it can be affirmed that the indicator is measurable.

When evaluating the "increase in balance for sustainable business" indicator against the SLBP/SLLP criteria (Table 4), Banco do Brasil believes that KPI 1 is aligned with the best market practices.

Table 4 – Summary of KPI 1 analysis

| Analysis criterion | Analysis KPI 1 |
|---|----------------|
| Relevance and materiality to BB's Business | High |
| Alignment with BB's Sustainability Strategy | High |
| Measurability | Yes |
| Verifiability | Yes |
| Comparability | Yes |

¹¹ CNAE (Classificação Nacional de Atividades Econômicas) is a national standardization instrument for the codes of economic activity and classification criteria used by various tax administration agencies in Brazil <https://www.gov.br/receita-federal/pt-br/assuntos/orientacao-tributaria/cadastros/cnpj/classificacao-nacional-de-atividades-economicas-2013-cnae/apresentacao>

¹² The credit lines in the portfolio classified as having moderate or limited socioenvironmental additionality are not within the scope of KPI 1 and SPT 1

¹³ The concept of additionality, widely disseminated since the Kyoto Protocol and the creation of the Clean Development Mechanism (CDM), is related to the environmental or social benefit that would not occur without the incentives or resources provided. ¹⁴ The information regarding the credit lines within category A can be consulted on the sustainability page of Banco do Brasil (Sustentabilidade - Banco do Brasil RI (bb.com.br)

¹⁵ ICMA – Green Bond Principles <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

¹⁶ Climate Bonds Initiative (CBI) – Climate Bonds Standard <https://www.climateteam.net/standard>



Relevance and materiality to BB's Business

The cardinal impact of a financial institution (FI), both positive and negative, materializes through its portfolio. This is because, by facilitating capital flows and channeling resources to various sectors and productive activities, FIs play a fundamental role in the economy: they have the capacity to encourage activities with positive socio-environmental impact and restrict those with negative impact. Therefore, unlike companies in the real economy, financial institutions impact and are impacted by the environment and society through their portfolio of financed operations.

In July 2023, Banco do Brasil's business portfolio – category A reached BRL 207,27 billion, representing approximately 20% of the total portfolio (individuals and legal entities).

Considering the bank's high performance and the significance of the socio-environmental impact of an institution based on its credit portfolio, the relevance and materiality of the indicator for BB's business are high.

Alignment with BB's Sustainability Strategy

The BB 2030 Commitments for a More Sustainable World are related to the increase of the bank's portfolio in sustainable businesses, as exemplified by the following points:

- Achieve a balance of BRL 30 billion by 2025 in renewable energy
- Entrepreneurship promotion: 1 million entrepreneurs by 2025
- Disburse BRL 40 billion in state and municipal efficiency
- Originate BRL 100 billion in sustainable resources for BB and its clients by 2030.

Banco do Brasil already has concrete internal strategies and efforts to incentivize sustainable

businesses, needing only to overcome them. For this reason, the alignment of the indicator with BB's sustainability strategy is high.

Measurability

In 2021, Banco do Brasil engaged ERM NINT to develop a methodology for measuring the sustainable business portfolio. The measurement is based on the amount contracted in credit lines with high, moderate and limited environmental and/or social additionality or allocated to finance activities and/or segments with positive socio-environmental impacts in the sectors of renewable energy, energy efficiency, sustainable construction, transportation, and tourism, water, fisheries, forestry, sustainable agribusiness, waste management, education, health, and local and regional development. It is important to note that only the high additionality portion of the portfolio (category A) is considered within the scope of KPI 1.

Verifiability

The external verification of Banco do Brasil's sustainable business portfolio is directly conducted by ERM NINT, with an annually published independent opinion in the bank's website. Given that there is already an established verification method in place for Banco do Brasil's sustainable business portfolio — and this method is assessed by independent opinions — it can be affirmed that the indicator is measurable and verifiable.

Comparability

Through the measurement of the sustainable business portfolio in recent years, Banco do Brasil can compare its historical performance on the indicator. Additionally, several Brazilian banks are seeking to measure their portfolios for activities with a positive impact on society and the environment. Therefore, it will be possible to compare BB's performance with its peers, making the indicator in question comparable.

17 European Commission – EU Taxonomy https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en
 18 ICMA – Social Bond Principles <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>
 19 ERM NINT – The coolest bonds <https://esg.nintgroup.com/the-coolest-bonds>
 20 FEBRABAN – Green Taxonomy https://www.sbfnetwork.org/wp-content/assets/policy-library/183_Brazil_Explanatory_Guide_to_FEBRABAN_Green_Taxonomy_2021_FEBRA-BAN_En.pdf





KPI 2: Expansion of credit for sustainable agribusiness operations

Banco do Brasil is the largest financier of agribusiness in the country. Sustainable agribusiness operations represented, in 2022 4Q, 59% of the bank's total agribusiness portfolio. This value considers the Low Carbon Agriculture and Best Socio-Environmental Practices²¹ components of the Sustainable Loan Portfolio. In comparison with SLBP/SLLP criteria (Table 5), Banco do Brasil believes that KPI 2 is aligned with the best market practices.

Table 5 – Summary of KPI 2 analysis

| Analysis criterion | Analysis KPI 2 |
|---|----------------|
| Relevance and materiality to BB's Business | High |
| Alignment with BB's Sustainability Strategy | High |
| Measurability | Yes |
| Verifiability | Yes |
| Comparability | Yes |



Relevance and materiality to BB's Business

Banco do Brasil is the largest agribusiness financier in the country, representing 54.1% of the rural credit. Affirming this leadership, the bank allocated BRL 200 billion for the 2022/23 Harvest Plan (Plano Safra)²², a volume 48% higher than announced in the previous season. It is the largest amount ever made available by the bank for sector financing.

However, it is important to note that conventional agriculture in Brazil, characterized on a large scale by monoculture practices, can have negative impacts on the environment. One example is soil exhaustion, resulting in nutritional impoverishment. Additionally, the intensive use of pesticides and fertilizers can lead to contamination of groundwater and other water resources. This water pollution causes contamination of aquatic life, leading to ecological imbalance, disease proliferation, and threats to native species, among other consequences.

Beyond avoiding ecological imbalance, sustainable management of areas in agribusiness reduces risks such as land conflicts, land grabbing, among others. The increase in areas under sustainable management, consequently, plays a central role in reversing a negative national scenario. As the main financier of the country's agricultural sector, Banco do Brasil has the potential to be one of the main drivers of this change, making the relevance and materiality for BB's business high.

²¹ The Best Socio-Environmental Practices category encompasses the following BB rural credit lines - Pronaf Mais Alimentos, Pronamp, Moderinfra, Moderagro and PCA - with the exception of FCO

²² The federal government program that anticipates the allocation of public resources to finance and ensure the activities of small, medium, and large-scale producers in the country.



Alignment with BB's Sustainability Strategy

Throughout the year 2021, Banco do Brasil maintained its leadership in securing financing under the Low Carbon Agriculture Program (Programa de Agricultura de Baixo Carbono or ABC), capturing 61.4% of the market share. The ABC Program stands as the largest national initiative for low-carbon agriculture. Additionally, among the BB 2030 Commitments for a More Sustainable World, there is a target to disburse BRL 200 billion in credit operations for sustainable agribusiness by 2030. Given this track record of pioneering efforts, the alignment of the indicator with BB's sustainability strategy is high.

Measurability

Financing related to Low Carbon Agriculture requires the submission of a technical project, signed by a qualified professional, containing a descriptive sketch, production system (e.g. no-till farming system²³ or conventional system) and a history of the use of the project area to be financed. The information contained in the technical project, including costing proposals, will be verified and must be aligned with what appears in the Referencial Técnico Agropecuário System (RTA)²⁴. This system presents different frameworks depending on the type and level of technology implemented, considering culture, geographic location and type of labor (mechanized or non-mechanized).²⁵ The project must present a minimum of four points on the perimeter of the mentioned area — GPS located

— that will be recorded in the Rural Credit Operations System (Sicor) of the Central Bank after verifying the consistency of the data regarding the location of the plot in the municipality(s) where the respective property is situated and the compatibility between the area calculated using Geodesic Coordinates and the financed area specified in the credit agreement. Therefore, it is possible to consistently demonstrate the allocation of resources for operations related to sustainable agribusiness. Through this value measurement, it can be asserted that the indicator is measurable.

Verifiability

It is possible to track the indicator overtime internally by checking the amount disbursed by the bank for financing agribusiness areas under sustainable management. Therefore, it can be affirmed that the indicator is verifiable.

Comparability

Brazilian banks that finance agribusiness through Rural Credit lines are required to report the financed amount to the Central Bank of Brazil (BCB). The BCB is implementing the Green Rural Credit Bureau²⁶ system to enhance the verification of socio-environmental criteria in granting financing for agribusiness. This will enable a comparison of the amount allocated to sustainable agribusiness within Rural Credit by each bank, making the indicator comparable.



²³ No-till farming system (SPD) is considered by Embrapa to be a highly efficient Conservationist Agriculture tool.

²⁴ Climate Bonds Initiative (CBI) criteria are observed and considered during the update and review process of the entire RTA system, although there is no expectation of meeting all criteria.

²⁵ More information in the Annual Report or ESG Databook <https://www.bb.com.br/docs/portal/gesem/RelatorioAnual2022.pdf>

²⁶ Banco Central do Brasil – Sustainability https://www.bcb.gov.br/acessoinforma-cao/bchashtag_sustentabilidade?modalAberto=sustentabilidade_regulacao (regulation)





KPI 3: Reduction in the intensity of greenhouse gas emissions financed in the credit portfolio

Among the BB Commitments, the bank has set targets for reducing Scope 1 and 2 greenhouse gas emissions. However, applying targets for reducing the intensity of GHG emissions for financed activities—i.e., within Scope 3—represents an even more significant enhancement in the Bank's sustainability agenda. When evaluating the indicator "reduction of GHG intensity financed by the credit portfolio" against the criteria of SLBP/SLLP (Table 6), Banco do Brasil believes that KPI 3 is aligned with best market practices.

Table 6 – Summary of KPI 3 analysis of KPI 3

| Analysis criterion | Analysis KPI 3 |
|---|----------------|
| Relevance and materiality to BB's Business | High |
| Alignment with BB's Sustainability Strategy | High |
| Measurability | Yes |
| Verifiability | Yes |
| Comparability | Yes |

Relevance and materiality to BB's Business

Among the BB Commitments, noteworthy targets include achieving 100% offset of greenhouse gas emissions in scope 1 from 2021 and a 42% reduction in these emissions by 2030, along with the target of using 100% renewable energy (scope 2) by 2023. However, the most relevant emissions for a financial institution are those stemming from its portfolio. Therefore, accounting for and reducing scope 3 emissions are of utmost importance for Banco do Brasil.

In the context of financial institutions (FIs), the significance given to scope 3 lies in the fact that FIs have the capacity to invest in or limit investments for carbon-intensive companies and sectors—and likewise, they can incentivize mitigating activities. Thus, the relevance of financial institutions in combating climate change is crucial, especially through their portfolios, as outlined in one of the objectives of the Paris Agreement²⁷: "make financial flows consistent with low greenhouse gas emissions."

In 2022, the Bank engaged the consultancy of Carbon Trust²⁸ to account for the emissions of its portfolio according to the PCAF (Partnership of Carbon Accounting Financials) methodology. The measurement encompasses emissions of the Corporate Loan Portfolio of BB, which consists of loans to companies with annual revenues exceeding BRL 200 million and represented 37.2% of the Extended Corporate Credit Portfolio and 13% of the entire credit portfolio (individuals and legal entities). Considering the importance of financed emissions for a bank and given the presented context, the relevance and materiality of the indicator for BB's business are high.

²⁷ Universal treaty on climate change adopted at the United Nations Framework Convention on Climate Change in 2015

²⁸ CarbonTrust <https://www.carbontrust.com/>



Alignment with BB's Sustainability Strategy

Among BB Commitments, Banco do Brasil directly includes incentives for reducing GHG emissions within scope 3: the promotion of renewable energy of BRL 30 billion by 2030 would contribute to the reduction of these emissions.

There is also the Agro Energy Program, aimed at stimulating the use of renewable energy in rural areas through financing for micro and/or mini power plants. In 2021, BRL 823.2 million was released for investments in the program. In 2022, BRL 1.4 billion was released for Agro Energy investments, a 71% increase from 2021.

Therefore, the Bank already has indicators, actions, and plans that move towards the mitigation and reduction of GHG within its financed activities, thus falling within scope 3 emissions. Due to this history and the initiative to engage Carbon Trust, the alignment of the indicator with BB's sustainability strategy is high.

Measurability

Scope 3 includes indirect greenhouse gas (GHG) emissions that occur in the company's value chain, both upstream (supply chain) and downstream (consequences of the use of the company's products or services). In 2023, Carbon Trust measured the emissions from BB's corporate loan portfolio for the years 2021 and 2022 using the PCAF methodology, and this process will continue for the coming years. For this reason, the indicator is measurable.

Verifiability

The Banco do Brasil has already measured its financed emissions (Scope 3), allowing for external verification of the indicator. The target of reducing BB's financed greenhouse gas (GHG) emissions will be submitted to the

Science Based Targets Initiative (SBTi) – an initiative that aims to define "science-based targets" for companies and financial institutions to provide a pathway for GHG emission reduction.

Targets are considered "science-based" if they align with the latest climate science and what is deemed necessary to achieve the goals of the Paris Agreement²⁹ – limiting global warming to below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Defining a science-based target involves a five-step process:

- **Commit:** Issuing a letter to express the commitment to set a science-based target.
- **Develop:** Creating a GHG emission reduction target in accordance with SBTi criteria.
- **Submit:** Presenting the target to SBTi for official validation.
- **Communicate:** Announcing the target and informing stakeholders.
- **Disclose:** Reporting the institution's emissions and tracking progress toward the target annually.

In the context of submitting targets to SBTi, organizations have 24 months after sending a commitment letter to present their target. Validation decisions are issued within 30 to 60 business days after the contract is executed³⁰. Therefore, it can be affirmed that the indicator is verifiable.

Comparability

Several Brazilian banks disclose their emissions through the GHG Protocol, and the expectation is that an increasing number of financial institutions will account for Scope 3 emissions. Itaú and Bradesco, for instance, are among the institutions setting targets for their financed emissions. Consequently, the indicator is comparable.

²⁹ UN Brazil – Paris Agreement <https://brasil.un.org/pt-br/88191-acordo-de-paris-sobre-o-clima>
³⁰ SBTi (FAQs) <https://sciencebasedtargets.org/faqs#how-long-does-the-sbti-process-take>





KPI 4: Increase in gender and racial diversity in senior leadership

In March 2023, specifically on March 8th, International Women's Day, Banco do Brasil launched its Diversity Program, accompanied by a dedicated governance structure within the bank. In this way, BB aims to increasingly align its strategy with the promotion of diversity and inclusion measures within its banking activities (does not include other subsidiaries of BB's financial conglomerate). KPI 4 aims the enhancement of gender and racial diversity in senior leadership (Table 7), which includes the first management level of all BB's units, second management level of strategic, supporting and tactic units, as well as the third management level of strategic units.

Table 7 – Summary of KPI 4 analysis

| Analysis criterion | Analysis KPI 4 |
|---|----------------|
| Relevance and materiality to BB's Business | Moderate |
| Alignment with BB's Sustainability Strategy | High |
| Measurability | Yes |
| Verifiability | Yes |
| Comparability | Yes |



Relevance and materiality to BB's Business

As previously mentioned, Banco do Brasil launched its Diversity Program in 2023, which encompasses five affinity groups: gender, generation, LGBTQIAPN+, PCD, and races/ethnicities, with a cross-cutting geographical-cultural dimension in all groupings. To implement the program, a multidisciplinary working group was formed with representatives from various affinity groups, under the coordination of the Directorate of Culture and People Management and the Directorate of Strategy and Organization of Banco do Brasil. The proposal aims to integrate employees and senior management to accelerate the focus and management of Diversity, Equity, Inclusion, and Belonging (DEIB). The actions of the Diversity Program include the promotion of diversity forums to analyze collected demands and discuss new needs, as well as training activities.

The Diversity Program complements another program created by the Bank in 2018, the Female Leadership Program, a training project to identify, train, and empower female leadership at BB.



Given the importance of the diversity theme and the presented context, the relevance and materiality of the indicator for BB's business are high. However, being a public bank with a hiring process through public exams and a standardized career plan, increasing diversity in senior leadership is more challenging to achieve.

Measurability

The bank has data on diversity within the total number of employees and, also, within managerial positions. The groups included in the diversity breakdown are: Black, Brown, Indigenous, people with disabilities, and women³¹. Therefore, the indicator is measurable.

Verifiability

It is possible to verify the number of employees belonging to minority groups in leadership positions through their self-declaration. Thus, the indicator is verifiable.

Comparability

Bradesco bank accounts for general diversity metrics in its workforce, including gender, age group, race/ethnicity, and people with disabilities. The same is true for Caixa Econômica Federal³² and Itaú (which also considers LGBT+ employees)³³. Therefore, the indicator is comparable.



31 BB: 2021 Annual Report <https://www.bb.com.br/docs/porta1/gesem/Relatorio-Anual2021.pdf>

32 Caixa Econômica Federal: 2021 Integrated Report <https://api.mziq.com/mzfilemana-ger/v2/d/fb86b0b8-b4e9-407b-a575-ba3668a566a9/da554a87-f497-926e-83a7-4217d264fd67?origin=1>

33 Itaú: Diversity <https://carreiras.ita.com.br/diversidade>



Sustainability-Linked Finance Framework

Calibration of Sustainability Performance Targets (SPTs)

From the definition of key performance indicators (KPIs), one or more targets (SPTs) are developed related to them. In this case, the Framework establishes four indicators and four targets, with each target linked to a specific indicator. As far as loan transactions are concerned, Banco do Brasil commits to defining annual SPTs per KPI selected for each year of the loan term: the target achievement will be monitored internally by Banco do Brasil at least annually, considering the last day of each year as the observation date (December 31). The calibration process of one or more targets (SPTs) per KPI will also be crucial for structuring SLBs/SLLs, as the targets express the level of ambition the issuer is willing to undertake and, therefore, what is deemed realistic (Table 8). Banco do Brasil considered the following analysis parameters for setting targets (SPTs):

Table 8 - SLBP/SLLP parameters for defining SPTs

| Analysis criterion | Options | Explanation |
|---|----------------|---|
| Banco do Brasil's historical performance | Low | To understand how challenging a target is, it is necessary to study the issuer's performance over time. A minimum of 3 years of historical measurements on the selected KPIs is recommended, and when possible, a prospective view on the KPIs |
| | Moderate | |
| | High | |
| Peer/Competitor performance | Low | Whenever possible, the target should be compared to a benchmark or an external reference. This type of comparison will help assess the institution's level of advancement/delay compared to its peers |
| | Moderate | |
| | High | |
| Scientific Landscape and International/National/Regional References | N/A | It is also crucial to reference science, that is, systematic reference to scientific scenarios, or absolute levels (e.g., carbon budgets), or national/regional/international target of the country (Paris Agreement on Climate Change and net-zero targets, Sustainable Development Goals (SDGs), etc., to establish relevant targets in environmental and social issues |
| | In development | |
| | Comprehensive | |
| Ambition level of the target | Low | For the target to be truly ambitious, it must represent a material improvement in the respective KPI and go beyond the 'Business as Usual' trajectory |
| | Moderate | |
| | High | |

The following four subtopics (**SPT 1: Disburse BRL 320 billion for sustainable loan portfolio by 2030; SPT 2: Expand sustainable agribusiness credit operations to achieve a balance of BRL 200 billion by 2030; SPT 3: Reduce financed GHG emissions' intensity from the corporate loan portfolio by 25% by 2031; SPT 4: Attain 30% representation of women and 30% representation of Black, Brown, Indigenous, and other underrepresented ethnicities in senior leadership roles by 2030**) specify the selected Sustainability Performance Targets (SPTs) and their classification according to the SLBP/SLLP methodology parameters, along with the respective justifications for the assessment.



SPT 1: Disburse BRL 320 billion for sustainable loan portfolio by 2030

SPT 1, related to KPI 1: [Increase sustainable loan balance](#), is to 'disburse BRL 320 billion for sustainable loan portfolio by 2030' in comparison with the baseline of BRL 127,84 billion in 2020. When analyzing the target against the SLBP/SLLP criteria (Table 9), Banco do Brasil believes that SPT 1 aligns with the best market practices.

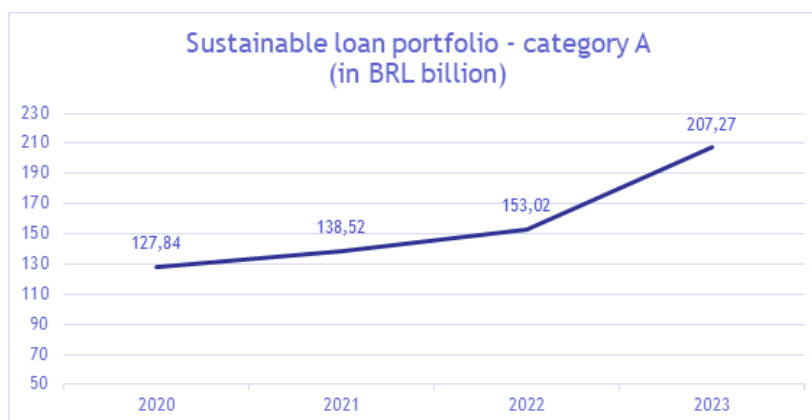
Table 9 – Summary of SPT 1 analysis

| Analysis criterion | Analysis SPT 1 |
|---|----------------|
| Banco do Brasil's historical performance | High |
| Peer/Competitor performance | Moderate |
| Scientific Landscape and International/National/Regional References | Comprehensive |
| Ambition level of the target | High |

Banco do Brasil's historical performance

In Banco do Brasil's sustainable business portfolio – category A totaled BRL 207.27 billion in 2023 (Chart 1). BB also sets targets to promote sustainable businesses through its 10 sustainability commitments. Additionally, the BB 2030 Commitments for a More Sustainable World encompasses the promotion of businesses that incorporate ESG aspects. Given these initiatives and the Bank's performance on them, it can be stated that Banco do Brasil's historical performance in disbursing funds for its sustainable business portfolio is high.

Chart 1 – BB's Sustainable loan portfolio historical balance by volume



Source: Internal data from Banco do Brasil

A key factor beyond the issuer's direct control that may affect the achievement of the target is the misalignment of the scope of the Brazilian Sustainable Taxonomy in development in relation to BB's sustainable business portfolio.



Peers performance

Similar targets were consulted for other banks S1 (Table 10). The set targets for the amount disbursed for sustainable loans by BB's peers range from BRL 100 to 250 billion. These values consider the implementation deadline of 2025. Thus, the Bank is already above average in this regard, as only the part of the bank's sustainable portfolio with the greatest additionality (category A) is being considered, so for the target to be ambitious, it needs to surpass its own performance. The average performance of Banco do Brasil's peers/competitors for this target is, therefore, moderate.

Table 10 – Targets related to sustainable loans for peers/competitors of BB

| Bank | Target and description | Reference |
|----------|--|---|
| Bradesco | Allocate BRL 250 billion by 2025 for businesses with the potential to generate positive impacts on society and the environment (corporate credit, socio-environmental products, and acting as an investment bank). | Bradesco – negócios sustentáveis |
| Itaú | Allocate BRL 100 billion through products and services to sectors with positive impact by 2025. | Itaú – Financiamento em setores de impacto positivo |

Science and country/regional/international targets

The Green Economy Taxonomy of Febraban³⁴ allows banks to assess aspects related to climate change, green economy, and exposure to environmental risk in their portfolios. Thus, sector activities are classified as having high or moderate exposure (for cases of climate change and environmental risk) and high or moderate environmental and social contribution (for the case of the green economy). According to Febraban data, of the BRL 1.73 trillion lent to companies in 2020 by banks, BRL 376 million were granted to sustainable businesses³⁵.

There are various taxonomies in the market that assist in allocating resources to sustainable businesses:

- o Some taxonomies are voluntary and sector-specific: Green Loan Principles (GLP), Green Bond Principles (GBP), Social Loan Principles (SLP), Social Bond Principles (SBP), Sustainability-Linked Bond Principles (SLBP), Sustainability-Linked Loan Principles (SLLP), and the taxonomy of the CBI (Climate Bonds Initiative).
- o Some are mandatory, multi-sectoral taxonomies that meet government regulation objectives: the taxonomy of the European Union and countries such as Bangladesh, China, the Netherlands, and Mongolia.
- o Institutions that disclose these taxonomies may also release recommendation and guidance documents to complement them. An example is the Practical Recommendations for High Yield Sustainability-Linked Bonds published by ELFA and ICMA to complement the Sustainability-Linked Bond Principles (SLBP).

Furthermore, various Brazilian research institutions (both public and private) are developing methods to identify sustainable practices in different types of businesses, such as in the food industry, agribusiness, and industrial activities. Hence, different measurement and analysis methods are proposed, making the scientific landscape for the target comprehensive.

³⁴ Portal Febraban: Green Taxonomy <https://portal.febraban.org.br/paginas/1103/pt-br/> ³⁵ Febraban Tech: The green economy received more than 20% of the credit granted in 2020 <https://febrabantech.febraban.org.br/temas/sustentabilidade/economia-verde-recebe-mais-de-20-do-credito-concedido-em-2020>



Ambition level of the target

The value of BRL 320 billion represents a growth in BB's sustainable business portfolio for category A of 150% in relation to the baseline of BRL 127,84 billion in 2020. Considering that the sustainable business portfolio was created in 2015, it is natural for the initial years to show high growth rates, and the intention is to maintain this high level of commitments.

It is reinforced that in the first years the measurement methodology underwent revisions that added new lines of credit that substantially increased the portfolio. From 2023, there was no possibility of including new lines of credit and the only way to grow the portfolio is through contracting new operations. Furthermore, there are specific cases of lines of credit that are being discontinued, such as Student Financing Fund (FIES), in which there are no new disbursements or contracts.

Thus, the target is for the portfolio to be impactful not only in its "debut" but also to function as an efficient impact investment platform throughout its lifespan. Taking into account the performance of peers – which BB already exceeds – and the bank's own performance, the target is highly ambitious.





SPT 2: Expand sustainable agribusiness credit operations to achieve a balance of BRL 200 billion by 2030

Within its SPT 2, related to the KPI 2: Expansion of credit for sustainable agribusiness operations, Banco do Brasil wishes to ‘expand sustainable agribusiness credit operations to achieve a balance of BRL 200 billion by 2030’, in comparison with the baseline of BRL 149 billion in 2022. When analyzing the target against the SLBP/SLLP criteria (Table 11), BB believes that SPT 2 aligns with best market practices.

Table 11 – Summary of SPT 2 analysis

| Analysis criterion | Analysis SPT 2 |
|---|----------------|
| Banco do Brasil’s historical performance | Moderate |
| Peer/Competitor performance | Low |
| Scientific Landscape and International/National/Regional References | Comprehensive |
| Ambition level of the target | Moderate |

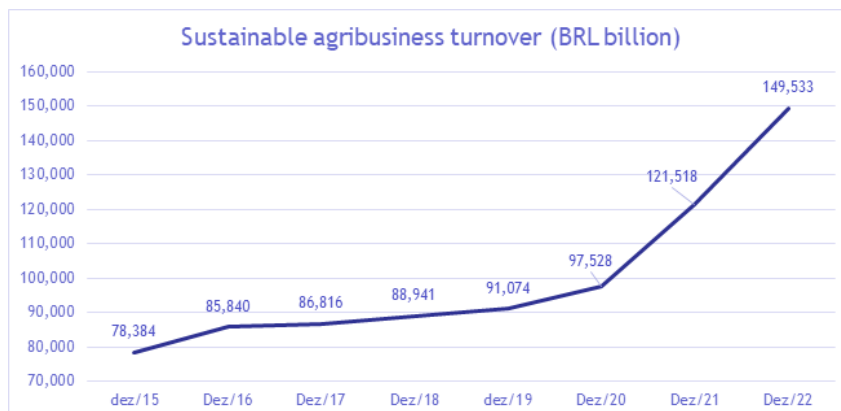
Banco do Brasil’s historical performance

Since 2020, there has been a significant increase in the amount of funds disbursed for sustainable agribusiness by Banco do Brasil (Chart 2). Although this growth is relatively recent, the annual volumes are high, especially when compared to BB’s peers/competitors. Therefore, Banco disbursement of Brasil’s historical performance for this target can be considered high.

To achieve the target, BB has several strategies to induce the contracting of rural credit operations with prioritization of lines with sustainable characteristics. There are marketing strategies, communication plans, publicity at events, among others.

As this is a target set out in BB’s Corporate Strategy, they are replicated across the entire specialized service network for agricultural customers. BB’s agribusiness technical assistance also works to induce the contracting of these sustainable agribusiness financing lines, helping to originate projects and contributing to the training of employees who serve rural producers.³⁶

Chart 2 – Historical disbursed volume for sustainable agribusiness



Source: Internal data from Banco do Brasil

³⁶ More information about the performance of each line of sustainable agriculture can be found in our Annual Report and in the ESG Databook, available at BB IR website.



Key factors beyond the issuer's direct control that may affect the achievement of the target are related to the misalignment of BB's sustainable portfolio with the Safra Plan and the occurrence of extreme weather events, which can turn loan less attractive to other financial products, such as insurance.



Peers performance

Despite many banks outlining specific actions for disbursing funds in themes like sustainable agribusiness, there are few targets specifically focused on expanding credit for these operations, with well-defined values.

The bank already outperforms its peers, so for the target to be ambitious, it must exceed its own performance. Due to the significantly high gap between BB's performance and that of its peers regarding this target, the performance of peers/competitors is considered low.

Science and country/regional/international targets

The Banco Nacional de Desenvolvimento Econômico e Social (BNDES) states that rural credit has been the main instrument of agribusiness policy to promote productivity and income growth³⁷. Given the harmful consequences of conventional agricultural methods from both an environmental and social perspective (evidenced in the context of KPI 2: Expansion of credit for sustainable agribusiness operations), it is essential for Banco do Brasil to not only promote agriculture but also focus on sustainable agriculture.

The study by the Institute of Applied Economic Research (Ipea)³⁸ titled "The Impact of Sustainable Rural Credit on Greenhouse Gas Emissions: Evidence for Brazilian Agricultural Sustainability"³⁹ highlights credit provision as one of the evolving essential tools in Brazil to promote sustainable agricultural practices.

Thus, the scientific scenario related to credit provision for agriculture is comprehensive and supports the focus of the target on sustainable agriculture.

³⁷ BNDES: Sustainable agribusiness and rural credit in Brazil Agropecuária sustentável e crédito rural no Brasil (bndes.gov.br)

³⁸ Institution for the production and dissemination of knowledge and advisory services to the State in its strategic decisions

³⁹ Ipea: O Impacto do Crédito Rural Sustentável na Emissão de Gases de Efeito Estufa: Evidências para Sustentabilidade Agropecuária Brasileira (2022)



Ambition level of the target

Banco do Brasil has been a pioneer in investing in sustainable agriculture compared to its peers/competitors. In order to consistently and systematically drive such initiatives, BB commits to the target of reaching a balance of BRL 200 billion in credit operations for sustainable agriculture by 2030, contributing to a growth of approximately 34% compared to the baseline of BRL 149 billion in 2022.

The main challenges for this growth in the sustainable agriculture portfolio are the projections of systemic disinvestment in this sector by the bank due to the decline in the prices of agricultural commodities. Also, most of these operations are short-term (12 months), mainly costing operations, needing to be renewed annually to maintain this portfolio balance (around R\$55 billion). Furthermore, there is the growth of other alternative fundraising instruments, such as the Rural Product Certificate (CPR)⁴⁰, which compete with such lines.

The purpose of this target is to ensure that the significant investment in sustainable agriculture between 2020 and 2022 is not just an isolated episode from which the disbursed volume would decrease, but the starting point for a stable and growing flow of investment in sustainable agriculture.

Therefore, the level of ambition for the target is considered moderate.





SPT 3: Reduce financed GHG emissions' intensity from the corporate loan portfolio by 25% by 2031

SPT 3, related with KPI 3: Reduction in the intensity of greenhouse gas emissions financed in the credit portfolio, aims at the reduction of 25% of GHG's financed emissions by 2031 in comparison to the baseline of 0.1033 million tCO₂e for every BRL 1 billion in loans granted. When analyzing the target against the SLBP/SLLP criteria (Table 12), Banco do Brasil believes that SPT 3 aligns with best market practices.

Table 12 – Summary of SPT 3 analysis

| Analysis criterion | Analysis SPT 3 |
|---|----------------|
| Banco do Brasil's historical performance | Moderate |
| Peer/Competitor performance | High |
| Scientific Landscape and International/National/Regional References | Comprehensive |
| Ambition level of the target | High |



Banco do Brasil's historical performance

The calculation of financed emissions follows the PCAF (Partnership of Carbon Accounting Financials) methodology. In 2021, the financed emissions of Banco do Brasil reached 11,190,000 tCO₂e in a corporate loan portfolio of BRL 108.32 billion, which translates to an emission intensity of 0.1033 million tCO₂e for every BRL 1 billion in loans granted. The Corporate Loan Portfolio of BB consists of loans to companies with annual revenues exceeding BRL 200 million and represented, in 2022, 37.2% of the Extended Corporate Credit Portfolio.

In 2022, financed emissions reached 13,410,000 tCO₂e in a corporate loan portfolio of BRL 133.41 billion, equivalent to an emission intensity of 0.1005 million tCO₂e per BRL 1 billion in loans granted⁴¹. This represented a 2.7% reduction in emission intensity in 2022, surpassing the established target of a 2.5% reduction for the year (a 25% reduction over 10 years, considering the 2021 base year). Taking into account that the calculation of these emissions started only in 2021, it is understood that the historical performance of BB is moderate.

The key factor beyond the issuer's direct control that may affect the achievement of the target is the level of demand for carbon market regulation (under development), mainly for carbon-intensive sectors such as steel and oil and gas.

⁴¹ The financed GHG emissions are available in the document "Banco do Brasil Commitment on Climate Change" at <https://api.mziq.com/mzfilemanager/v2/d/5760dff3-15e1-4962-9e81-322a0b3d0bbd/588d3f6b-6195-062e-21c7-58dd5ca8618f?origin=2>



Peers performance

Itaú, Bradesco, and Banco do Brasil all adhere to the PCAF (Partnership of Carbon Accounting Financials)⁴² methodology for calculating their emissions. Itaú establishes sectoral decarbonization targets for its portfolio: for electricity generation, it sets a 63% reduction in greenhouse gas emissions intensity by 2030 (103 gCO₂e/kWh in 2021 to 38 gCO₂e/kWh in 2030). Additionally, Itaú outlines sectoral practices for decarbonizing its portfolio in businesses related to coal mining and agriculture, although specific emission reduction targets are not set.

Similarly, Bradesco⁴³ focuses on a sectoral strategy for reducing financed emissions: a 59% reduction in emissions intensity by 2030 (23 kgCO₂e/MWh in 2021 to 56 kgCO₂e/MWh in 2030). In addition, Bradesco proposes initiatives for divestment from coal and combating legal deforestation, without specifying emission reduction targets.

These initiatives focus on a sectoral strategy, directing efforts to reduce the emissions intensity of the portfolio in key sectors. Banco do Brasil addresses its Corporate Loan Portfolio comprehensively, covering various sectors while directing efforts to reduce the greenhouse gas emissions intensity in companies with annual revenues exceeding BRL 200 million, indicating a high potential impact on its business.

Therefore, by encompassing key sectors in their decarbonization targets and assigning relevant initiatives to other sectors, the performance of these peers can be considered high.

Science and country/regional/international targets

In the context of signing the Business Ambition for 1.5°C Commitment Letter⁴⁴, Banco do Brasil established its target to reduce the intensity of financed emissions from the corporate loan portfolio following the guidelines of the Science Based Targets initiative (SBTi) for financial institutions, aligned with the well-below 2°C scenario. Therefore, there is substantial international reference evidence to support the target, indicating a comprehensive scientific scenario.

Ambition level of the target

Banco do Brasil employed a robust methodology (PCAF) to measure its financed emissions. Additionally, the target focuses on the Corporate Loan Portfolio of BB, encompassing high-revenue companies (above BRL 200 million) across various sectors, thereby holding significant potential for reducing greenhouse gas emissions intensity.

In relation to the baseline of 0.1033 million tCO₂e per BRL 1 billion in 2021, it was proposed that BB establishes an annual reduction target for carbon intensity (0.104 MtCO₂e) of 2.5% over a 10-year period for the Corporate Loans segment, considering companies with revenue equal to or greater than BRL 200 million, achieving a value of 0.078 MtCO₂e. Considering the use of PCAF and SBTi methodologies and the reduction level in the established scenario, it can be affirmed that the ambition level of the target is moderate.

⁴² Itaú: 2023 Climate Report <https://www.italu.com.br/download-file/v2/d/42787847-4cf6-4461-94a5-40ed237dca33/6d4ad4d8-4c79-7dbf-344d-b88962a66ce7?origin=2>

⁴³ Bradesco: Climate Change <https://banco.bradesco/assets/classic/pdf/sustentabilidade/bra-desco-mudancas-climaticas.pdf>

⁴⁴ Science Based Targets Initiative: Business Ambition for 1.5°C Commitment Letter <https://sciencebasedtargets.org/resources/legacy/2020/03/Business-Ambition-Pledge.pdf>





SPT 4: Attain 30% representation of women and 30% representation of Black, Brown, Indigenous, and other underrepresented ethnicities in senior leadership roles by 2030

SPT 4 is related to KPI 4: Increase in gender and racial diversity in senior leadership. Thus, the target (SPT) specifies a percentage and a specific date for the indicator (KPI). When analyzing the target to 'Attain 30% representation of women and 30% representation of Black, Brown, Indigenous, and other underrepresented ethnicities in senior leadership roles by 2030' against the SLBP/SLLP criteria (Table 13), Banco do Brasil believes that SPT 4 aligns with best market practices.

Table 13 – Summary of SPT 4 analysis

| Analysis criterion | Analysis SPT 4 |
|---|----------------|
| Banco do Brasil's historical performance | Moderate |
| Peer/Competitor performance | Moderate |
| Scientific Landscape and International/National/Regional References | Comprehensive |
| Ambition level of the target | Moderate |

Banco do Brasil's historical performance

As mentioned in the scope of KPI 4: Increase in gender and racial diversity in senior leadership, Banco do Brasil launched its Diversity Program in 2023, covering five affinity groups: gender, generation, LGBTQIAPN+, PWD, and races/ethnicities, with a geographical-cultural transversal dimension across all groups. The program is associated with a robust governance structure for effective implementation. However, considering that the program is still a novelty for the bank, the data collection and depth of the debate will evolve over time.

The Diversity Program at BB establishes guidelines to be followed by the Bank's areas with their relationship audiences. With the unfolding of the strategic guidelines, "Diversity" has been included as one of the values in the organization's strategy, leading to the development of a series of initiatives to accelerate the theme within the Bank. Among these initiatives, those directly linked to achieving SPT 4 stand out:

Underrepresented Races and Ethnicities

- Race is Priority Acceleration Pilot Program – the program aims to identify and accelerate the career development of individuals from underrepresented racial backgrounds within the functional body of the Bank. These individuals will be identified through BB's internal qualification process and may be placed in a "trainee" modality. Once qualified, they can assume managerial roles across the technical-administrative, operational, tactical, and strategic transversality of the BB.
- Black Leadership Mentoring – Mentoring Program for current black leaders at Banco do Brasil with the objective of enhancing leadership skills, discussing biases, expanding knowledge about race, and career development.



Underrepresented Races and Ethnicities

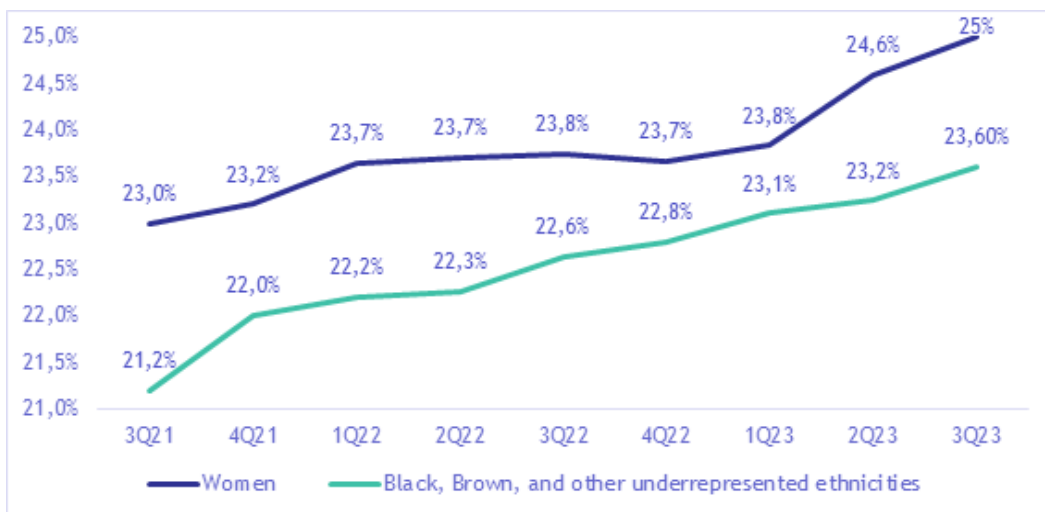
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- Black Leadership Mentoring – Mentoring Program for current black leaders at Banco do Brasil with the objective of enhancing leadership skills, discussing biases, expanding knowledge about race, and career development.

Gender

- Affirmative action in the Professional Advancement Program – a program for second-level managers and managers abroad, with an increase in the number of positions to ensure that women classified in recruitment represent at least the percentage of the overall target audience of women or the percentage of applicants (whichever is higher).
- Expansion of affirmative positions for women in the talent identification program for all managerial levels in business units.

Since the accounting of women and underrepresented ethnicities in leadership positions in a more robust manner is recent, the historical data is presented considering quarters of the year for better tracking of data evolution (Chart 3). Given BB's history and the targets and performance of peers/competitors, it can be stated that BB's historical performance for this target is moderate.

Chart 3 – Historical participation of women and individuals from Black, Brown, and other underrepresented ethnicities in senior leadership roles



Source: Internal data from Banco do Brasil



The key factor beyond BB's direct control that may affect the achievement of the target is the composition of the staff available at the bank for job-advancement, considering that it is a public company and relies on public tenders to hire new employees. Other factor is the availability and interest of these staff member to take on a leadership position, considering that they will have to relocate to cities where the bank has its headquarters.

Peers performance

Table 14 – Targets related to female and Black, Brown, and other underrepresented ethnicities for peers/competitors of BB

| Bank | Target and description | Reference |
|------|--|---|
| Itaú | The target is to have 35% to 40% of women in leadership positions by 2025, aligning with the objective of achieving representation in the incoming workforce (hiring) of 50% women and 40% individuals from Black communities. | https://www.itau.com.br/sustentabilidade/estrategia-esg/gestao-inclusiva/ |
| | By 2025, the target is to achieve 27% to 30% Black representation within the organization, with progress at all job levels, including leadership positions. This aligns with the objective of achieving representation in the incoming workforce (hiring) of 50% women and 40% individuals from Black communities. | |

Itaú sets ambitious targets for the participation of women and people of color within the organization and in leadership positions (Table 14). Other S1 institutions do not have specific targets defined for this purpose, with a percentage perspective for increase and a timeframe to achieve the target. Therefore, the performance of peers/competitors is moderate.

Science and country/regional/international targets

Women hold less than 15% of executive positions in companies listed in the financial sector on B3⁴⁵, creating an asymmetry in comparison to the number of these positions held by men. When this number is analyzed for people of color, the situation is even more concerning: Black individuals occupy only 0.4%⁴⁶ of director positions.

According to the report 'Diversity Matters: Latin America,'⁴⁷ released by McKinsey in 2020, companies with executive teams that are gender-diverse have a 14% higher chance of outperforming other similar companies. Additionally, companies whose leadership demonstrates greater diversity in sexual orientation than the average of their competitors have a 25% higher probability of achieving superior performance.

45 BB: Diversidade is about all of us <https://blog.bb.com.br/dia-das-mulheres-diversidade-e-sobre-todos-nos/>

46 G1: Black individuals hold only 0.4% of executive positions, shows survey <https://g1.globo.com/trabalho-e-carreira/noticia/2022/09/16/negros-ocupam-so-04percent-dos-cargos-de-diretoria-mostra-levantamento.ghtml>

47 McKinsey & Company: 'Diversity Matters: América Latina Diversity Matters: América Latina | McKinsey



The United Nations Global Compact Network Brazil⁴⁸, established in 2003 by the United Nations to align companies' strategies and operations in the areas of Human Rights, Labor, Environment, and Anti-Corruption, instituted the Equidade é Prioridade (Equity is a Priority)⁴⁹ movement in 2020. This movement gave rise to two other programs with specific focuses: Equidade é Prioridade: Gênero (Equity is a Priority: Gender) and Equidade É Prioridade: Étnico Racial (Equity is a Priority: Ethnic Racial) so that companies set ambitious targets regarding these two themes, integrating women and underrepresented ethnicities in leadership positions.

Therefore, it can be observed that the scientific scenario is comprehensive and supports the focus of the target on women and underrepresented ethnicities in leadership.

Ambition level of the target

Taking into account the performance of peers/competitors, Banco do Brasil scores below average in terms of female leadership, but above average concerning the target for black, brown, and other underrepresented ethnicities. Additionally, the target of 30% by 2030 represents a growth of approximately 30.4% of female leadership in relation to the baseline of 23% in the third quarter of 2021 and of 41.5% of leadership of black, brown, and other underrepresented ethnicities in relation to the 22.2% baseline in the third quarter of 2021. Therefore, the level of ambition for the target is moderate.



Sustainability-Linked Finance Framework

Bond/Loan characteristics

A fundamental characteristic of Sustainability-Linked bonds/loans is that the economic outcome from the financial instrument is associated with the fulfillment or non-fulfillment of predefined selected targets. For example, the interest rate on the security/the margin under the loan agreement may be reduced if Banco do Brasil meets a predefined target, in a process called step-down.

Similarly, the Bank may be subject to another type of variation: the step-up. This means that in the event of non-compliance with any of the predefined Sustainability Performance Targets (SPTs), BB would be subject to an increase in the interest rate on the security/under the loan agreement. If there is no report referring to the agreed observation date, or the SPTs cannot be calculated or observed by BB or a qualified external reviewer, the SPTs should be deemed not achieved and the related trigger events will occur, as defined in this section of the document.

Lastly, fallback mechanisms applicable to any Sustainability-Linked Finance Instrument issued under this framework (bonds or loans) include a potential recalculation of the baseline figures in case the SPTs cannot be calculated or observed in a satisfactory manner, taking into consideration potential exceptional events (such as a significant change in perimeters through material organizational restructuring, merger, or acquisition of companies) or extreme events, including drastic changes in the regulatory environment that could substantially impact the calculation of the Performance Indicator⁵⁰. In this case, Banco do Brasil may require the restatement of the Sustainability Targets and/or their pro forma adjustments of baselines or Performance Indicator scope. Any recalculation of the baseline will be reported in the immediately following Sustainability-Linked Finance Progress Report, as stipulated in the Reporting section below, and verified by a qualified external reviewer or a similar party with the relevant expertise, as outlined in the Verification section of this Framework.



⁵⁰ Potential regulatory changes that might demand a reassessment of the established targets encompass, but are not limited to, shifts in national policies related to agricultural credit and alterations in environmental regulations. An additional layer of potential impact involves the ongoing development of the Brazilian Sustainable Taxonomy, expected to be mandatory by January 2026. It presents examples of criteria changes that could influence Banco do Brasil's approach to its sustainable business portfolio. Adaptability to evolving standards remains par-amount.



Reporting

Banco do Brasil commits to publishing and keeping readily available and easily accessible:

- Up-to-date information on the performance of the selected KPI(s), including baselines where relevant. A verification assurance report of the SPTs, describing their performance and the related impact.
- Any information enabling investors to monitor the ambition level of the SPTs (e.g., updates on BB's sustainability strategy or KPI governance, and any relevant information for KPI and SPT analysis).
- Illustration of the positive sustainability impacts of the performance improvement, when feasible and possible.

This information will be published by the ESG Department in the ESG Databook⁵¹ at least annually and on any relevant date/period to assess SPT performance, potentially leading to adjustments in the financial and/or structural characteristics of the SLB/SLL.



Verification

Banco do Brasil affirms the credibility of the pre-issuance document through a second-party opinion from S&P Global. The Bank's performance for each KPI and each SPT should be independently assessed by a qualified external reviewer, such as an auditor, environmental consultant and/ or independent ratings agency, at least annually and on any relevant date/period to evaluate SPT performance, leading to potential adjustments in the financial and/or structural characteristics of the SLB/SLL until the last triggering event of the SPT has been achieved.

The performance verification related to SPTs and the respective impact, and timing of such impact, on the bond financial and/or structural characteristics must be made publicly available on BB's institutional website. Unlike pre-issuance external review, such as a second opinion, which is recommended, post-issuance verification is a necessary element of the SLBP/SLLP. For this, the Bank considers the Guidelines for External Reviews⁵² published by ICMA, in the case of bonds; and the Guidance for Green, Social, and Sustainability-Linked Loans External Reviews⁵³ published by LSTA, in the case of loans.

⁵¹ Available in: <https://ri.bb.com.br/en/corporate-governance-and-sustainability/sustainability/>

⁵² ICMA: Guidelines for External Reviews <https://www.icmagroup.org/sustainable-finance/ex-ternal-reviews/>

⁵³ LSTA: Guidance for Green, Social and Sustainability-Linked Loans External Reviews <https://www.lsta.org/content/guidance-for-green-social-and-sustainability-linked-loans-ex-ternal-reviews/>



Annex

BB 2030 Commitments for a More Sustainable World

Crédito Sustentável



Carteira de Crédito Sustentável

R\$ 500 bilhões até 2030.



Energia Renovável

R\$ 30 bilhões até 2030.



Agricultura Sustentável

R\$ 200 bilhões até 2030.



Eficiência Municipal e Estadual

Desembolsar¹ **R\$ 40 bilhões** até 2030.

Gestão ASG e Climática



Emissões Diretas de GEE

Compensar **100%** dos escopos 1 e 2.

100% de utilização de energia renovável³ a partir de 2023.

Reduzir em **42%** as emissões diretas (escopo 1) até 2030.



Diversidade

30% de mulheres em cargo de liderança até 2025.

30% de pretos, pardos, indígenas e outras etnias sub-representadas em cargos de liderança até 2025.



Maturidade Digital

Alcançar **17 milhões** de clientes até 2025.

Impactos Positivos na Cadeia de Valor



Inclusão Financeira

Renegociar dívidas de **2,5 milhões** até 2025.

Alcançar **1 milhão** de empreendedores com crédito até 2025.



Investimento Social Privado

Investir **1 bilhão** em educação, cuidado com meio ambiente, inclusão, incentivo ao voluntariado e tecnologias sociais por meio da Fundação BB até 2030.



Reflorestamento e Conservação Florestal

1 milhão de hectares conservados e/ou de reflorestamento até 2025.

Reforçar práticas que promovam a recuperação de pastagens e áreas degradadas e assegurem o desmatamento ilegal zero nos financiamentos BB.

Investimento Responsável



Produtos de Investimento Sustentável

R\$ 22 bilhões

em fundos de investimentos sustentáveis² até 2030.



Recursos Sustentáveis

R\$ 100 bilhões em recursos sustentáveis para o BB e seus clientes.

(1) Agricultura, cultura, defesa civil, educação, eficiência energética e iluminação pública, esporte e lazer, infraestrutura viária, limpeza pública, meio ambiente, mobilidade urbana, saúde, segurança e vigilância sanitária; (2) Em alinhamento à alteração regulatória dos fundos de investimento sustentáveis; (3) Usinas próprias, mercado livre e RECs





Sustainability Linked Finance Framework