



# Report **GRSAC** **2024**



# Preface

It is with great pleasure that we at Banco do Brasil present another edition of our Social, Environmental, and Climate Risks and Opportunities Report (GRSAC). This document reaffirms our commitment to the responsible management of risks and opportunities by integrating environmental, social, and climate factors into our business strategy.

Risk management and business operations go hand in hand. Just as a tree sustains its fruits through deep roots, we see risk management as the solid foundation of our business. The resilience of a financial institution relies on a robust risk management structure, one that balances challenges and opportunities.

To maintain the balance of our portfolio, ensuring the Bank's resilience and longevity, we actively promote opportunities in the green economy, fostering sustainable businesses while maintaining a focus on responsible risk management.

The publication of this report underscores our responsibility to uphold market discipline and transparency—essential pillars for strengthening trust in our business.

As a result of our progress in this area, for the sixth consecutive year, we have been recognized as the most sustainable bank in the world by Corporate Knights' Global 100 ranking. This accolade reflects the seriousness of our management and our dedication to the environment and society.

We hope this report strengthens our connection with you, as we share a common interest in deeply rooted and sustainable business practices. Together, let's turn challenges into opportunities and build a stronger, more sustainable future!

Enjoy your reading!



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To prepare this Report, we followed the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and the instructions from the supervisor, mainly reflected through CMN Resolution No. 4943/2021<sup>1</sup>, BCB Resolution No. 139/2021 and BCB Normative Instruction No. 153/2021, as well as the best market practices. We must highlight that the data disclosed herein relates to our Prudential Conglomerate, as defined under CMN Resolution No. 4950 of September 30, 2021, and the content addresses matters of Governance, Strategies, Risk Management Processes, Indicators and Opportunities along with social, environmental and climate issues.

<sup>1</sup> It defines Social, Environmental and Climate Risk as relevant, proposes the improvement of the management of these risks by Financial Institutions and amends CMN Resolution No. 4.557, of February 2017, on the risk management structure.



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# GVR Table: Governance of Social, Environmental and Climate Risk Management

Description of governance of RSAC management.

## BB's governance bodies responsible for managing Social, Environmental and Climate Risks (RSAC)

Our governance structure establishes guidelines for the composition of a more sustainable business portfolio with a better balance between risks and returns. In line with our [Social, Environmental and Climate Responsibility Policy \(PRSAC\)](#), we seek to cover the economic, social and environmental dimensions in business in an integrated way, establishing ethical and transparent relations with internal and external customers, in compliance with CMN Resolution No. 4.945/2021.

In this context, pursuant to CMN Resolution No. 4.943/2021, we revised the Specific Policy of Risks and Capital Management, maintaining the RSAC management statements. After analysis, its content was ratified by the Board of Directors, since it remains aligned with the regulations in force and best management practices, proving to be adequate to guide Banco do Brasil's behavior and to serve as a reference for Entities Linked to Banco do Brasil (ELBB).

In addition, we continually evaluate our governance structure, seeking adherence to the aspects and standards provided in the rules issued by the Brazilian Monetary Council (CMN) and the Central Bank of Brazil (Bacen). Likewise, we seek alignment with management best practices, observing the definition of compatible roles and responsibilities in the various bodies of our governance structure.

As for the interaction between BB's Strategic, Tactical and Operational Units in the management and mitigation of Social, Environmental and Climate Risk, we adopted the Reference Model for Lines of Defense (MRLD) based on three lines of defense:

**First Line of Defense:** Functions that manage and own the risks. Comprising: Specific Risk Managers and Risk Takers;

**Second Line of Defense:** Usual corporate functions involved with risk management, internal controls, and compliance. Comprising: Internal Control and Risk Management Areas;

**Third Line of Defense:** Evaluates the effectiveness of the entire risk management and control cycle. Comprised of the Internal Audit.

The purpose of the MRLD is to maintain an effective and integrated Internal Control and Risk Management System, contributing to providing more security to ensure that the strategic objectives are met.

It is also important to highlight that the governance model for integrated risk and capital management adopted by BB covers the following aspects:

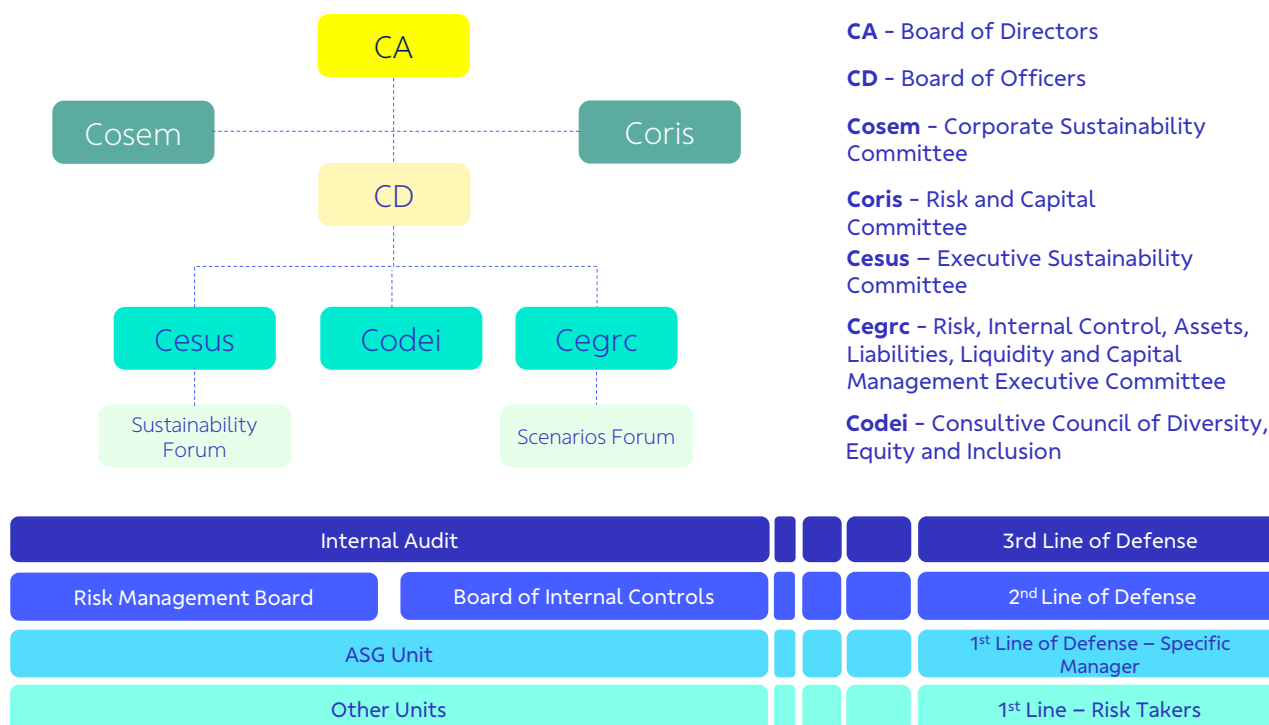
- a) separation of duties: between business and risk management;
- b) specific structure for risk and capital management;
- c) a defined management process;
- d) collegiate decisions at various hierarchical levels;
- e) clear standards and structure of competence;



f) use the best management practices as reference.

Here is the workflow for the Corporate Sustainability and Management Governance of the RSAC:

*Figure 1. Management Governance of the RSAC and its Opportunities*



## Bodies, its responsibilities and relationship

**Board of Directors (CA)** – A body responsible for strategic, guiding, elective, and supervisory functions. It is tasked with approving policies, corporate strategies, the general budget, and the Risk Appetite and Tolerance Statement (RAS). Additionally, it oversees the institution's social, environmental, and climate performance, as well as the progress of ongoing initiatives.

**Board of Officers (CD)** – Collegiate body comprised of President and Vice-presidents; responsible for proposing and executing actions and instruments related to Policies, Corporate Strategy, General Budget, Declaration of Appetite and Tolerance to Risks (RAS), and for proposing, approving and executing actions and instruments related to Plans, Labor Agreement, profits, among others. Monitors the social, environmental and climate performance of the institution, in addition to related actions in progress.

The CA and the CD ensure that the Social, Environmental and Climate Risk management processes are aligned with the definitions and directions established in our institutional policies and our Corporate Strategy.

**Corporate Sustainability Committee (Cosem)** – A collegiate body that reports to and advises the CA on sustainability issues and social, environmental and climate responsibility, based on the best market practices and commitments voluntarily assumed by BB.

**Risk and Capital Committee (Coris)** – A permanent collegiate and statutory body that advises the CA on risk management, including social, environmental and climate ones.



**Executive Sustainability Committee (Cesus)** – A body linked to the CD and comprised of Vice-Presidents and Officers. Cesus is responsible for approving and monitoring the implementation of the Sustainability Plan – BB Agenda 30, providing guidance for the implementation of sustainability initiatives with potential impact on its business and defining the guidelines for the area, in addition to bringing along a multidisciplinary view to the decision-making processes. Furthermore, it incorporated the activities of the People, Equity, and Diversity Executive Committee (Ceped), approving guidelines and objectives relating to the Diversity, Equity, and Inclusion Program.

**Risk, Internal Control, Assets, Liabilities, Liquidity and Capital Management Executive Committee (Cegrc)** – A body linked to the CD, comprised exclusively of Vice-Presidents, with the purpose of approving strategies, guidelines and contingency plans, in addition to monitoring reports, results and progress made relating to Risk Management, Internal Controls, Capital Management, and Asset, Liabilities and Liquidity Management.

**Consultative Council of Diversity, Equity, and Inclusion (Codei)** – A body linked to the Board of Directors, composed of the President (Presi), vice-presidents, and officers. Its purpose is to debate and exchange experiences on Diversity, Equity, and Inclusion (DE&I) in BB management, trends and best market practices.

**BB Sustainability Forum** – A body composed of executive managers from Banco do Brasil and the Banco do Brasil Foundation. It supports the incorporation, alignment, and dissemination of sustainability principles and practices, in addition to monitoring social, environmental and climate initiatives and the implementation of actions from the BB Sustainability Plan – Agenda 30. It meets quarterly and reports to the Executive Sustainability Committee.

**Scenario Forum** – It analyzes macroeconomic, idiosyncratic and climate change scenarios, focusing on their integration with corporate strategies and relevant risks and opportunities. The Forum is comprised of executive managers and reports to Cegrc.

**Internal Audit (Audit)** – A unit reporting to the CA. It is responsible for conducting independent audits from time to time, focusing on the risks to which the Conglomerate is exposed, assessing risk management actions and the adequacy of internal controls based on their quality, sufficiency, performance, and effectiveness.

**Risk Management Board (Diris)** – The area reporting to the Vice-Presidency of Internal Controls and Risk Management (Vicri). Responsible for the corporate management of Social, Environmental and Climate Risk as a Second Line of Defense.

**Board of Internal Controls and Compliance (Dicoi)** – The area reporting to Vicri. Responsible for the regulation and corporate supervision of risks, acting as a Second Line of Defense.

**ASG Unit** – The area reporting to the Vice-Presidency of Business Government and Corporate Sustainability (Vigov). Responsible for Corporate Sustainability matters and for the specific management of Social, Environmental and Climate Risk as a First Line of Defense.

**Other Units**, with emphasis on the areas below:

**Credit Board (Dicre)** – Area reporting to VICRI. Responsible for managing Social, Environmental and Climate Risk as a First Line of Defense concerning the credit process.





**Supply, Infrastructure and Heritage Department (Disec)** – Area reporting to the Corporate Vice-Presidency (Vicor). Responsible for managing Social, Environmental and Climate Risk as a First Line of Defense concerning procurement, hiring, management of logistics resources and eco-efficiency.

**Agribusiness Board and Family Agriculture (Dirag)** – An area subordinate to the Vice-Presidency of Agribusiness and Family Agriculture (Vipag). It is responsible for managing Social, Environmental and Climate Risk as a First Line of Defense concerning the credit process.

**Culture and People Management Board (Dipes)** –An area reporting to Vicor. It is responsible for managing Social, Environmental and Climate Risk as a First Line of Defense concerning the credit process.

Finally, it is important to highlight that the area responsible for the Social, Environmental and Climate Responsibility Policy, as approved by CA, is the ASG Unit, and that according to CMN Resolution No. 4557/2017, the Vice-President of Internal Controls and Risk Management acts as the Chief Risk Officer (CRO), in charge of managing risks in BB and appointed by the CA.



## Report of information in relation to Social, Environmental and climate Risk

From time to time, we prepare reports for governance bodies with the necessary information to support the monitoring and decision-making process involved in the risk management process. The tables below provide details on the main reports we prepare and that are under the scope of CA:

**Table 1.** CA competence reports

Report	Recipient	Periodicity
Risk Panel <sup>1</sup>	CEGRC and CA	Monthly and Every two months (respectively)
Result of Management Evaluation Cycle of ELBB Risk, Safety and Internal Control	Coris, CD and CA	Annual
Internal Evaluation Process of Capital Adequacy (Icaap)	CA	Annual
Reports of matters related to sustainability	Cosem, CD and CA	Twice per year

<sup>1</sup> Tool for reporting the consumption of specific and global limits determined by Risk Management.

## Criteria used to ensure Social, Environmental and Climate Risk consideration, if relevant, in the processes of approval and review of several instruments

According to the duties of each body, the governance in charge analyzes the minimum capital requirements, the directions of the corporate strategy, BB's risk profile, regulatory compliance, economic prospects and challenges for the financial industry, the views of market analysts, the desires of society, the behavior of main competitors, the dynamics of result formation, and the results from the BB stress test program.

The decisions from governance actors help ensure that relevant risks — specifically Social, Environmental and Climate ones — are taken into account in the approval and review of various processes.

In this context, the Social, Environmental and Climate Policy (PRSAC) guides behavior in relation to social, environmental and climate responsibility. The principles expressed in the PRSAC are reflected in the initiatives that compose the BB Sustainability Plan – Agenda 30 and the guidelines and internal normative instructions, which results in the consideration of economic, social, environmental and climate variables in the design and development of processes, products, and services.

The other policies – [Specific Policy on the Bank's Relationship with Third Parties](#), [Specific Risk and Capital Management Policy](#), [Privacy Policy](#), Specific Policy for Compensation to Management Officers, Specific Policy for Business Continuity Management, General Policy for Market Directions, General Policy for Operational Directions, among others – cover several socio-environmental aspects, which are also considered in business and administrative practices, such as credit and investment operations and relations with suppliers and employees. Due to their relevance, these guidelines are replicated in Guidelines and Commitments.



As a way of achieving these results, sustainability drivers are assessed using indicators defined based on the Corporate Strategy, which range from the strategic level to the operational level, covering all units.

During the year 2024, we checked not only the policies but also our commitments ([BB Commitments to Human Rights](#), [BB Commitment to Climate Change](#)), guidelines ([Sustainability Guideline for Credit](#), [BB Social and Private Social Investment Guidelines](#)), the [Recovery Plan](#), the Declaration of Risk Appetite and Tolerance (RAS) and our stress testing program as well.

The Sustainability Guidelines for Credit are guidelines for social, environmental and climate aspects to be considered in the analysis, granting and management of credit. The document seeks to provide visibility to the practices adopted by Banco do Brasil and is reviewed regularly with the participation of various stakeholders.

The Exclusion List and the Restrictive List, consolidated in the Sustainability Guidelines for Credit, list the activities that the Bank does not undertake, due to legal impediments or because they are not in alignment with BB's guidelines, or undertakes under certain conditions, applying differentiated rigor in the analysis, granting and management of credit.

As for the stress testing in 2024, we improved the Integrated Stress Test (TEI) by adding the climate risk assumption through scenarios that consider severe climate events (international environment).

## Approaches to the monitoring of strategic objectives and goals relating to social, environmental and climate aspects.

We monitor strategic objectives and goals relating to social, environmental and climate aspects to assess the progress in their achievement. The indicators of the Master Plan — a document that defines and consolidates indicators and goals for each of the long-term strategic objectives of [Banco do Brasil's Corporate Strategy](#) (ECBB) — are reported to the CA through meetings, presentations and panels.

Besides the Master Plan, we also monitor the Work Agreements of strategic units that contain objectives and indicators proposed at the ECBBs.

Finally, the social, environmental and climate performance of Banco do Brasil is reported to Cosem, including, among other aspects, the initiatives developed under the [Sustainability Plan – BB Agenda 30](#), the [BB 2030 Commitments for a More Sustainable World](#).



# EST Table: Strategies used to address Social, Environmental and Climate Risks

Identification and description of the actual and potential impacts, when deemed relevant, of social, environmental and climate risks on the institution's business, strategies and the institution's risk and capital management.

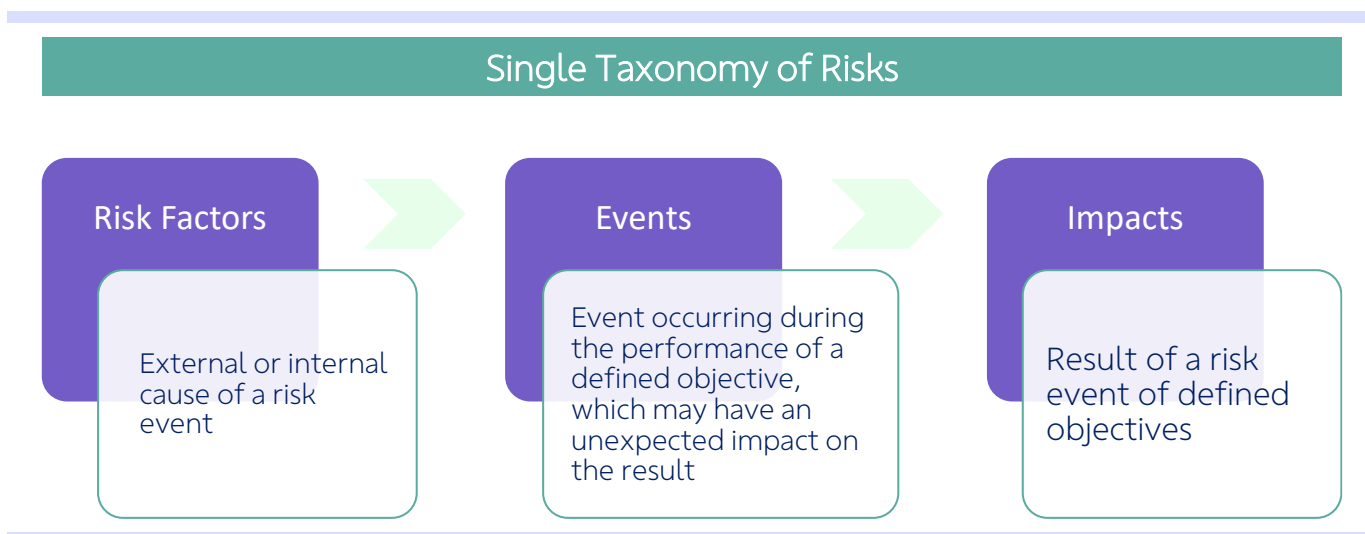
## Identification of Social, Environmental and Climate Risk events that could result in relevant losses for BB.

The identification of risks is part of a continuous process of risk and capital management, and it is essential to our institution. In this process, validated on an annual basis by internal and external audits and overseen by Regulation and Inspection Bodies, we use internal and external inputs, such as:

- Risks that could impact achieving the Corporate Strategy objectives;
- Risks inherent to the activities of Entities Related to Banco do Brasil (ELBB);
- Risk factors informed in the [BB Reference Form](#) that are deemed relevant and could impact the Bank's business and the results of our operations;
- Risks identified by the managers from the first line of defense in their processes;
- Brazilian and foreign regulatory guidelines;
- Specialized consulting and publications; and
- Benchmark of Brazilian and foreign financial institutions.

We use these inputs to update our Single Risk Taxonomy, which consolidates in a single instrument all factors, events and impacts of risks inherent to the activities performed by the Bank and constitutes a basis to determine the relevance of the risks incurred by the Prudential Conglomerate of Banco do Brasil.

*Figure 2. Single risk taxonomy components*





Given the casual nature of the RSAC, it is classified as a factor in the Taxonomy that could lead to events potentially impacting other BB's relevant risks, requiring a preventive management process.

This instrument allows for the identification of potential risk factors – such as slave-like labor, soil contamination, drought, excessive rainfall, among others – in a non-exhaustive way and without overlapping their characterization and classification, as well as events and impacts of such risks.

To encompass a greater amount of information and mitigate biases, we added locational variables to the RSAC evaluation – fed by information from external sources, such as the identification of the Amazon Biome and vulnerability indices –, which allow us to glimpse how risks are distributed (or concentrated) in the Brazilian territory, with granularity at the municipality level, as it occurs in the external sources that feed them. The GER table includes the details of these variables.

Given the time horizons defined to monitor the exposure of the segments of Individuals, Rural Producers and Legal Entities and the concept of proportionality applied to the RSAC sensitivity method, we adopted the following assumptions:

**Table 2. Definition of periods**

Public	Short Term	Medium Term	Long Term
Individual	up to 1 year	from 1 to 4 years	from 4 years old
Legal Entity	up to 1 year	from 1 to 3 years	from 3 years old
Rural Producer	up to 1 year	from 1 to 5 years	from 5 years old

In addition to the information generated internally, when assessing customers and operations we use information from reliable external sources to manage Social, Environmental and Climate Risk, including:

- List of Labor Analogous to Slavery, issued by the Ministry of Labor and Employment;
- Penalties and Embargoes, from Ibama<sup>2</sup>;
- ICMBio<sup>3</sup> embargoes;
- MapBiomas Alerts Platform;
- Evaluation of Climate Risk of Economic Sectors, of NGFS (Network for Greening the Financial System)<sup>4</sup>;
- Public news concerning social and environmental events, from various media sources.

In this context, in order to complement the set of inputs used for management, daily monitoring of the situation of municipalities affected by climate events related to rainfall and drought is carried out, through consultation of official public databases. This information is processed in the Climate Event Monitoring Panel, making it possible to assess the impacts on the credit portfolio and promote, when necessary, actions for the adequate management of the granted credit.

Regarding losses related to Social, Environmental or Climate Risk, we carry out continuous monitoring, aiming at prevention and mitigation. In the definition of minimum criteria to identify losses, we have used the SARB<sup>5</sup> 14<sup>6</sup> and

<sup>2</sup> Brazilian Institute of Environment and Renewable Natural Resources.

<sup>3</sup> Chico Mendes Institute for the Conservation of Biodiversity.

<sup>4</sup> A program that aims to mobilize the global financial system to support the transition to a low-carbon economy.

<sup>5</sup> Banking Self-Regulation System developed for the Brazilian Federation of Banks (Febraban).

<sup>6</sup> Guidelines and procedures, established by Febraban, for the establishment and implementation of the Social, Environmental and Climate Responsibility Policy (PRSAC) by the Signatory Financial Institutions.





other instruments evidencing the identification of elements related to the RSAC found in the administrative and judicial proceedings to which the financial institution is a party. Based on BB's institutional system of Operating Losses, we created a database with the categorized loss events and which causes relate to Social, Environmental and Climate Risk.

In the process of monitoring these losses, we make continuous improvements to the database, supported mainly by the work of reviewing the list of events linked to operational losses and social, environmental or climate factors. In addition, no significant operational losses were identified in 2024 concerning social, environmental and climate events.

## Identification of significant concentration linked to Social, Environmental and Climate Risk, in BB's credit exposure

We developed the structure of the credit process based on risk and limit calculation methodologies, aligned with the best management practices, and undertook the processes of:

- registration;
- risk analysis and credit limit setting;
- analysis of investment projects;
- contracting and conducting operations; and
- risk management, with the support of regulations and a specialized organizational structure.

Specific aspects of Social, Environmental and Climate Risk that may impact the Institution are considered at all stages.

The identification and monitoring of risk exposures allow for the improvement of the management process as they help the responsible bodies decide on whether or not to carry out certain operations given the degree of risk, the "appetite" of the institution and the current concentration. Table 3 below provides an assessment of the sensitivity of the exposures to each of the risks for the macro sectors comprising BB's portfolio and their respective balances.



Table 3. Economic Macro sectors and its degrees of risk (basis of December/2023 and December 2024)

Macro sectors	Social	Environmental	Climate	Balance (%) 2023	Balance (%) 2024
Public Administration	Medium	Low	Low	13,84	15,51
Livestock Agribusiness	High	Medium	High	4,33	4,37
Farming Agribusiness	High	Medium	High	10,60	9,68
Specific Construction Activities	Medium	Medium	High	3,22	2,82
Automotive	Medium	Medium	High	4,54	4,76
Beverages	Low	Medium	High	0,29	0,28
Wholesale and Other Industries	Low	Low	Low	2,11	1,8
Retail	High	Low	Low	4,60	6,35
Heavy Construction	Medium	Medium	High	1,20	1,16
Leather and Footwear	Low	High	Medium	0,47	0,43
Eletroelectronics	Low	Medium	Medium	3,45	2,37
Power	Low	Medium	High	6,24	5,91
Real Estate.	High	Low	High	2,16	2,19
Institutions and Financial Services	Low	Low	Medium	5,03	4,11
Agricultural inputs	Low	High	High	3,05	2,73
Wood and Furniture	Medium	High	High	1,40	1,28
Mining and Metallurgy	Medium	High	High	4,79	4,05
Paper and Pulp	Low	High	High	1,00	1,12
Oil	Medium	High	High	4,62	5,83
Chemical	Medium	High	High	2,97	3,2
Services.	High	Medium	Low	10,19	10,58
Telecommunications	Low	Medium	Low	3,00	2,38
Textile and Clothing	Medium	Medium	Medium	1,83	1,74
Transportation	Medium	High	High	5,03	5,33

Scope: Typical Credit Operations of the domestic area + Private Securities of the domestic area + Agro Legal Entities portfolio + Acquired Portfolio. // Economic Sector View – Legal Entities Portfolio

In addition, we carry out sectoral market monitoring for credit portfolio management purposes and to support the credit analysis process of customers, observing the Social, Environmental and climate Risk to which they are exposed.

In addition to the sectoral view, we conduct a regional assessment of the sensitivity of Social, Environmental and Climate Risk considering all exposures of the Bank. The percentage of the balance of operations classified with high sensitivity to Social, Environmental and Climate Risk is presented and monitored for each region, allowing comparison of concentrations between the regions and support to the risk management.

It is worth highlighting that, in 2024, internal analyses were carried out on geographic concentrations of risk, and in view of the regulatory adaptations resulting from CVM resolutions 193<sup>7</sup> of 10/23/2023, updated by CVM 219 of 10/29/2024, and CMN 5.185<sup>8</sup>, of 11/21/2024, as well as the discussions fostered by the public consultations on climate risk disclosures (Bacen Public Consultation 100/2024<sup>9</sup>) and the Brazilian Sustainable Taxonomy<sup>10</sup> (open for contributions until March/25), we will carry out reviews in the disclosure structure of regional concentrations of the RSAC sensitivity methodology, in order to align it with the new classification of Brazilian economic activities and the new financial disclosure standards related to sustainability and climate change.

<sup>7</sup> It provides for the preparation and disclosure of financial information reports related to sustainability, based on the international standard issued by the International Sustainability Standards Board – ISSB.

<sup>8</sup> It amends Resolution no. 4.818, of May 29, 2020, which consolidates the general criteria for the preparation and disclosure of individual and consolidated financial statements by financial institutions and other institutions authorized to operate by the Central Bank of Brazil.

<sup>9</sup> Second phase of the disclosure requirement on risks and opportunities related to social, environmental and climate aspects, including the inclusion of new requirements associated with metrics and targets, through standardized tables in the GRSAC Report.

<sup>10</sup> This instrument consists of a classification system that defines, in a clear, objective, and scientifically based manner, activities, assets and/or categories of projects that contribute to climate, environmental and/or social objectives, through specific criteria.



## How BB's business, strategies and capital management approach Social, Environmental and Climate Risk events

Committed to maintaining a leading role in sustainability and promoting business and ESG practices, BB approaches aspects related to Social, Environmental and Climate Risk in its business activities, strategy and capital management.

Our commitment is reflected in the initiatives and pacts we have signed, such as the Equator Principles, the TCFD, the Green Protocol, the Principles for Responsible Investment (PRI), and the Business Ambition. It is also reflected in the way we approach social, environmental and climate issues while performing and developing our business activities, strategy, financial planning and improving the risk management processes.

In the process of developing the ECBB and the Master Plan, which is reviewed annually for a five-year approach, several areas take an active role in the execution of each stage – diagnosis, prioritization of uncertainties, preparation of a SWOT<sup>11</sup> matrix and scenarios, guidance from the senior management, defining strategic objectives and their respective indicators and goals.

In the diagnosis stage, we carry out competitive intelligence studies on the financial industry, macroeconomic analyses, identification of trends and critical uncertainties, which may impact the Bank's present and future performance, as well as assessment of any relevant risk factors, which include, among others, possible social, environmental and climate events.

In order to adopt mitigation measures and/or review the established strategies, we continuously assess the risks of changes to business environments, which include, among others, the possibility of social, cultural and environmental changes, such as demographic issues, changes in customer behavior, ESG factors and adverse climate or health conditions (e.g., catastrophes and pandemics).

In view of the foregoing and aligned to the ECBB, especially concerning the generation of sustainable results for the Bank, we reviewed our RAS<sup>12</sup> to inform the risks and respective degrees we are willing to assume. In the 2024 RAS review, the RSAC Operating Loss Tolerance Limit was maintained as a percentage of principal capital. As an improvement, limits related to maximum percentages of exposure were adjusted as to the level of susceptibility to RSAC.

Regarding business opportunities, we highlight the [Sustainability Plan – BB Agenda 30](#), which objective is to improve business and administrative practices by consolidating social, environmental and governance initiatives and indicators. In addition to improving social and environmental development, the business lines provide for the mitigation of Social, Environmental and Climate Risks both for the bank and for other stakeholders.

We also have business, products, and services for all our stakeholders aimed at promoting a greener, more diverse, and inclusive economy. Those associated with agribusiness and the Harvest Plan, which predominate in BB's Sustainable Business Portfolio (41.1% in 4Q24), drive activities and improvements in the country's agriculture and livestock sectors.

In the context of Biodiversity, BB has sought to promote sustainable activities that contribute positively to the conservation and restoration of vegetation and biodiversity in the Legal Amazon, and with this, identify new opportunities for action in the sustainable business value chain, based on relevant social, environmental and climate

<sup>11</sup> Strategic planning technique used to assist in identifying the strengths, weaknesses, opportunities, and threats of the object/subject being analyzed.

<sup>12</sup> Acronym for Risk Appetite Statement.



issues and strategic themes for sustainable development, as well as mitigate potential social, environmental and climate risks.

The review of the [2024 Credit Sustainability Guidelines](#) included, among other advances, the addition of new activities to the Exclusion List, such as: human trafficking, landmines, weapons of mass destruction, unconventional oil and gas (tar sands, shale oil and gas, and in the Arctic – hydraulic fracturing and drilling), coal extraction and generation of thermoelectric power from coal – except when the purpose is to transition its activities to a low-carbon economy or energy efficiency.

In the relations with our suppliers, we aim to improve treatment and working conditions. Through our [Specific Policy of the Bank's Relations with Third Parties](#), we seek to demonstrate our culture and the values we defend in our relations with suppliers and their employees in the purchasing, contracting, and disposal of materials processes.

Accordingly, we include contractual clauses in which suppliers represent to be aware of and respect our code of ethics, rules and policies, among other guidelines.

Finally, we check on our suppliers during the contractual term, and if they are found to be in breach of any provisions or legislation, then we file administrative proceedings that may result in administrative sanctions or, ultimately, in unilateral contractual termination.

## Events of change to climate patterns and transition to a low-carbon economy that BB uses as the bases for assessing various scenarios.

BB is aware that climate change is a relevant and urgent issue to be approached and that it is important for national governments, the private sector and society to join forces to reduce the emission of Greenhouse Effects (GHG) and promote the adaptation of communities living in areas under climate vulnerability, which is why the Bank is committed to transition to a low-carbon economy according to the BB 2030 Commitments for a more sustainable world.

Given this context, we developed comprehensive climate change scenarios applied to economic macro-sectors and based on scenarios provided by the IPCC for Physical Climate Risks, and by the NGFS for Transitional Climate Risks.

We selected scenarios more compatible with the perceptions highlighted in the [IPCC Sixth Assessment Report](#) with the purpose of forecasting potential impacts of climate change on Brazilian agriculture and livestock and other economic sectors relevant to BB's business.

The choice for two scenarios of Physical Risk and the other two of Transitional Risk resulted from the understanding that, together, they cover a sufficient range of feasible possibilities for Brazil.

Here are some of the scenarios used as reference:

### Physical Risk Scenarios

- **RCP 4.5:** intermediate scenario, consistent with a future with relatively ambitious reductions in emissions, where by 2080 we will have reached a 50% reduction in global emissions. Despite the current efforts and bold goals, we would still have an approximate rise of 2°C in temperature;
- **RCP 8.5:** a severe scenario, where GHG emissions would not stop increasing until the end of the century and the average temperature of the planet's atmosphere would increase by about 4°C.



## Transitional Risk Scenarios

- **Net Zero 2050:** the most ambitious scenario, with global warming limited to 1,5°C as a result of stricter climate policies and greater innovation, making it possible to achieve net zero CO<sub>2</sub> emissions by 2050. In this scenario, the physical risk is relatively low, while transitional risk is high;
- **Current Policies:** assuming that only the policies currently implemented will be carried out, resulting in high physical risk. Under the transitional risk approach, this scenario has little impact with governments and regulatory bodies refraining from acting.

Given the conjuncture, the scenarios developed are:

- Increase of temperatures below to 2°C** (aligned with Representative Concentration Pathway (RCP) 4.5 and Net Zero 2050), assuming full compliance with the Paris Agreement<sup>13</sup>. In this scenario, the policies are stricter, with the purpose of achieving zero net CO<sub>2</sub> emissions by 2050 and limiting the increase in average temperature to 2°C.

There has been a massive investment in technology to achieve these goals. Institutions and society have demanded a more sustainable position from all economic agents. The carbon pricing process intensifies, with some sectors having to become more adaptive.

As a result, Physical Risks tend to be mitigated and new sources of energy and raw materials will be developed, resulting in low damage to production and to the population;

- Average increase of 4°C** in temperature at the end of the century (equivalent to RCP 8.5 and the Current Policies), assuming non-compliance with the Paris Agreement and following current trends in emissions. In this scenario, little to no legal or regulatory changes in the climate field would lead to a significant increase in global GHG emissions, which tends to materially heighten physical risks.

Regarding Transitional Risk, we do not expect anything much different than what we have already seen in current times. No progress is expected for the pricing process. The demand for sustainable products and services will remain without incentives and will grow very slowly and gradually. The policies to induce a low-carbon economy and the regulations of GHG emissions will not require significant adaptations and technological investments and will not impact the sectors in any material way.

As for Physical Risk, it is expected that there will be an increase in the frequency of extreme climate events to the point of worsening water scarcity and decreasing the availability of resources and raw materials, thus threatening the maintenance of activities and the survival of the population.

Between the two scenarios developed, the difference is in the trajectory of climate change, given the measures taken, and in the degree of severity of the impacts in the short, medium, and long terms.

We will now present the criteria used to assess the risks and their impacts in the mentioned scenarios:

<sup>13</sup> In 2015, during the United Nations Framework Convention on Climate Change (COP 21) in France, 196 countries committed to adopting targets to reduce greenhouse gas emissions, with the aim of reducing emissions from their production processes, in an attempt to combine efforts for the benefit of a low-carbon future, in which average global warming does not exceed 2°C above pre-industrial levels.





Table 4. Criteria used in the development of Climate Change Scenarios

## Criteria for Evaluation of Climate, Physical and Transition Risk to Brazil

<b>Physical Damage</b>	It refers to the damage caused by extreme weather events and gradual climate change on the fixed assets of companies, as well as possible physical losses or a decrease in productivity or indirectly causing subsequent events, such as the disruption of supply chains. The sectors most vulnerable to this type of risk are those intensive in capital goods, such as the agribusiness, industrial, energy sectors, among others.
<b>Water scarcity</b>	It refers to changes in the availability of water and rainfall patterns in the country. The consequence of water scarcity is a reduction in the supply of food by the agribusiness sector and the compromise of the supply of electricity in the productive sectors.
<b>Power</b>	Extreme weather events directly affect the supply of energy services, through changes in the availability and reliability of renewable sources, such as water (rainfall) for hydroelectric power plants. Climate change also threatens infrastructure and facilities for exploration, extraction, and conversion of energy, for example, offshore oil and gas platforms, refineries in coastal areas, etc. In addition, climate change alters the efficiency of energy conversion devices (photovoltaic panels, internal combustion engines, thermal power plants, etc.).
<b>Productivity</b>	It refers to the relationship between the means, resources employed, and final production with the damage caused by extreme weather events to economic sectors.
<b>Technology</b>	Efforts to adopt or adapt technologies, products, and services with lower GHG emissions. It typically involves high costs and high capital investment.
<b>Regulatory</b>	Regulatory changes that encourage the transition to a low-carbon economy. It represents the regulatory framework that supports the transition to reduce or eliminate the use of fossil fuels in carbon-intensive production and consumption, requiring significant process change, with migration to activities that promote neutral emissions in all, or most part of the economic sectors. The implementation of alternative technologies can generate significant cost increases, while the adoption of regulatory policies can induce the transition through the increase in the implicit value of emissions.
<b>Change in consumption behavior</b>	The sensitivity and resilience of sectors to climate change will affect society's consumption patterns through the demand for new types of services and products. Sectors that supply energy efficiency and renewable energy generation equipment may find opportunities, as may the financial sector, through the creation of specific products aimed at promoting a low-carbon economy, proving to be a key player in this transition, acting as an intermediary for the production sector. Some sectors will be more affected than others in the search to meet market demand and the ease or difficulty they will encounter in this regard.
<b>Pricing of emissions</b>	To encourage the reduction of carbon emissions, the allocation of costs to the sectors that emit the most GHG is considered, which may affect the cost structure of the most emission-intensive companies, such as those in the oil and gas, heavy industry, and thermoelectric power generation sectors. In contrast, sectors with low or negative GHG emissions, such as forestry and renewable energy generation, can sell credits and rights, obtaining carbon emission revenues. It is expected that the pricing of emissions will become a material risk in the medium term.

Regarding Physical Risk, we apply the following criteria to develop our narrative: dependence on electricity and water usage (water scarcity), agricultural inputs/products used in the production chain, and sensitivity to climate events (physical damages).

Extreme climate events (droughts and heavy rainfall) may damage the operating structures and result in logistical difficulties, increased costs and halting of customer activities, thus increasing the levels of default.

Given our dependence on hydroelectric plants for power generation, in periods of water scarcity, it may be necessary to activate thermoelectric plants – which are less sustainable for being powered by fossil fuels, entailing higher costs with power generation –, potentially increasing the price of electric energy supply, impacting the



budget of families and companies, hampering industrial activity by reducing the supply of products and increasing prices.

As for the Transitional Risk, our analysis is based on the following criteria: GHG emission prices, the need for technological adaptation, regulations to encourage embracing the low-carbon economy and changes to consumption patterns (reputation).

Considering the market and technology changes, we may witness an increasing demand for a responsible conduct of companies, which tends to lead to a change in the supply/demand of certain products/services, risking the continuous operation of some companies and segments.

In the legal and regulatory fields, certain changes may require that the companies improve their capacity for adaptation/preparation to embrace a low-carbon economy, which may adversely affect their results and the maintenance of their business for some time.

In terms of reputation, should the market expectations for a better social, environmental and climate conduct not be met by the companies, it is possible that their revenues and credit lines will be affected, risking the continuous operation of those companies.

The future of fossil fuel prices and volumes, along with the decarbonization of the energy sector by shifting to alternate energy sources and deployment of carbon capture and storage (CCS) sources are critical factors in the transition to a zero-carbon economy.

From time to time, Banco do Brasil conducts stress tests that consider climate change variables. The results from those tests allow for the identification of attention points or weaknesses and capital adequacy and liquidity.

During the cycle, we developed our scenarios by conducting stress tests considering the “unfavorable hydrological cycle” — when there are no sufficient water resources to supply the demand for a certain water system and period, either through quantitative or qualitative deficiency of springs —, as Brazil has experienced, for little more than two decades, more water scarcity events — drought —, becoming the main climate risk responsible for the losses experienced.

In 2023, a stress test was developed considering the occurrence of a Super El Niño. The effects of the climate phenomenon were assessed both in the Individual Rural portfolio (for selected crops and regions) and the Legal Entity portfolio (economic sectors). Upon the occurrence of a super El Niño scenario, the simulations conducted over the impact on BB’s business structure showed the Bank would be resilient, absorbing the resulting effects.

In 2024, considering the configuration of the La Niña phenomenon and its possible consequences for the institution’s business, an update of the Stress Test exercise was carried out, incorporating national and international assumptions with the occurrence of a strong La Niña. Both the vision in the Rural Legal Entities portfolio (for selected crops and regions) and the Legal Entities portfolio (economic sector view) were evaluated. Upon the occurrence of a super El Niña scenario, the simulations conducted over the impact on BB’s business structure showed the Bank would be resilient, absorbing the resulting effects.

The stress test exercise update improves and strengthens the Bank’s risk management actions, directs strategic actions, as well as meets regulatory needs and strengthens the topic with Senior Management and business management areas regarding the impacts of climate change on BB’s portfolio.

Also in 2024, we developed transition climate risk scenarios for BB, with the purpose of identifying the impacts of carbon neutrality trajectories for Brazil and seeking to understand how each trajectory affects the institution’s



business, and thus guide strategic decisions, strengthening and improving risk management, we defined transition risk scenarios for carrying out sensitivity analyses or applying stress tests. We developed a sensitivity analysis applied to BB's credit portfolio based on the selection of transitional climate risk scenarios from the NGFS. Among the available reference scenarios, the scenarios with the highest transition risk and their best suitability for Brazil were selected from the "Fragmented World", "Net Zero", and "Delayed Transition" perspectives. The projections from BB's Macroeconomic scenario were also compared to the indicators of the NGFS reference scenarios. In the work, emphasis was given to the dynamics of the impacts, allowing the identification of the main economic sectors affected.

Conducting a sensitivity analysis provides a clearer view of the impacts of the Transitional Climate Risks on BB's credit portfolio, providing material to assist other processes, such as capital management and stress tests.

## BB's ability to adapt to potential changes in climate patterns and to the transition to a low carbon economy.

The companies must be able to face the changes, whether they are of climate, legal, social or environmental nature. In this context, our initiatives are guided by the Sustainability Plan – BB Agenda 30, an instrument that fosters sustainable business and practices.

The narratives developed for the scenarios also allow us to evaluate various activities associated with strategic planning, identifying the need for improvements in advance.

By analyzing how each criterion listed can impact our business, we can better offer new financial instruments to the market, such as credit for new technologies, issuance trading platforms and green loans, taking advantage of shared value opportunities. It is also possible for BB to timely align its risk appetite with mitigation actions, both for Physical and Transitional Climate Risks.

To encourage actions to reduce GHG emissions, we undertake efforts to:

- projects for the generation, distribution, and consumption of renewable energy, including decentralized microgeneration;
- energy efficiency projects for industries, aiming at replacing them with more efficient machinery 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 Brazilian Climate Change Policy and the Brazilian Policy for Reduction of Emissions;
- engagement with governments, universities, companies and the third sector to jointly promote actions that contribute to the transition to a low-carbon economy.



These measures, along with the [BB 2030 Commitments](#)<sup>14</sup> to promote a more sustainable world, are the grounds for our support to employees, customers, investors, suppliers and society to transition to a more sustainable portfolio of products and services and practices that generate value for people and the environment.

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<sup>14</sup> All commitments are aligned with global goals, such as the Paris Agreement and the SDGs (Sustainable Development Goals).



# GER Table: Social, Environmental and Climate Risk management processes

Description of the Social, Environmental and Climate Risk management structure.

## Social, Environmental and Climate Risk identification, measurement and assessment process

According to the definition of express responsibilities under the adopted MRLD, the RSAC management is developed in several areas of the company, always according to the scope of activities assigned. We use tools to assist the RSAC identification, including:

- a) Registration notes related to the issue in an automated way;
- b) Assessment Questionnaire on Levels of Environmental, Social and Climate Responsibility (QRSAC), applied in the risk and credit analysis of Large Corporate, Corporate and other larger customers, in addition to more sensitive projects;
- c) Midia monitoring;
- d) Social vulnerability index;
- e) Register of employers who have subjected workers to conditions analogous to slavery;
- f) Public lists, such as embargoes and environmental penalties, and list of contaminated areas;
- g) Customer visit report;
- h) Monitoring system of political, regulatory and marketing changes allowing for the adaptation and improvement of the management process;
- i) Due Diligence of suppliers.
- j) Social, Environmental and Climate Due Diligence, in accordance with the figure below.



Figure 3. RSAC Due Diligence



It is worth mentioning that the Assessment Questionnaire on Levels of Environmental, Social and Climate Responsibility has incorporated the new regulation issued by the CMN and the Central Bank of Brazil on Social, Environmental and Climate Risk, with groups of questions defined by the type of risk (social, environmental and climate), the size of the customer under analysis and the sector. In 2024, the inclusion of specific questions was also approved in compliance with Febraban's SARB 26/2023 regulation, which aims to manage the risk of illegal deforestation in the granting of credits to refrigerated warehouses and cattle slaughterhouses in the Legal Amazon and Maranhão.

In 2024, 5.577 questionnaires were applied, of which 36 referred to the analysis of investment projects.

The routines, tools and procedures comprising the Social, Environmental and Climate Risk Due Diligence process, reflecting compliance with the applicable legislation, regulations, policies, guidelines and rules, initiatives and commitments assumed by the Bank, adopted in all stages of the credit facility granting process, were organized and internally disclosed in a single environment.

In the development of products and services, we adopt a flow that includes prior verification of ESG characteristics and impacts. The adopted procedures include guidance for managers, a questionnaire for gathering information and a Social, Environmental and Climate Risk FAQ. This flow includes specialized analysis from the ESG and Internal Controls areas and aims to assist managers at the Bank in identifying risks associated with social, environmental and climate factors.

In the measurements of Social, Environmental and Climate Risks conducted, in addition to the processes of identification and evaluation of risks already provided for in the State Law (Law No. 13303/2016), in the Complementary Legislation, in the Regulation of Bids and Contracts of Banco do Brasil S.A. (RLBB) and those inherent to procurement and contracts, we use complementary and specialized Due Diligence instruments,



including structured questionnaires, research conducted in open sources and internal databases of information of the companies evaluated and their respective administrators, KRI indicators<sup>15</sup>, analytical solutions and on-site visits.

We adopted indicators and a methodology of sensitivity to the RSAC based on three viewpoints – Economic Sector, customer and Operation –, as well as an analysis on the geographic region where the operations are conducted, allowing us to classify, evaluate and monitor customers according to the degree of risk inherent to their activities.

We established a set of indicators to measure and monitor risks. With the new resolutions adopted previously and during 2024, we revised the nomenclature and the calculation formulas of the Social, Environmental and Climate Risk Sensitivity Assessment indicators and methodology.

With regard to the effective risk measurement through the RSAC sensitivity assessment methodology, we use information related to social, environmental and climate aspects, among which we highlight the following:

- List of labor analogous to slavery;
- Child labor;
- Largest labor debtors;
- Disqualified and suspended companies;
- Sustainable portfolio;
- Rural insurance;
- Proportionality<sup>16</sup>
- Amazon Biome<sup>17</sup>.

In terms of Sectoral Climate Risk, we evaluated our exposure using [Febraban's Climate Sensitivity Assessment Tool](#) (Régua de Sensibilidade Climática) adapted to our macro-sectors. We evaluated scenarios demonstrating the potential impacts of climate change on BB's credit portfolio, applying a sensitivity analysis and verifying the resilience of our corporate strategy.

At this stage, we analyzed the economic sector associated with customer activities, checking the possibility of exposure to Climate Risk as classified by the TCFD.

Also in sectoral terms, we monitor occurrences of climate events and their potential impacts on the several sectors of the economy, particularly regarding agribusiness chains, in order to timely anticipate management movements in the credit portfolio. Using the Climate Monitoring Report as our basis, we also performed a climate diagnosis and analyzed the condition of the crops from the main agricultural commodities affected during the quarter, in addition to the climate prognosis for the next period. The Geo-Social and Environmental Diagnosis provided us with data on the overlapping of financed plots from various sources: Brazilian States (IBGE), Biomes (IBGE), Embargoed Areas (IBAMA/ICMBio/SEMAS), Conservation Units (ICMBio/MMA), Vegetation (IBGE), Climate (IBGE), Relief (IBGE), Watersheds (IBGE), Soils (IBGE) and Agricultural Potential (IBGE), among others.

<sup>15</sup> The operational risk management framework, third-party risk category, supplier topic, establishes, through Social and Environmental Due Diligence applied to suppliers, the supplier's risk score in each assessment. In addition, the framework also establishes Banco do Brasil's exposure score to operational risk, third-party risk category, supplier topic in the assessed topics.

<sup>16</sup> It takes into account the term of the operation and the balance amount.

<sup>17</sup> The IBGE provides a list of municipalities that compose the Amazon Biome, enabling the identification of customers who reside in these locations. We understand that customers who are located in these areas are more likely to incur environmental risk events.



Given our concern with maintaining our operational activities in the face of the adverse impacts of climate change, we conducted a sensitivity analysis on BB's portfolio, focused on the economic macro-sectors, considering physical climate and transitional events, as presented in the EST table.

In the climate risk management process, we identify and assess the impacts of Physical and Transition Risk. For Physical Risk, we apply stress tests considering climate variables, such as the increase in the intensity of the El Niño or La Niña phenomenon, to assess potential effects on the credit portfolio. In the case of Transition Risk, we conduct sensitivity analyses based on NGFS scenarios, examining how different macroeconomic trajectories may affect our business.

Within the scope of the Social, Environmental and Climate Risk Assessment of Third Parties, subcategory suppliers, we carried out a multidimensional approach to address risk factors and events and the possibility of financial losses arising from the process of supply of goods and/or provision of services by suppliers and damages to the reputation of the institution.

We used scenarios developed internally and our methodology with defined, controlled and monitored risk ranges to determine the level of exposure of the suppliers to Social, Environmental and Climate Risk.

We assessed the sensitivity to Physical Climate Risk of BB's own and relevant physical facilities, considering the guidelines of the TCFD and the Regulator. The Methodology assists with the mapping of the premises with more exposure to Physical Climate Risk events, considering the degree of relevance and impact to BB based on their history and other listed factors.

In 2024, we conducted two reviews of the methodology for assessing the impacts of physical climate risk on BB's premises. The updates included improvements to the information sources, which generated alerts for internal use. Thus, since November 2024, we have been monitoring daily the meteorological warnings of danger and high danger that are published on the Inmet website for the day and comparing them with the updated diagnosis of the premises' exposure. As a result, BB's premises are located in municipalities with a probability of occurrence of relevant climate events. In addition, we also highlight the intensification of communication with the premises to obtain information and send guidance.

The assessment of the level of exposure in BB's premises allows us to analyze the impacts and vulnerabilities, ensuring we can remain operational and provide services to the customers and adopt mitigating measures according to the geographic region, develop an ability to adapt in the face of climate changes, find new opportunities and improve our risk management.

## Criteria used for the classification of exposures to Social, Environmental and Climate Risk

For the Social, Environmental and Climate Risk assessment of Third Parties, focused on the Supplier subcategory, we have developed indicators to measure the exposure of the bank that take into account the results of individual assessments of target suppliers and assigned specific weights to the assessments with higher risks.

Regarding the classification of exposures in our credit portfolio, we adopted a specific methodology based on the RSAC approach in which the exposures are evaluated according to three viewpoints – Economic Sector, customer and Operation – and we also consider, in the analyses, the geographic region where the operations are conducted.

### Economic Sector Viewpoint



Within the scope of Social Risk, we assessed the impact on each macro-sector as “Relevant” for higher balances and “Low” for minor ones, considering occurrences of risk events relating to:

- Slave-like labor;
- Largest labor debtors;
- Child labor;
- News relating to Social Risk and verified through the media monitoring process.

We have also weighted Social Risk for certain economic sectors, referenced in the [Guide for Social Risk Management](#).

In the Environmental area, besides the classification provided by the [Brazilian Environmental Policy](#) (Law No. 10165/2000), which ranks potentially polluting activities and users of environmental resources, we count the number of violations according to Ibama data (embargoes and penalties applied), ICMBio embargoes, and news related to Environmental Risk events from the media.

As for Climate, we use the Climate Sensitivity Assessment Tool (Régua de Sensibilidade Climática) proposed by Febraban, which describes the various economic activities/sectors with high and medium exposure to Climate Risk, and that is adapted to our macro-sectors.

## Customer Viewpoint

In the Customer viewpoint, for Social and Environmental Risk exposures, in addition to the classification of the macro sector, we consider the customer’s registration information, determined by the presence of derogatory information and notes (of a social and environmental nature), as well as other information related to locational risk, such as the Social Vulnerability Index (IVS) and the identification of the Amazon Biome.

For Climate Risk, we consider the macro sector, the customer’s proportionality and the customer’s region of activity. This last criterion is called locational risk, which is given by the [Natural Disaster Vulnerability Index](#) (IVDNS) of the municipality where the activity that is the purpose of the operation takes place.

## Operation Viewpoint

We assess our credit operations regarding exposure to Social, Environmental and Climate Risk, considering the weighted average term of the operation and the exposure balance, in addition to information on the economic sector and the variable of inclusion in the Sustainable Business Portfolio<sup>18</sup> – which lists operations that have positive social and environmental externalities, according to the characteristics of the credit lines and borrowing sectors.

Specifically for Climate Risk, concerning the operations of rural producers, we also verify the existence or not of agricultural insurance. The table below shows the mitigating values to the agricultural funding for the rural operations with the Bank.

<sup>18</sup> It has independent external verification by Nint/ERM (formerly Sitawi), in line with the main global taxonomies.

Table 5. Insurance in the Working Capital for Input Purchase – R\$ million<sup>19</sup>

	Crop 22/23	Share %	Crop 23/24	Share %	Crop 24/25	Share %
<b>Working Capital for Input Purchase</b>	<b>51,728</b>	<b>100.0</b>	<b>47,921</b>	<b>100.0</b>	<b>36,267</b>	<b>100.0</b>
<b>Total Insured</b>	<b>29,959</b>	<b>57.9</b>	<b>25,581</b>	<b>53.4</b>	<b>18,144</b>	<b>50.0</b>
Crop Insurance	23,784	46.0	20,559	42.9	14,235	39.3
Proagro	6,092	11.8	4,933	10.3	3,829	10.6
Hedge Price	83	0.2	88	0.2	80	0.2
<b>Without Insurance</b>	<b>21,769</b>	<b>42.1</b>	<b>22,340</b>	<b>46.6</b>	<b>18,123</b>	<b>50.0</b>

## Mechanisms used for timely identification of political, legal or regulatory changes that may impact the climate transition risk incurred by BB.

In the current Information Age, it is essential to monitor and timely identify political, legal or regulatory changes that may impact the climate transition risk incurred by the institution. We use mechanisms to identify and monitor these changes to ensure constant and timely update.

### Political Changes

Given the relevance of the matter, BB instituted an Institutional Relations Management to be responsible for coordinating the institution's relationship with the Brazilian Executive and Legislative Branches regarding legislative matters being drafted and under deliberation by the Brazilian Congress.

It is a way to enhance opportunities and mitigate risks by identifying issues in advance that may impact the Bank. We also monitor, via open data, the matters submitted and all the projects under deliberation by the Brazilian Congress.

We have a tool of our own that allows for a large-scale monitoring of activities (parliamentary pronouncements, pleas, public hearings and legislative matters) and instruments (bills, provisional measures, information requests, indications, draft resolutions, among others) under consideration by the Brazilian Congress or its Houses (Chamber of Deputies and Senate) and Commissions.

### Legal or Regulatory Changes

For monitoring regulatory requirements and legal changes, we use analytical methods that allow for an automated capture and analysis of information from the websites of major regulators.

In possession of the information obtained, the areas responsible for internalizing the rules assess their impact and propose any timely necessary actions to ensure that BB's products, services, processes and channels always remain in compliance with the requirements of regulatory bodies.

<sup>19</sup> Source: [4Q24 Management Discussion and Analysis Report](#), p. 82.





## State Water Permit/Grant Regulations

In addition to the processes already mentioned, we also monitor the Brazilian federal, state and municipal regulations, such as issues of water grants<sup>20</sup> and other environmental licenses<sup>21</sup>.

We monitor changes in the Brazilian federal, state and municipal legislations using the media available – Official State Gazette, environmental agency website and so on.

## Mechanisms used to address interactions between the Social, Environmental and Climate Risk and other risks.

Within the integrated risk management, description of mechanism used for treatment of interactions between Social Risk, Environmental Risk and Climate Risk, and then among those risks and others incurred by the institution, according to the provisions of Article 38-E of Resolution No. 4557 of 2017.

BB's risk management structures allow for an assessment of the level of exposure to financial and non-financial risks, as well as their interactions. Social, Environmental and Climate Risks can generate impacts on other relevant risks of the institution given its transversality and causality. Thus, our Risk Corporate Taxonomy relates the events of Credit, Market, Operational, and Liquidity Risks to Environmental, Social and Climate Factors.

Understanding that events related to relevant risks may expose BB to reputational risk, we monitor mentions to the Bank and the ELBBs in posts and notes published in the digital media and social networks regarding sensitive themes, including those of social, environmental and climate nature.

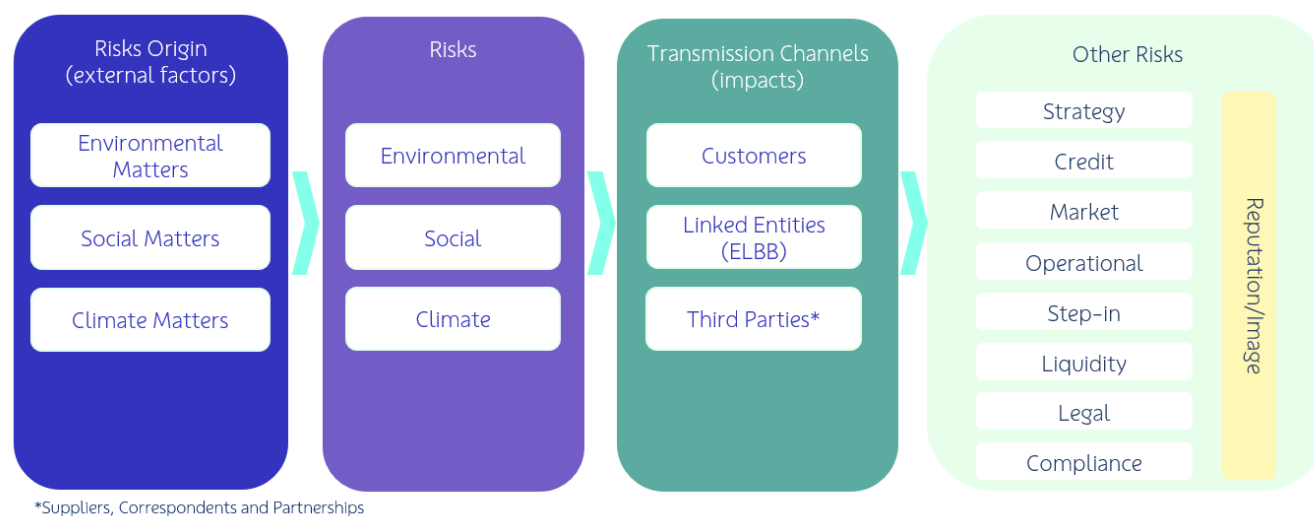
The integrated risk management makes it feasible for BB to monitor its exposure, identifying overlaps between various categories, obtaining a better assessment of the impacts on the interactions between risks, leading to improved management and the adoption of more assertive strategies and mitigators, such as:

- a) identification of operational losses relating to RSAC factors for understanding of BB's exposure; and
- b) preventive management process to minimize further risks.

<sup>20</sup> The Grant is the legal instrument that ensures the user the right to use water resources; however, this authorization does not give the user ownership of the water, but rather the right to its use.

<sup>21</sup> Environmental License is the administrative act by which the competent environmental agency establishes the conditions, restrictions, and environmental control measures that must be followed by the entrepreneur to locate, establish, expand, and operate enterprises and activities that use environmental resources considered to be effectively or potentially polluting or those that, in any way, may cause environmental degradation, pursuant to Art. 1 of Conama Resolution No. 237/1997.

Figure 4. RSAC and other risks Integration



Climate Risk can occur in several ways. The table below presents a non-exhaustive list with examples of several types of physical and transition risks and how they result in direct or indirect risks to the institution, split into four types of risks managed by BB.

Direct impacts are easily identified because it is a simple matter of cause and effect. On the other hand, indirect impacts result from a secondary reaction or as part of a chain of reactions in the financial market, in local economies or in other companies.

Table 6. Materialization of impacts of climate risks in other risks

Risk – definition	Physical Risk		Transition Risk	
	Direct	Indirect	Direct	Indirect
<b>Credit Risk</b> – Possibility of losses arising from the non-compliance by the borrower or counterparty with its respective financial obligations under the terms agreed upon, the devaluation of credit agreement resulting from the deterioration of the borrower's risk classification, the reduction of gains or compensations, the advantages granted as of the renegotiation and recovery costs.	Increase in the frequency and severity of climate events results in damage for the customer and/or damage to their property, which may increase the possibility of default, as well as devaluation of good pledged as collateral	Increase of direct damage resulting from severe climate events elevates the costs of insurance and/or price of inputs, which affects the customer's ability of payment.	Change in the customer's behavior alters the profitability of companies that take longer to adapt to low carbon economy.	Low profitability of intensive carbon industries results in the reduction of local economy production, increase of unemployment and risk of default (decrease in regional GDP)
<b>Market Risk</b> – Possibility of losses arising from the fluctuation of the market value of instruments held by the institution.	Heat and drought cause variability in agricultural production or severe climate hinders commodities supply chains, which results in volatility of prices	Increase in frequency and severity of extreme climate events in high-risk regions results in systemic change of types of crops produced in affected regions.	Reduction in demand, by the consumer, for less sustainable and high carbon emissions products/services, will impact negatively on the equity value of slow transaction companies.	The demand sustained for green assets linked to restrictions in the production chain shall result in the volatility of such prices.
<b>Operational Risk</b> – Possibility of losses arising for failure, deficiency or inadequacy of internal processes, persons and systems, or external events.	Severe climate events may cause damage to the Bank's structure, resulting in the temporary interruption of services and business. In addition, it may cause operational loss arising from the devaluation of non-use goods.	More frequent and destructive Climate events in high physical risk regions lead to the migration of companies and residents to other areas, generating challenges for contracting and maintaining employees for residents.	Implementation of new business models, the preparation of reports in relation to goals related to climate and advent of several regulatory expectations in relation to the matter in a global level, lead to an operational risk increase, due to inadequate implementation.	Regulatory and ambiguous legal scenarios, and in fast evolution on climate matters causing conflicts against the financial sector and promoting the increase of legal and compliance costs.
<b>Strategy Risk</b> – Possibility of different results from the initially expected, because of changes in the business environment or use of inadequate assumptions during decision-making processes.	Maintenance of business strategy with customers/sectors increasingly susceptible to severe climate events, reducing their profitability.	Decision for the maintenance of bank unit's facilities in locations with high exposure to physical climate risk.	The Bank is not able to attract green businesses as society changes for a low carbon economy model, which affects its ability to achieve its climate related goals, and, therefore, affects its reputation.	Customers not achieving climate goals may cause misalignment to BB's strategy.



## Social, Environmental and Climate Risk monitoring, control and mitigation processes

### Business

Regarding our client portfolio, BB monitors its exposure to Social and Environmental Risks through established indicators and limits, enabling the adoption of initiatives to reframe the exposure in case of deviations.

Given their relevance for the Bank, BB controls the exposure to Social, Environmental and Climate Risk by establishing limits, as provided in our RAS, and monitoring indicators that help us control the exposure of the credit portfolio.

In 2024, we enhanced the extent of the RSAC indicators to better capture the concentration of the portfolio exposed to risk and achieve a global monitoring of the exposure and its inputs. Besides tracking the limits under the RAS level, we monitor the indicators using the Management Panel, reporting to CEGRC.

Through the monitoring tool, we have implemented the daily monitoring of levels of alert or emergency in the dams, according to information provided by the Brazilian Mining Agency, and developing a customized analysis should the situation become more severe.

Regarding the management of Physical Climate Risks of the Agribusiness portfolio, there is a set of tools, reports, and monitoring panels that make up a network for verifying and monitoring the rural credit portfolio.

This monitoring network covers everything from customer registration to the contracting and conducting phases of rural credit operations with different approaches, whether due to the scope of verification or strategic management directions of the portfolio, as we will discuss below.

We have developed the Harvest Monitoring Panel that helps us monitor climate impacts on crops, mapping situations of excessive heat, disease, drought, excess rain, frost, hail, fire, pests, strong winds, or multiple occurrences.

Concerning deforestation, we have developed RSAC mitigation actions that aim to inhibit illegal deforestation, assist in the acculturation of good practices within the value chain, and promote the recovery of pastures and degraded areas. For example, we do not grant rural credit to benefit properties that are on the list of embargoed areas due to illegal deforestation or fires published by Ibama. We use tools aimed at identifying and mitigating risk and have guidelines, commitments, and indicators aimed at promoting the recovery of degraded areas. We are also a member of SARB 26, aimed at cattle slaughterhouses and refrigerating warehouses in the Legal Amazon and Maranhão.

### Third Parties and Suppliers

For the Social and Environmental Risk of Third Parties, focused on the Supplier subcategory, we have established indicators and exposure limits, allowing actions to be taken to reframe any exposures in case of deviations.

In order to mitigate any risks verified in this process, we contact and interact with our suppliers to raise awareness, guide and induce the adoption of more sustainable practices. Our agreements also include clauses providing for responsibility towards good social and environmental practices, establishing penalties in case of non-compliance and even with the possibility of unilateral termination, without excluding other penalties and fines.



Compliance with labor and social security obligations is a contractual and legal duty. For this reason, prior to payment, we verify if the supplier has complied with those obligations and assess any indications or complaints of breaches or non-compliance.

All agreements include clauses and contractual obligations relating to Human Rights, which the supplier represents and undertakes to comply.

A contract supervisor, a service inspector and the Internal Ombudsman will remain at the disposal of workers from the contracted companies who intend to file complaints related to their employment agreements.

To improve the Supplier Due Diligence processes in the social, environmental and climate spheres, we implemented initiatives through the Sustainability Plan – BB Agenda 30.

## Strategic management

### Macro-Sector Monitoring

In addition to the various macro sectors of the economy, it includes those associated with agribusiness of plant and animal origin, in their several production chains (corn, soy, wheat, rice, coffee, orange, sugar cane, tobacco, beef cattle, dairy cattle, poultry, and swine). This process includes monitoring the performance of the credit portfolio in the sectoral segments through panels, defining market perspectives for the macro sectors and segments monitored, as well as publishing a set of content with an emphasis on sectoral analyses (Sectoral Scenarios, Macrosectoral Panorama, Macrosectoral Alert, Macrosectoral Report, Special Studies, Briefings, etc.). Furthermore, more specifically regarding climate risk, a specific periodic monitoring report has been produced to assess the impact of phenomena such as “El Niño” and “La Niña”.

### Conjectural Analysis

We hold Conjectural Analysis meetings, quarterly or extraordinarily, aiming at monitoring a portfolio, identifying climate or market situations that may entail risk, and directing appropriate mitigation measures. Examples of measures are adjustments to price projection indicators, mitigation triggering strategies, adjustments to contracting rules, among others that we will address in this document.

We also conduct weekly analyses of Macro and Commodities Agro Scenarios, where possible occurrences that would require a review of the conjuncture analysis and direction for strategic market positioning for the main activities are addressed. In those meetings, we discuss prices, flow, estimated and expected productivity, behavior of commodities, among other topics.

## Specific Monitoring

To mitigate the Social, Environmental and Climate Risk, we have established and reviewed policies, management rules, proceedings and contractual clauses, besides recommending corrective measures and procedures whenever deficiencies are identified.

### Technical Agricultural and Livestock Reference (RTA)

RTA has been used as the main device for integration of mechanisms to monitor contracting and follow-up of operations.



Banco do Brasil's Technical Advice at Portfolio Level (ATNC), composed of 250 professionals, graduated in agricultural sciences and distributed throughout the country, known as Agribusiness Advisors, is primarily responsible for the content of the RTA System.

Based on the information collected and entered by those professionals and using its own methodology, RTA assesses the attractiveness of agricultural and livestock enterprises in different microregions of Brazil, allowing for collection and registration of information on the agricultural and livestock production and assisting the determination of credit facility limits for rural producers. The system also provides parameters for the automated contracting of agricultural and livestock funding operations, agricultural insurance, etc.

RTA establishes different levels of attractiveness for funding activities based on climate and market conditions as verified in previous harvests. Historical price and productivity series, combined with performance in past crops, define this level of attractiveness in continuous monitoring of funded crops.

### Intelligence Network and sector analysis documentation

The Agribusiness Intelligence Network, comprised of agribusiness advisors, supported by the strategic meetings on Conjuncture and Macro Scenarios mentioned earlier, also prepares materials with studies that impact strategic decisions to use resources depending on the target public, region and crops, according to an analysis of loss risks. We highlight the Conjuncture Analysis, the Price Trend Factor, the Weekly Field Analysis, BB CastAgro, and the Quarterly Climate Report.

The Conjuncture Analysis is a report that brings the main fundamentals of the production chains of cotton, rice, coffee, sugar cane, beans, orange, corn, beef and dairy cattle, soy and wheat, directing price trends for adjustments to the RTA System.

Using the Weekly Field Analysis and the Agribusiness-Market Connection, we monitor both internal and external markets, developing scenarios and their impacts in the short-, medium- and long-terms, as well as strategic rationale for positioning in the commodity markets of soybean, corn, coffee and cattle.

### Geo, Social and Environmental Diagnosis

Banco do Brasil checks for overlaps between cartographic bases and the plots linked to financing proposals. These bases are classified as open and published data by public entities, of the most varied classes, ranging from hydrographic mapping to soil type classification and biome identification to the location of the area in districts.

The solution, called Geo-Socio-Environmental Diagnosis, ensures that the financed plot/CAR is outside areas with legal restrictions or internal normative prohibitions, such as areas embargoed by Ibama and the Chico Mendes Institute for Biodiversity Conservation (ICMBio), in addition to embargoed properties in the Amazon biome, indigenous and quilombola lands, and Conservation Units.

In addition, the tool checks areas with illegal deforestation alerts, using the MapBiomass Alertas platform. The analysis of the geographic coordinates of the land on these bases is carried out before the formalization of the operation and, in case of overlapping of any impeding base, the credit contracting process is interrupted.

### Indicators of Behavior Alerts

To mitigate potential frauds and irregularities in granting rural credit facilities verified during the inspections on financed enterprises, Banco do Brasil conducted studies to map situations to be used as warning parameters.



The “AGROOnline Attention Indicators” tool generates flags in proposals that present certain characteristics and that, for this reason, require attention at the time of approval. These indicators are representative of characteristics previously observed in credit operations that presented some irregularity.

Its objective is to mitigate operational risks before the contracting of rural financings, allow the monitoring of contracted operations with the identified occurrences and provide greater safety in the formalization of rural credit operations.

The presence of AGROOnline Attention Indicators in a proposal does not necessarily imply the occurrence of fraud, but it may signal the need to reevaluate the operation before its approval.

## Crop Monitoring

Harvest monitoring, through Agricultural Alerts is another tool applied throughout Brazil, based on climate and market event alerts issued by agribusiness advisors, which are recorded directly in the BB system and allow the occurrence of adverse climate events to be observed.

This information raises awareness in rural credit operations and allows proactive actions to mitigate financial risks and activate the insurance, enabling producers to remain in the rural activity.

## GEO Study Center – Gerag Network

The GEO Study Center was established within the scope of the work of Banco do Brasil’s agribusiness advisors. The network of specialists from the GERAG network works with georeferencing and geoprocessing tools with the aim of generating data and building solutions.

The work of the Study Center allowed the generation of strategic information in a timely manner for BB’s action on climate impacts such as floods in Rio Grande do Sul and fires throughout Brazil.

## Agricultural Zoning

We also mitigate Physical Climate Risk through tools such as the Agricultural Zoning of Climate Risk (Zarc), published by the Ministry of Agriculture, Livestock, and Food Supply (Mapa), which indicates municipalities with climatic and soil suitability for certain crops and the most adapted cultivars. It is the main benchmark for financing crop financing in the various municipalities of the country.

## Supporting Sustainable Agriculture

Support for sustainable agriculture aims to obtain sustainable returns in the long term, in addition to traditional financial and risk analysis. Sustainable technologies are also associated with cost reduction and efficiency gains, contributing to the sustainability of production models in the long term.

Initiatives aimed at reducing CO2 emissions in agricultural activity and conserving the environment are supported and supported by Renovagro – Financing Program for Sustainable Agricultural Production Systems.

The Agro Energia Program aims to stimulate the use of renewable energy in rural areas, through financing of renewable and clean alternative energy generating plants, intended for the generation of energy for the development of agricultural activities, among the sources: solar energy, biomass energy and wind energy.

The Bank participates in the National Program for the Conversion of Degraded Pastures into Sustainable Agricultural and Forestry Production Systems (PNCPD). The aim of this program is to promote the recovery and conversion of low-productivity pastures into arable areas, which could practically double the area of food production in Brazil.



without deforestation, thus avoiding expansion into areas of native vegetation. BB acts as a permanent guest member of the Management Committee, collaborating with the actions and proposals through technical groups.

In line with the PNCPD initiative, the Bank implemented the More Sustainable Livestock Program. An agreement signed with innovation partners, aimed at promoting a viable model of traceability and sustainability in beef cattle farming, aiming to recover degraded areas, improve property management processes, include the implementation of low-carbon agriculture best practices, include producers in the traceability of the production chain and generate environmental bonuses for livestock farmers.

In addition, we provide our customers with a portfolio of products, which includes Agricultural Insurance<sup>22</sup>, to mitigate the risk of loss of production due to extreme climate events.

We highlight the launch of the Forest Preservation Insurance for rural producers, by BB Seguros. This product provides the necessary security to restore native areas of Legal Reserve, Permanent Preservation and excess native vegetation in the event of a fire. This ensures that rural producers can continue working with peace of mind and safety, without putting the environment at risk.

## Macro sectors Portal

Sectoral market monitoring at BB, carried out for the purposes of managing the credit portfolio and supporting the analysis process of credit for customers, observes the RSAC to which the sectors are exposed, and is materialized through panels with credit information in sectoral cuts, as well as through a portfolio of analysis and internal reports with an emphasis on sectoral content.

Therefore, to disseminate the content, the Macrosectors Portal was developed, which hosts the set of corresponding reports in a single environment, in order to optimize internal access by the different areas and users of the Bank.

In the same sense, in order to contribute to the management of the Bank's credit portfolio and its adequate compliance, BB monitors the impacts of climate events that may affect the economic and financial sustainability of customers and activity sectors, carrying out expert assessments as the case may be.

## Management of Guarantees

In order to monitor the credit portfolio with guarantees that may have their values affected due to the occurrence of RSAC events, the Monitoring Panel for the Impact of Social, Environmental and Climate Events on Guarantees was developed.

In order to monitor and assess possible impacts resulting from climate events, information regarding the occurrence of Drought and Heavy Rains obtained weekly from the official website of the Ministry of Integration and Regional Development is used, which is fed based on calamity and emergency decrees issued by the municipalities affected by these events.

The information on occurrences of drought and rain is cross-referenced with the guarantees registered in the Bank's system, to identify urban and rural properties located in municipalities with a decree of calamity or emergency due to climate events.

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<sup>22</sup> Agricultural Activity Guarantee Program.





By monitoring the impact of climate events on guarantees, it is possible to identify, in the 27 Federation Units, which municipalities were affected by climate events of the types “heavy rain” and “drought”, with details of the outstanding balance of operations with guarantees of urban and rural properties, total value of assets linked as guarantees and number of customers and operations that have one of those guarantees.

Regarding Social and Environmental Risk, the location of guarantees constituted by urban and rural properties, whose owners have registration restrictions related to environmental and social infractions, are identified.

The incorporation of these panels into the guarantee management process is an important tool for monitoring the guarantees of the Bank's credit operations portfolio and assessing possible impacts in the event of RSAC factors.

### Physical Facilities Assessment

With regard to the monitoring, control and mitigation processes resulting from the Physical Climate Risk Sensitivity Assessment of BB facilities, the main objective is to preserve the environment and reduce the impacts caused by changes in climate patterns, ensuring the sustainability of the Bank's business. To this end, the Bank adopts climate risk mitigation measures, including monitoring the probability of extreme climate events and long-term changes in climate patterns in the regions where BB facilities are located. The Bank's responsibility includes the availability, operation and maintenance of physical facilities, both owned and non-owned properties, as well as building infrastructure. This monitoring identifies unexpected external events, such as weather phenomena, which represent risks and which, associated with the building characteristics of BB's physical facilities, as well as the risk mitigation strategies developed by the internal team of engineers, have been minimizing occurrences and possible losses. Thus, the Bank demonstrates its adaptive capacity in the face of climate change in the country.

### Calamities Management

From the perspective of social liability and in the face of disaster situations, BB promotes actions to reduce the suffering suffered by employees, customers and communities affected by catastrophes, through initiatives that involve its entire relationship chain.

In this way, it reinforces its public role and its socio-environmental responsibility, in addition to the role of raising awareness and promoting a wave of volunteering for the entire civil society.

In the face of an emergency or public calamity, the Bank proactively establishes several actions:

- Humanitarian Aid Program, which consists of the Banco do Brasil Foundation's contribution to the purchase of basic necessities, such as water, hygiene materials, clothing, etc.;
- Campaigns to collect donations, involving staff, customers and society, which are actions to collect financial resources donated through an exclusive checking account, with broad disclosure on the bank's communication channels and social networks;
- Debt renegotiation with differentiated rates and conditions, for legal entities, individuals and rural producers;
- Credit: Extension of loan installments (Legal Entities, Individuals and Rural Producers);
- Offering of credit operations with a differentiated track, to impacted municipalities (if there is a limit available);
- BB Seguros: initiatives such as, flexibility of assistance for home and business insurance, monitoring of loss notices in affected areas, prioritized service track for customers;
- Guidance to municipal managers on how to request resources and the Civil Defense Payment Card;



- Availability of a BB Mobile agency, when necessary, in order to assist customers located in the affected area. Through these practices, we mitigate risks to the environment and society, by reducing the impacts of our financing and investments, in addition to identifying new opportunities to operate in the sustainable business value chain.

### Support to Rio Grande do Sul

BB is in solidarity with the population of Rio Grande do Sul due to the calamity that hit the state and is committed to providing assistance to families and businesses affected by the floods. The company has been committed to actions that prioritize providing immediate and effective assistance to the affected population, fulfilling its purpose of “Being close and relevant in people's lives at all times”.

The BB Foundation, through its Humanitarian Aid Program, supports communities and people in situations of social vulnerability impacted by disasters and humanitarian crises.

Given the impact of the floods, a total of R\$88.4 million was raised for emergency support to the affected population and reconstruction of the affected areas. By December 2024, the amount donated by the BB Conglomerate was R\$56 million and R\$32.4 million had been raised in international and national campaigns, in addition to the contribution of the BB Foundation's own resources.

During the period, the BB Conglomerate made business conditions for products and services more flexible in order to support the transition of customers, employees and partners, among which the following stand out: exemption from fees, actions within the consortium business, security and payment methods.

In 2024, the credit portfolio in Rio Grande do Sul totaled R\$68.1 billion, of which R\$61.6 billion if only municipalities in a state of emergency or public calamity are considered (which corresponds to 6.0% of the internal credit portfolio), totaling 4.1 million operations with 758,300 customers. It is worth noting that 66.6% of these transactions have real guarantees and 95.2% of the balance of operations in the affected municipalities was classified between AA and C risks.

Among the actions, we highlight the following:

- Automatic extension of rural credit operations, through CMN Resolutions No. 5,132, 5,162 and 5,173;
- Provision of the Emergency Lines Pronaf Mais Alimentos, Pronamp Investimento and BNDES Emergencial RS;
- Implementation of MP 1247 and Decrees 12,138 and 12,170 – Granting of discounts for settlement and renegotiation of rural operations;
- Extension of Rural Operations – Special Conditions – CMN Resolution No. 5,164 and 5,173.

### Dissemination of a Risk-Aware Culture

By fostering a risk-aware culture, involving all levels of the organization, from Senior Management to front-line employees, we seek to train the workforce, achieve more effective risk management in processes, in addition to contributing to the debate and evolution of management.

Banco do Brasil, through its Corporate University (UniBB), offers training solutions organized in learning paths, among them the Sustainability Path, which aims to guide its employees on corporate sustainability – the ability of a company to prosper in a competitive business environment, of changes and management of risks and opportunities in economic, environmental and social dimensions.



In 2024, the 2<sup>nd</sup>. Edition of the RSAC Journey took place internally, an event organized to disseminate the culture of risk management and controls, with a focus on RSAC management. The event promotes debate on risks and reflects BB's commitment to sustainability and the development of practices that generate positive impacts for society and the environment. In addition, it reinforces awareness and understanding of the importance of these aspects in corporate decision-making, contributing to the sustainability and longevity of BB's business.

The Journey brought together representatives from Banco do Brasil, market experts and the Central Bank to discuss and share knowledge on the challenges and solutions related to the risks that affect our business, the community and the environment.

Within the scope of Social Risk, Banco do Brasil launched, in November 2024, the Anti-Discrimination Protocol, which standardizes and establishes flows for action in cases of discrimination. The protocol aims to provide support, encourage reporting and manage consequences, and is considered an important step in the fight against any form of discrimination, including racism, gender discrimination, LGBTphobia, ableism, religious and age discrimination, covering all stakeholders of the institution. BB repudiates any form of discrimination and is committed to creating an inclusive and safe environment for all people. Through the protocol, the Bank hopes to provide faster responses in cases of discrimination, demonstrating in a practical way the company's commitment to diversity, equity and inclusion.

### Mechanisms used to monitor concentrations in economic sectors, geographic regions or segments of products and services most likely to endure or cause social, environmental and climate impacts.

Every month we monitor the concentrations of high-sensitive exposures to Social, Environmental and Climate Risk relating to the total credit portfolio. Regarding economic sectors, we monitor the exposure of sectors with higher susceptibility to RSAC relating to the Legal Entity credit portfolio.

We also monitor the balance of operations with customers presenting a high sensitivity to RSAC, with a global view of the credit portfolio, based on the management limits set and aligned with our guidelines and the RAS. We periodically report the exposures determined to BB's strategic Committees.

We assess the effectiveness of mitigating or risk transfer instruments used in exposures by analyzing the balance of credit portfolio operations, covering the geographic regions of the customer's operations. We also analyze BB's sustainable credit portfolio, comprising credit operations/facilities intended to finance activities and segments that positively impact social, environmental and climate issues.

The identification of eligible credit lines to compose BB's Sustainable Business Portfolio is based on the methodology developed by Febraban, published in the study "[Explanatory Guide on FEBRABAN's Green Taxonomy](#)", and is aligned with the main international taxonomies, such as the Green Bond Principles (GBP) and Social Bond Principles (SBP), as certified by the independent opinion issued by Nint/ERM (formerly Sitawi).

Finally, it should also be noted that BB, in order to strengthen the mitigation of Social, Environmental and Climate Risk, uses mechanisms based on risk diversification, the elimination of unwanted concentrations, the control of exposures and the adequacy of the risk profile, always focusing on achieving a balanced business and in preserving the Bank's capital.



## MEM Table: Indicators used in the management of Social, Environmental and Climate Risk

Description of the quantitative indicators used in the management of Social, Environmental and Climate Risk.

### Quantitative indicators used in the management of Social, Environmental and Climate Risk

As part of the improvements to the management of Social, Environmental and Climate Risk, we have developed indicators to assist in the measurement, control and monitoring of these risks, in addition to providing a framework for the corporate strategy, signaling the need to channel, or not, resources to certain businesses, weighing the risk, the appetite of the Conglomerate and the current concentration of exposures.

Based on the indicators, we use the Methodology of Assessment of Sensitivity to Social, Environmental and Climate Risk, whereby the determination of exposures is carried out at the sector, customer and operation levels, and certain variables allow us to classify the concentrations under the bias of economic sectors, geographic regions or average terms.

At the sectoral level, the exposure of the Bank's credit portfolio is measured by weighing the Social, Environmental or Climate Risk of the respective macro-sector, thus resulting in the concentration of this portfolio in each of the risks according to internal criteria. In this view, the weighted risk is associated with the macro-sector and can be classified as High, Medium or Low.

At the customer level, the Bank's exposure to customers with high levels (according to internal criteria) of Social, Environmental and climate Risk is measured, measuring the concentration of the credit portfolio with all of these customers. Still at the customer level, there is a concentrated exposure of BB's credit portfolio with customers who have been fined (Ibama) and/or are under embargoes (Ibama/ICMbio), including exposures specific to areas of the Amazon Biome.

Regarding the operations, given the relevance of BB's rural portfolio, we assessed the exposure in this portfolio for real properties located in the Amazon Biome, and compared it with our total credit portfolio. Here we also monitor the concentration of our credit portfolio in operations with high susceptibility to Social, Environmental and Climate Risk (according to internal criteria).

In addition to assessing concentrations according to the amount of exposure, we believe it is important to analyze the volume of mitigators and guarantees linked to operations.

In this regard, we have strengthened the list of RSAC management indicators, with the review of indicators and approval of new indicators, aligned with the strategy of expanding the sustainable portfolio and focused on the highly sensitive RSAC group, both in the rural portfolio and in BB's total credit portfolio.



In addition, we annually carry out a [GHG inventory](#)<sup>23</sup> of our direct and indirect activities (Scope 1, 2 and 3)<sup>24</sup>. In this context, emissions management is carried out in line with our General Policy and the Social, Environmental and Climate Policy (PRSAC), through which we reinforce our actions, which consider the interests of stakeholders in promoting initiatives aimed at reducing risks and taking advantage of opportunities related to socio-environmental issues, including climate change.

The Inventory follows the principle of continuous improvement of our Environmental Management System (SGA); to ensure its reliability, we have contracted a company specialized in environmental audits to perform the external verification of the Inventory, according to the specifications of NBR ISO 14064:3 and the GHG Protocol methodology. The basic data for the BB's GHG emissions calculations are obtained primarily from our systems, especially from the applications for controlling administrative expenses and human resources management and requested directly from the responsible areas. Every year, since 2008, we have carried out and published our GHG Inventory on the Public Emissions Register website, which is under the responsibility of the Brazilian GHG Protocol Program (FGV-GVces).

As for the methodology used, we calculate and report GHG emissions within three scopes, according to specifications of the Brazilian GHG Protocol Program, in tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e). The report is drafted under the Operational Control approach and represents more than 4 thousand facilities all over the country, including retail, wholesale and government branches, regional units and strategic units, for their direct activities in Scope 1 and indirect activities in Scopes 2 and 3, with their emission sources defined as follows:

**Scope 1** – Direct emissions from fuel consumption activities (mobile combustion – fleet vehicles, stationary combustion – fuel electricity generators) and fugitive emissions (refrigerant and fire extinguishers gases);

**Scope 2** – Indirect emissions of Scope 2 are calculated based on the Bank's estimated electric energy consumption (MWh) and, as of 2021, the report has been drafted according to the approaches accepted by the Brazilian GHG Protocol Program (PBGHGP), being:

- o Location-based approach (mandatory): considers electric energy consumption according to the Brazilian energy matrix, where the emission factor of the Brazilian Interconnected System (SIN) must be used. The SIN supplies electric energy through different sources, from hydroelectric to thermoelectric (non-renewable), a situation that, every year, significantly interferes in the conversion of energy consumption to carbon equivalent (SIN emission factor); and
- o Purchase Choice-based approach (optional): where we report the consumption of photovoltaic solar energy from BB's plants, complemented by the purchase of Renewable Energy Certificates (RECs), which guarantee, for the same amount of electricity consumed, the traceability and origin of the renewable energy.

**Scope 3** – Indirect (other) emissions from activities that BB influences<sup>25</sup>:

- o Category 1 – Purchased Goods and Services (emissions that occur in the life cycle – extraction, production and transportation of paper purchased by BB);

<sup>23</sup> It consists of measuring and publishing the GHG emissions of Banco do Brasil (BB) and is based on the methodology of the GHG Protocol Program, adapted to the Brazilian context by the Center for Sustainability Studies (GVces), of the São Paulo School of Business Administration (FGV-EAESP), of the Getúlio Vargas Foundation (FGV), with support from the Brazilian Business Council for Sustainable Development (CEBDS), the Ministry of the Environment (MMA), the World Resources Institute (WRI), the World Business Council for Sustainable Development (WBCSD) and 27 founding companies, including BB.

<sup>24</sup> According to the parameters of the GHG (Greenhouse Gas) Protocol, Scope 1 encompasses emissions released into the atmosphere that come directly from the company's production process, Scope 2 encompasses emissions associated with the generation of electricity that the company consumes, and Scope 3 encompasses indirect emissions that occur throughout the production chain of the person preparing the inventory.

<sup>25</sup> Categories applicable to the Bank's operations, with the exception of Category 15 – Investments (financed issues). Categories 2 – Capital goods, 8 – Leased goods, 9 – Transportation and distribution (downstream), 10 – Processing of products sold, 11 – Use of goods and services sold, 12 – End-of-life treatment of products sold, 13 – Leased goods and 14 – Franchises that were not inventoried because they were considered not applicable to the context of the organization.



- o Category 3 – Fuel and Energy Activities (emissions related to the extraction, production and transportation of fuels purchased and consumed by BB, reported in Scope 1);
- o Category 4 – Transportation and Distribution – Upstream (emissions from the transportation of Febraban's shared mailbags, cash transportation and other transportation contracted by BB);
- o Category 5 – Waste Generated in Operations (emissions from the generation of effluents, based on water consumption, and from paper consumption, performed by BB);
- o Category 6 – Business Trips (emissions from air and land travels performed by BB employees);
- o Category 7 – Employees Commuting (home to work).

According to the GHG Protocol, for the calculations of emissions, we consider the gases controlled by the Kyoto Protocol, according to the following table:

**Table 7. Possible gas warming**

Gases considered for calculation of GHG emissions	Global Warming Potential (GWP) <sup>1</sup>
CO <sub>2</sub>	1
CH <sub>4</sub>	27
N <sub>2</sub> O	273
HFCs	21,5 – 14,600
PFCs	0,09 – 12.400
SF <sub>6</sub>	24.300
NF <sub>3</sub>	17.400
Compound	0 – 18.500

(1) Source: IPCC 2024/Update with AR6 values  
<https://ghgprotocol.org/sites/default/files/2024-08/Global-Warming-Potential-Values%20%28August%202024%29.pdf>

Therefore, understanding our role and that of the financial market as protagonists in driving the country's economic growth on sustainable bases, in 2023, we updated our climate change action targets with the new [Agenda 30](#) and the [BB 2030 Commitments for a More Sustainable World](#). As a result, greenhouse gas reduction targets were established, with BB committing to reducing its emissions by 42% for Scope 1 by 2030. The definition of goals was based on the guidelines and criteria disclosed by the Science-Based Targets initiative (SBTi), using the metrics from the well-below 2 degrees temperature scenario (WB2C).

In addition, 100% of Scope 1 emissions will be offset through the purchase of carbon credits, and 100% of Scope 2 emissions will be neutralized via Renewable Energy Certificates (REC) and the consumption of renewable energy from our 23 photovoltaic plants.

Our electricity consumption matrix relies on the acquisition of electricity from the Free Contracting Environment (ACL), where we seek energy from renewable sources at a more sustainable cost, with 884 facilities served.

It is worth noting that the values of our inventory for the year 2024 had not yet been consolidated on the date of publication of this document, but they can be consulted from June 2025 through the link [GHG Inventory](#).

Furthermore, it is worth noting that all these initiatives reinforce the commitment regarding Climate Change, signed via the *Business Ambition for 1.5°C* Commitment Letter, in which we commit to making efforts to develop GHG



reduction targets in accordance with the level of decarbonization necessary to achieve zero emissions in the value chain by 2050, following the guidelines of the SBTi.

In line with our adherence to the Business Ambition for 1.5°C and supported by the SBTi sectoral guidelines, BB is committed to emissions neutrality by 2050 and to the objective of reducing the intensity of emissions<sup>26</sup> resulting from the corporate loan portfolio<sup>27</sup> by 25% in 10 years, considering the base year of 2021.

The calculation of financed emissions follows the PCAF (*partnership of carbon accounting financials*) methodology and the targets are established in the criteria of the science-based targets initiative.

Based on the review of the short-term criteria for financial institutions, released by the SBTi in May 2024, financed emissions reached 14.571 MtCO<sub>2</sub>eq in a corporate loan portfolio of R\$130.059 billion, which is equivalent to an emission intensity of 0.1120 million tCO<sub>2</sub>eq per R\$1 billion of loans granted.

In December 2024, Banco do Brasil joined the PCAF (*Partnership for Carbon Accounting Financials*) Initiative, a global movement that aims to promote the measurement and disclosure of greenhouse gas (GHG) emissions financed by financial institutions. The initiative seeks to increase transparency and socio-environmental responsibility in the financial sector.

By joining the PCAF, Banco do Brasil reaffirms its commitment to sustainability, adopting standardized methodologies to measure and disclose GHG emissions associated with its financial activities. The membership will assist in the measurement work that has already been developed, through the provision of internationally validated sectoral emissions factors, by interacting with data providers, customers and peers to understand the quality of the data and the approaches used. This action is a significant step towards aligning the bank's operations with international best practices and contributing to the transition to a low-carbon economy.

Lastly, it should be noted that we seek to continuously improve the tools and instruments related to Social, Environmental and Climatic Risk Management, representing a continuous process of evaluation and development. In this context, we are building historical bases and assessing the necessity and usefulness of the indicators to improve them.

<sup>26</sup> Category 15 emissions are calculated using the PCAF methodology.

<sup>27</sup> Loans directed to companies with revenues equal to or greater than R\$200 million.





## OPO Table: Business opportunities associated with social, environmental and climate issues.

Description of business opportunities associated with social, environmental and climate issues.

The institution's governance bodies responsible for identifying business opportunities associated with social, environmental and climate issues, considering the bodies at several levels.

In view of current demands, financial institutions became the main agents promoting the transition to a low-carbon economy.

Even in a scenario of uncertainty, we can envisage an extensive list of opportunities linked to social, environmental and climate issues. In addition, to map and take advantage of such opportunities, we implemented an organizational structure aimed at promoting sustainability.

In this regard, we are guided by sustainability, which is expressed in our strategy, policies and several agreements and voluntary commitments assumed.

The main purpose of sustainability governance is to manage social, environmental and climate performance based on the Social, Environmental and Climate Responsibility Policy (PRSAC), which considers, in an integrated way, the economic, social, environmental and climate issues in business and in ethical and transparent relationships with interested parties.

BB's Executive Sustainability Committee (Cesus), subordinate to the Board of Directors, which includes the participation of Vice Presidents and Directors and has, among other objectives, to decide on the [Sustainability Plan - BB Agenda 30](#), guide the implementation of sustainability initiatives with potential impact on business and define action guidelines for the topic. As of September 2024, it began to approve guidelines and objectives related to the Diversity, Equity and Inclusion Program, previously under the responsibility of the Executive Committee for People, Equity and Diversity (Ceped).

The Corporate Sustainability Committee (Cossem), with the objective of strengthening BB's corporate sustainability governance. The purpose of its activities is to evaluate and monitor BB's sustainable performance and the effectiveness of the actions provided for in our Sustainability Plan, in addition to monitoring the evolution of the matter, seeking to identify opportunities and risks to generate value for Banco do Brasil and its stakeholders.

Its members must also propose and monitor the execution of initiatives that improve the Bank's social, environmental and climate performance and advise the Board of Directors on the implementation and monitoring of sustainability in the company's business strategy and administrative practices.

Strategically, the sustainability theme is led by the ESG Unit, linked to the Vice-Presidency of Government Business and Corporate Sustainability (Vigov), and matters related to the theme are discussed at the BB Sustainability Forum, which brings together some executives from BB and the Banco do Brasil Foundation, to support the process of incorporation, alignment and dissemination of BB's sustainability principles and practices and monitor initiatives



related to sustainability and the implementation of the actions provided for in [BB's Agenda 30](#). The Sustainability Forum holds quarterly meetings and reports to Cesus.

Furthermore, every six months, a report is prepared and submitted to the Executive Board of Officers and the Board of Directors, which presents BB's progress in the social, environmental and climate levels.

## Identification of business opportunities associated with social, environmental and climate issues that represent possible relevant gains for the institution over different periods.

Committed to “Being a protagonist in sustainability and promoting business and ESG practices<sup>28</sup>”, BB incorporates aspects related to Social, Environmental and climate Risk into its business, strategy and capital management.

In the process of developing the ECBB and the Master Plan, which is reviewed annually for a five-year approach, several areas take an active role in the execution of each stage – diagnosis, prioritization of uncertainties, preparation of a SWOT matrix and scenarios, guidance from the senior management, defining strategic objectives and their respective indicators and goals.

In the diagnostic stage, we carry out competitive intelligence studies of the financial industry, macroeconomic analyses, identification of trends and critical uncertainties that may impact the Bank's current and future performance, in addition to the assessment of relevant risk factors, which incorporate, among others, possible social, environmental or climate events.

In order to adopt mitigation measures and/or review established strategies, we continually evaluate the risks and opportunities for changes in business environments, such as possible social, cultural and environmental changes, including demographic issues, changes in client's behavior, ESG factors and adverse weather or health conditions (such as, catastrophes and pandemics).

Considering the ESG business opportunities, as supporting instruments, we developed the Sustainability Plan – Agenda 30 BB and the BB 2030 Commitments for a More Sustainable World.

For both, we adopted the following supporting approaches:

- **Sustainable Credit**, aims to help BB's clients in the transition to a more sustainable portfolio;
- **Responsible Investment**, aims to help BB's investors in the allocation of funds to companies that deliver positive social and environmental returns;
- **ESG and Climate Management**, aims to increase ESG practices within the bank's internal activities and stakeholders, including issues of diversity and digital maturity;
- **Positive Impacts on the Value Chain**, aims to disseminate financial inclusion, stimulate private social investment and provide reforestation and forest conservation.

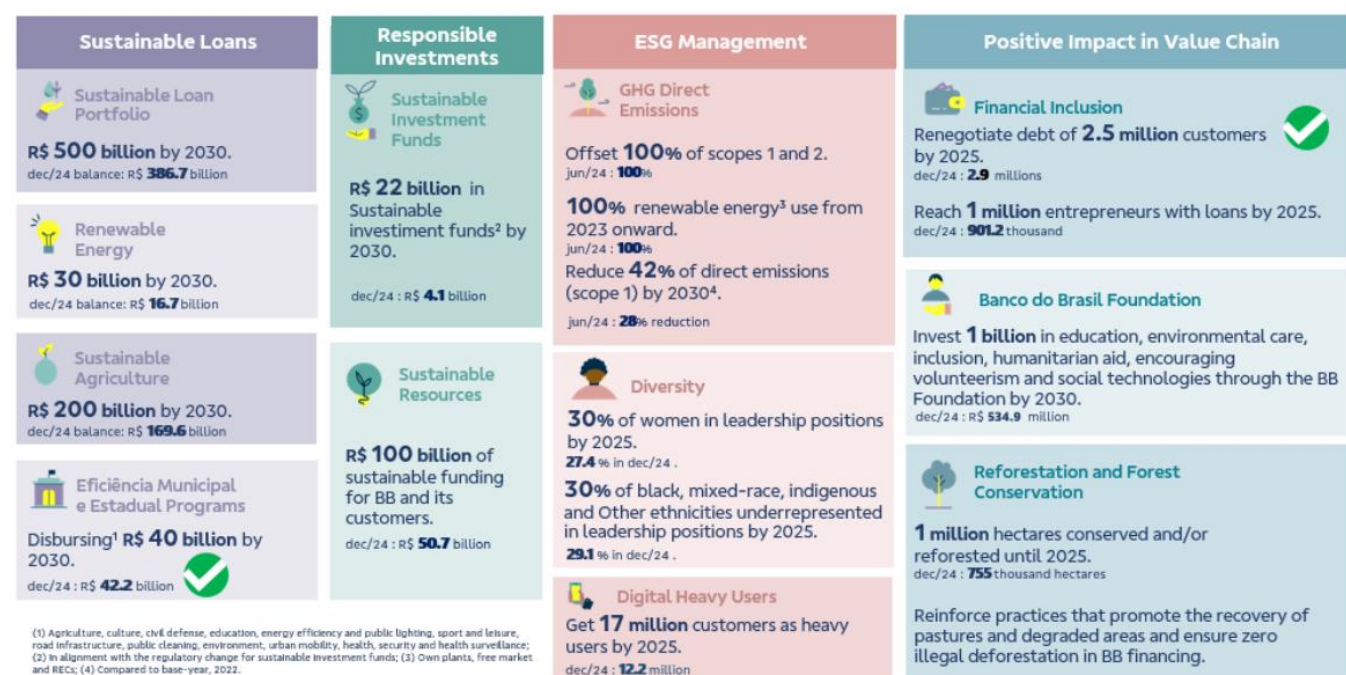
Through the Agenda 30 BB, we aim to improve business and processes, consolidating actions with a social, environmental or climate purpose. Its review is carried out every two years to list the sustainability challenges prioritized by the Senior Management through actions to be carried out over a period of up to three years.

Please find below our [BB 2030 Commitments to a more sustainable world](#):

<sup>28</sup> Commitment declared by BB in its Strategic Map 2024 – 2028.



Figure 5. BB 2030 Commitments for a Sustainable World



Specifically, with regard to climate change, Banco do Brasil is aware not only of the relevance and urgency of the matter, but also of the fundamental role it plays in engaging with governments, the private sector and society. And, through Banco do Brasil's Commitment to Climate Change, we strengthen our commitment and foster low-carbon agriculture, the preservation of biodiversity and boosting the bioeconomy, the promotion of renewable energy in the country and social projects, with a focus on productive development, entrepreneurship and social and financial inclusion.

In this regard, Banco do Brasil has undertaken efforts and developed products and services related to the following opportunities:

### Carbon Market (Climate Aspect)

Through a robust and complete action strategy, BB proposes to transform the society, offering its clients alternatives to encourage practices to mitigate climate change and encourage the transition to a low-carbon economy, showing that investing in sustainable projects in the Carbon Market are an excellent option for those who want to stimulate a business environment that considers financial results and the positive impact on society and the environment.

To support companies that have voluntarily assumed a commitment to measure and neutralize their emissions in their decarbonization proposal, we have identified opportunities for action for BB considering three approaches:

- **Climate Strategy:** finance the adoption of climate mitigation and adaptation practices;
- **Emissions Reduction:** advise on the preparation of emissions inventories, finance practices for the transition to a low-carbon economy, mediate the acquisition of carbon credits from projects and develop plans to decarbonize the production process, clients and suppliers from goals based on SBTi – Science Based Targets;
- **Origination of Carbon projects:** support clients in identifying and preparing projects that generate carbon credits, based on standards and methodologies recognized in the market, stimulating forest conservation and restoration practices, low-carbon agriculture, energy efficiency and renewable energy.



This process takes place through partnerships established by the Bank with companies specialized in carbon credit generation projects.

To date, the Bank has 640 thousand hectares of native forest areas preserved from client carbon projects. By 2025, we have a public commitment to reach one million hectares preserved and/or reforested.

### Sustainable Finance (Social, Environmental and Climate Aspects)

We apply a Sustainable Finance model that 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 to offer financial returns linked to social, environmental, climate and governance benefits.

The process began with the Technical and Financial Cooperation Agreement entered into between Banco do Brasil and the Inter-American Development Bank (IDB) and had the technical support of the consulting company Sitawi Finanças do Bem, resulting in the preparation of the [Sustainable Finance Framework](#), whose Green and Social categories are covered. The possible leverage of projects related to low-carbon agriculture differentiates it among those available in the market.

In February 2024, the model was updated. The new [Framework](#) defines eligibility criteria for the following green categories:

- a) Environmentally Sustainable Management of Living Natural Resources and Land Use;
- b) Renewable energy;
- c) Energy Efficiency;
- d) Green Buildings;
- e) Clean Transportation;
- f) Sustainable Water and Wastewater Management.

It also defines the eligibility criteria for the following social categories:

- a) Affordable Housing;
- b) Micro and Small Business Financing and Microfinance;
- c) Socioeconomic Advancement and Empowerment;
- d) Access to Essential Services.

In this update, the questions raised discussions and negotiations on material issues, such as limits for socio-environmental standards for pollutant and waste emissions, influencing the eligibility of assets that may be included in the financed portfolio, in addition to non-material adjustments related to the performance and evolution of BB's ESG practices and governance.

### Sustainable Fundraising (Social, Environmental and Climate Issues)

Following the launch of the first Sustainable Finance Framework in 2022, we issued BB's first Social Bond in the international capital market, worth US\$500 million. The fundraising aims to promote projects with a positive social impact and, mainly, to support micro and small businesses to overcome the challenges imposed at the time by the pandemic.



In 2023, the first *Social Bond*<sup>29</sup> Resource Allocation and Socio-Environmental Impacts Report was launched. The document meets the premises of BB's [Sustainable Finance Framework](#) and received the limited assurance opinion from the independent auditor. It also issued the second international bond within the scope of the [Sustainable Finance Framework](#). The international raising of senior debt, in the form of sustainability bond, in the amount of US\$750 million, matures on April 18, 2030 and has a coupon of 6.250% p.a. The funds raised will be allocated to renewable energy projects and financing of micro and small businesses, mainly those led by women.

In 2024, BB launched its second Sustainability-Linked Debt Framework, which aims to reinforce the bank's commitment to the transition to a greener and more inclusive economy by allowing the issuance of sustainability-linked bonds and loans in the domestic and international markets.

BB thus presented its sustainable objectives to the market, which include the increase in the balance for sustainable business, the expansion of credit for sustainable agriculture operations, the reduction of the intensity of GHG emissions financed by the credit portfolio and the increase in gender and racial diversity in senior leadership.

After the launch, we carried out bilateral sustainable fundraising operations that link these commitments and/or other sustainable aspects with the aim of enabling a consistent ESG structure that enables fundraising with a better cost profile.

The sustainability structures, used individually or in combination, enabled the negotiation of ESG-themed resources in 2024 with a volume of approximately US\$ 4 billion between operations disbursed and under structuring.

As a highlight, we report the significant fundraising with the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank, in the amount of US\$ 800 million. The structure of the operation involved a syndicate of banks comprising JPMorgan Chase Bank, Standard Chartered Bank, HSBC Bank and Crédit Agricole, which provided the capital under MIGA's guarantee.

This fundraising is part of Banco do Brasil's commitment to sustainability and climate change mitigation, promoting land conservation and reducing greenhouse gas emissions, given that its theme aims to support small and medium-sized farmers who use the low-carbon farming technique, known as direct planting, generating a large sustainable impact.

We also participated in the first auction of the Eco Invest Brasil Program – sub-item *blended finance*, raising R\$800 million to finance sustainable projects that meet Environmental, Social and Governance (ESG) criteria. These resources will be used to promote the ecological transformation of the country, leveraging R\$4.8 billion to support projects eligible for the Program.

We have advanced in new negotiations and partnerships with multilateral banks and international development agencies to carry out sustainable fundraising that allows the execution of projects that generate sustainable impacts.

As an example, we can mention the agreement signed with Cassa Depositi e Prestiti, an Italian bank with 82.7% of its shares controlled by the Italian Ministry for Economy and Finance, which aims to support Micro and Small Businesses and the reconstruction of Rio Grande do Sul after the climate tragedy that occurred there.

<sup>29</sup> BB LCA Verde – Impact Report provides data and indicators of operations guaranteeing fundraising, based on the [Sustainable Finance Framework](#).





## Sustainable Business (Social, Environmental and Climate Issues)

The identification of credit facilities eligible to compose the 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 a Green Economy](#)", and also in the Sustainable Finance Framework of Banco do Brasil, prepared in accordance with the main international standards, such as the Principles for Green Bonds (GBP) and the Principles for Social Bonds (SBP), among others.

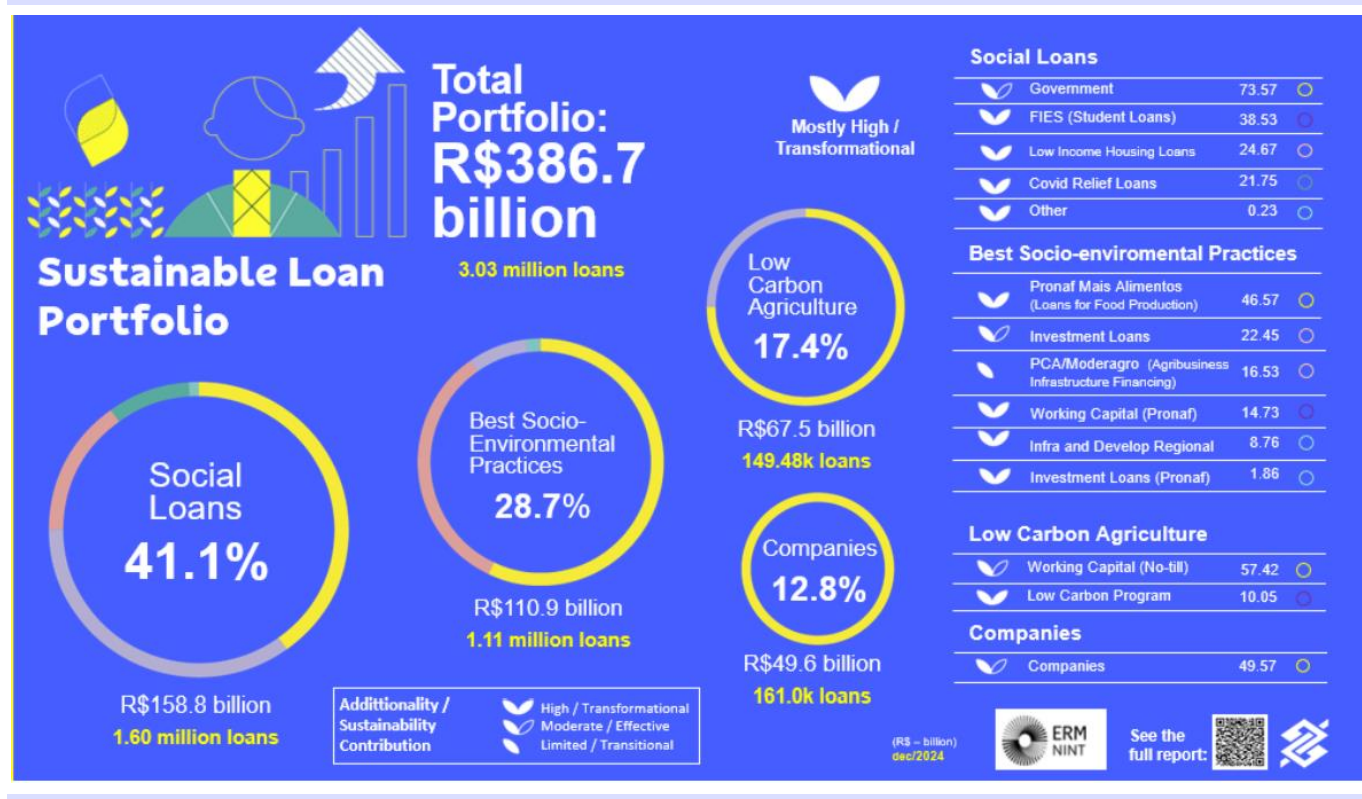
With constant improvement, we periodically review the credit lines and operations that comprise them, including new lines, and based on national and international methodologies.

The 2023 review included changes such as regulatory changes, inclusions or exclusions of products with ESG characteristics, and now includes an analysis of up to 38 facilities. This version included mechanisms and criteria for monitoring and excluding operations that show signs of social or environmental non-compliance. As a result, the document "[Second-Party Opinion on Banco do Brasil's Sustainable Business Portfolio](#)" was published in 2024, located in the Sustainability tab, Sustainable Business section, on BB's Investor Relations page.

In December 2024, BB's Sustainable Business Portfolio had a balance of R\$386.7 billion. It consists of credit operations related to investments and loans for renewable energy, energy efficiency, sustainable construction, sustainable transport, sustainable tourism, water, fishing, forestry, sustainable agriculture and waste management sectors. Companies receiving credits that are inserted in segments whose operations generate effective social and environmental transformation are also considered.

We present below the types of financing considered in the portfolio:

Figure 6. Sustainable Credit Portfolio





## Low Carbon Agriculture (Environmental and Climate Issues)

The Bank supports initiatives aimed at mitigation, such as the Program for Financing Sustainable Agricultural Production Systems (RenovAgro – Program for Financing Sustainable Agricultural Production Systems, formerly ABC Program), which represents an opportunity for both BB and rural producers.

RenovAgro has the potential to contribute to achieving the environmental targets of the Paris Agreement (NDCs). Its role is extremely relevant, since Brazil presented targets that are not conditional on receiving international resources, which further justifies the need for its strengthening and alignment to mitigate the greenhouse gas emissions.

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

In December 2024, Banco do Brasil's RenovAgro portfolio reached R\$ 10.05 billion, consolidating its growth over the years.

*Table 8. RenovAgro portfolio evolution – R\$ billions*

Lines of Financing	Dez/22	Mar/23	Jun/23	Sep/23	Dec/23	Mar/24	Jun/24	Sep/24	Dec/24
ABC Recuperação	3,87	3,82	3,76	3,91	3,94	4,00	3,95	3,90	3,78
ABC Orgânico	0,01	0,01	0,01	0,02	0,02	0,02	0,02	0,03	0,04
ABC Plantio Direto	3,36	3,37	3,32	3,72	3,77	3,83	3,79	4,08	4,12
ABC Integração	0,36	0,35	0,35	0,4	0,4	0,41	0,42	0,49	0,51
ABC Florestas	0,7	0,68	0,64	0,68	0,65	0,62	0,60	0,70	0,70
ABC Ambiental	0,2	0,2	0,2	0,2	0,2	0,21	0,21	0,21	0,23
ABC Tratamento de Dejetos	0,05	0,05	0,05	0,06	0,06	0,06	0,06	0,06	0,07
ABC Dendê	0	0	0	0	0	0,00	0,00	0,00	0,00
ABC Fixação	0,13	0,13	0,13	0,28	0,32	0,33	0,33	0,50	0,58
ABC Cultivos Permanentes	0,01	0,01	0,01	0,01	0,01	0,02	0,02	0,02	0,02
<b>Subtotal</b>	<b>8,69</b>	<b>8,39</b>	<b>8,21</b>	<b>8,67</b>	<b>8,76</b>	<b>9,50</b>	<b>9,39</b>	<b>10,01</b>	<b>10,05</b>

## Bioeconomy Program (BB Strategy to Strengthen the Bioeconomy in the Amazon)

The conservation of biodiversity and carbon stocks in the Brazilian Amazon is essential for global climate regulation and for safeguarding social and economic benefits for the region. It is estimated that 25% of biodiversity and 40% of global tropical forests are in the Amazon<sup>30</sup>, and 64% of the Amazon biome is part of Brazilian territory.

The sustainable development of the Amazon bioeconomy can offer social and economic benefits in complementary areas of activity. It is estimated that the forest bioeconomy will contribute to the lives of 400,000 families of extractivists, totaling R\$1 billion in production value in 2020, 70% of which will be açaí and 16% Brazil nuts. If we consider the potential for adding value in the chain (processing and marketing), the revenue from forest-compatible products could exceed 2.5X<sup>31</sup>. However, Brazil's share of the international market for these products is only 0.2%<sup>32</sup>.

<sup>30</sup> <https://www.worldbank.org/pt/news/feature/2019/05/22/why-the-amazons-biodiversity-is-critical-for-the-globe>

<sup>31</sup> Bioeconomy of sociobiodiversity in the State of Pará: Results and recommendations for public policies (TNC)

<sup>32</sup> Opportunities for exporting forest-compatible products (Amazon 2030)





The bioeconomy is classified into three “visions” – biotechnological, bioresources and bioecological<sup>33</sup> – facilitating dialogue and integration of synergies between the various narratives and strategies of action, allowing the construction of governance structures and regulatory frameworks on the subject in the Legal Amazon. In common, the three visions deal with the use of biologically based raw materials for the production of goods and services, but each of these visions adopts different paths and has different objectives.

The BB Strategy for Strengthening the Bioeconomy in the Amazon will place greater emphasis on the bioecological vision in defining the Bioeconomy chains, with a strategic focus on fostering production chains and sustainable activities that have a positive impact on the conservation and restoration of vegetation cover and biodiversity in the Legal Amazon. Therefore, from a bioecological perspective, the concepts of bioeconomy and biobusiness development emerge as economic alternatives to replace activities and production models that are incompatible with maintaining the standing forest.

During 2023 and 2024, several actions were carried out within the context of the BB Bioeconomy program for the Amazon.

In 2023, Banco do Brasil (BB) carried out several initiatives within the scope of the Bioeconomy program for the Amazon, including joining the Green Coalition, aiming to promote financial solutions and sustainable production activities, and signing letters of intent with the World Bank, IDB and BMO Financial Group, raising more than US\$ 1 billion for environmental recovery initiatives, bioeconomy and export of sustainable agricultural products.

During COP 28, BB and the Ministry of Environment and Climate Change signed a protocol of intentions for investments in bioeconomy and climate resilience. In addition, BB signed agreements with Natura to promote the production chain of Amazonian products and with the State of Pará to structure an ESG loan aimed at preserving the state's rivers.

Continuing, in 2024, BB promoted the event “Boosting the Sociobioeconomy of the Amazon”, together with the Climate and Society Institute (ICS) and the Ministry of the Environment, in Belém. The event marked the announcement of a series of agreements, partnerships and business initiatives focused on promoting the bioeconomy, with the potential to impact more than 2 million people. BB signed several technical cooperation agreements, the agreement with the Climate and Society Institute (ICS) seeks to promote sustainable production and small farmers, extractivists, cooperatives and other agents in the region, boosting the local economy and preparing these customers for credit and financing lines for the bioeconomy.

Another partnership, signed with the Ministry of the Environment, seeks to increase financial education and banking access for customers, offering new financial services, in addition to expanding the technical assistance system integrated with financial planning and credit. The agreement also provides for incentives for technological innovation and the improvement of ecosystem services maintained in the bioeconomy and sociobioeconomy management territories.

In May 2024, BB created the Financial Hub to boost the Sociobioeconomy, headquartered in the cities of Belém, PA, and Manaus, AM. The Hub provides “*phygital*” services and centralizes all initiatives related to the bioeconomy, offering financial products suitable for the target audience, and providing technical assistance whenever necessary.

At the 16th Conference of the Parties (COP 16) of the United Nations Convention on Biological Diversity (CBD), held in October 2024 in Cali, Colombia, at the Brazil Pavilion, organized by the Ministry of the Environment and Climate

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<sup>33</sup> Bioeconomy in the Amazon: Conceptual, Regulatory and Institutional Analysis (Amazon 2030)



Change and co-organized by Banco do Brasil and the Climate and Society Institute (ICS), the potential of the bioeconomy for biodiversity and for tackling the climate crisis was highlighted. The National Bioeconomy Strategy and the National Plan for the Development of the Bioeconomy were presented, with the participation of Carina Pimenta, National Secretary of Bioeconomy; José Ricardo Sasserón, Vice President of Government Business and Corporate Sustainability at Banco do Brasil; and Maria Netto, Executive Director of ICS. Also at COP 16, the study "Boosting the Sociobioeconomy of the Amazon" was launched, organized by ICS and BB, based on an event held in Belém in April 2024. This study lists recommendations to strengthen a pre-competitive agenda and to unlock financing for the sociobioeconomy in the Amazon.

The agreements materialize our public commitments, with concrete goals, for an increasingly sustainable performance.