Social, Environmental and Climate Risks and Opportunities Report

2023

Contents

Introduction

The social, environmental and climate risks and opportunities report (GRSAC Report) presents an integrated analysis of the key challenges and potentialities that have an influence on the Organization's performance and sustainability.

The main goal of this report is to provide information on how the Organization identifies, assesses, manages and monitors risks and opportunities related to social, environmental and climate aspects. This report addresses the governance of social, environmental and climate risk management. It includes the roles and responsibilities of the authorities involved, the potential impacts on the business, the strategies in risk and capital management and the respective processes for this. The document is presented in accordance with the Central Bank of Brazil (BCB) Instruction No. 153, and comprises the following information, divided into three topics:

- Management governance of social, environmental and climate risks (Corresponds to the GVR Table of the BCB standard);
- Strategies used to deal with social, environmental and climate risks (Corresponds to the EST Table of the BCB standard);
- Social, environmental and climate risk management processes (Corresponds to the GER Table of the BCB standard).

This report should be read alongside other documents published by the Organization. These reports, like the Risk Management Report - Pillar 3 (quarterly), Integrated Risk Report (Annual) and Climate Change Report (Annual) are all available on our Investor Relations website (www.bradescori.com.br).

We hope you enjoy reading it!

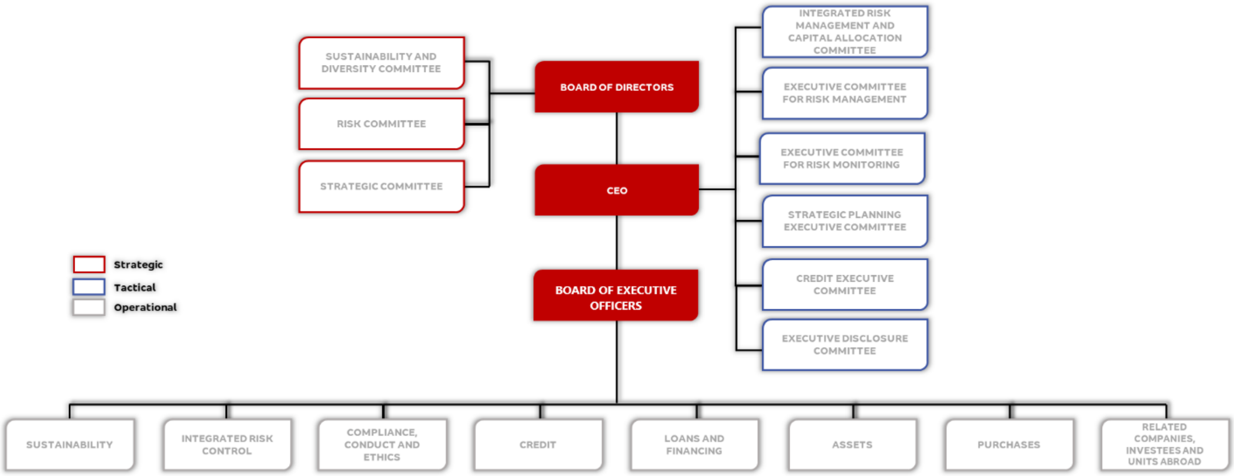
Management governance of social, environmental and climate risks

(corresponds to the GVR Table of the BCB standard)

a) Governance authorities with duties involving the management of social, environmental and climate risks.

The social, environmental and climate risks management structure comprises numerous committees, commissions and departments that support the Board of Directors, the Chief Executive Officer, the Chief Risk Officer (CRO) and the Organization's Board of Executive Officers in decision-making.

Below are some of the key institutions involved in this management:



b) Responsibilities of the entities identified in item (a), and the relationship between them.

Strategic Level

i. Board of Directors of Banco Bradesco S.A. (Board)

A permanent and decision-making statutory body responsible for establishing the corporate strategy and reviewing business plans and policies, plus supervising, monitoring, electing and dismissing members of the Board of Executive Officers.

The Board of Directors (Board) is composed by 11 members, 4 of whom are independent.

ii. Risk Committee

Non-statutory body that has a permanent and advisory status that provides guidance to the Board on the performance of its duties related to risk and capital management.

Among its roles, the Committee assesses the risk appetite levels established in the Risk Appetite Statement (RAS), including the strategies to manage it. It also oversees the activities and performance of the Chief Risk Officer (CRO) and the Organization's Board of Directors' compliance with the terms of the RAS.

The Committee also assesses the degree to which the processes of the risk management structure adhere to the established policies and proposes recommendations to the Board on policies, strategies and limitations of risk and capital management, stress test program, business continuity policy, capital and liquidity contingency plans and capital plan.

The Risk Committee is composed by 5 Board members.

iii. Strategic Committee

A permanent non-statutory body that provides guidance to the Board on the performance of its duties related to the Organization's strategic management.

Among its duties, the Strategic Committee plays a role in establishing the Organization's strategy, seeking its alignment with the environmental, social and governance (ESG) aspects to protect and maximize the return on the shareholder's investment.

The Committee also tracks business plans, comprising the Organization's strategic actions regarding short, medium and long-term guidelines, and monitors policies, guidelines and market trends to identify new strategic demands.

The Strategic Committee is composed by 5 members: 4 Board members and 1 Chief Executive Officer.

iv.Sustainability and Diversity Committee

A permanent, non-statutory entity responsible for defining the Sustainability strategy and providing guidance to the Board on the performance of its duties related to the promotion of this strategy, reconciling economic development issues with those involving social, environmental and climate responsibility.

The Sustainability and Diversity Committee is responsible for implementing key decisions, approving plans and targets, and monitoring the execution of social, environmental and climate guidelines in a manner that ensures alignment with other policies in Organization. It ensures that the Board and other members of the Board of Executive Officers are kept up to date on matters and/or situations that may pose a reputational risk to the Organization related to Sustainability aspects.

Its activities are carried out in coordination with the risk forums, which focus on debating and monitoring matters related to social, environmental and climate issues.

The Committee is composed by 15 members: representatives of the Board of Directors, Vice-Presidents and Chief Executive Officer.

Tactical Level

i. Integrated Risk Management and Capital Allocation Committee (COGIRAC)

A permanent, non-statutory body responsible for advising the Chief Executive Officer in the management and control of capital and risks. It also supports processes and ensures compliance with corporate security, processes and procedures for anti-money laundering and combating the financing of terrorism.

The Integrated Risk Management and Capital Allocation Committee's duties include validating and submitting the RAS and the exposure limits by type of risk for evaluation by the Risk Committee and deliberation by the Board. This includes the policies inherent to the management of risks and capital, the stress testing program (parameters, scenarios, probabilities, assumptions, results) and management actions to mitigate impacts.

In a complimentary manner, COGIRAC aims to ensure compliance with all risk and capital management policies, monitors the risk profile, performance, exposures, capital sufficiency and need, limits and risk controls, as well as assessing the effectiveness and compliance of the Internal Controls system.

COGIRAC is composed by the Chief Executive Officer, the Chief Risk Officer (CRO) and 9 members of the Board of Executive Officers.

ii. Executive Committee for Risk Management

A permanent, non-statutory body with decision-making powers whose purpose is to provide guidance to the CEO on matters related to risk management, capital, models, internal controls, business continuity and compliance within the Organization.

The Risk Management Executive Committee also assesses and submits to COGIRAC the governance policies and structures, proposals for defining or revising strategic limits, as well as the RAS, the capital and liquidity adequacy assessment (ICAAP), including the Capital and Liquidity Plan, Contingency Plans and Recovery Plan.

The Risk Management Executive Committee is composed by 14 members as follows: the Chief Risk Officer (CRO), 11 members of the Board of Executive Officers and 2 Officers.

iii. Executive Committee for Risk Monitoring

A non-statutory body with a permanent and advisory status that provides guidance to the CEO on the performance of its duties related to monitoring risks and capital.

Among its responsibilities, the Executive Risk Monitoring Committee keeps track of matters related to risk management, capital, models, information security, anti-money laundering, anti-terrorist financing, internal controls, business continuity and compliance under the scope of the Organization.

The Risk Monitoring Executive Committee also keeps abreast of the rules, guidelines and instructions from national and international regulatory entities, the work done by the internal and external audits related to risk management and the results pertaining to the independent validation of models and the deliberations under the scope of risk management.

The Risk Monitoring Executive Committee composed by 15 members as follows: the Chief Executive Officer, the Chief Risk Officer (CRO) and 13 members of the Board of Executive Officers.

iv. Strategic Planning Executive Committee

A permanent, non-statutory entity with decision-making authority whose purpose is to advise the Chief Executive Officer on the process involved with planning and managing the Organization's strategy.

Its duties include approving the methodology for managing and planning the corporate strategy, monitoring it and adjusting whenever needed. This Executive Committee also deliberates and establishes how to deal with strategic issues and/or those related to the corporate strategy.

The Strategic Planning Executive Committee composed by 10 members as follows: the Chief Risk Officer (CRO) and 8 members of the Board of Executive Officers and 1 Officer.

v. Executive Credit Committee

A permanent, non-statutory group with decision-making powers responsible for deciding as a committee on inquiries related to loan limits or operations of the Organization (including branches abroad), of Bradesco Financiamento, of Bradesco Promotora and of Bradesco Cartões, periodically reporting the decisions considered relevant to the Chief Executive Officer.

Among its duties, the Executive Credit Committee makes decisions as a committee within its authority regarding inquires on limits or operations involving credit risk proposed by the Sectors and Related Companies of the Organization, Branches Abroad, previously analyzed and including the opinion of the Credit Department and opinion on social, environmental and climate risks, and taking note of changes in Client Rating.

The Executive Credit Committee is composed by 18 members: the Chief Risk Officer (CRO), 12 members of the Board of Executive Officers, 1 Officer and 4 Superintendents.

vi. Executive Disclosure Committee

A permanent, non-statutory body with deliberative powers and responsible for advising the Chief Executive Officer on the Organization's compliance with laws and regulations applicable to the subject and specific standards, providing support on how to disclose relevant information related to the Organization, and ensuring control, uniformity, quality and transparency when releasing information to the market.

The Executive Disclosure Committee is composed by 15 members: the Chief Executive Officer, the Chief Risk Officer (CRO), 10 members of the Board of Executive Officers and 3 Superintendents.

Operational Level

i. Department of Integrated Risk Control

Responsible for promoting and facilitating risk control and capital allocation by certifying the existence, operation and effectiveness of controls that ensure acceptable levels of risk in the Organization's processes in an independent, consistent, transparent and integrated manner.

Its responsibilities involve coordinating the identification, assessment, control, monitoring and reporting of the Organization's risks, integrating social, environmental and climate-related issues into risk analyzes (social and environmental rating), into the stress test program and into the processes for granting credit and guarantee contracting processes.

ii. Sustainability Department

Responsible for the cross-implementation of the sustainability strategy, and managing and monitoring environmental, social and climate performance. Also responsible for helping incorporate the best sustainability and governance practices in the business.

Its responsibilities include designing, proposing and monitoring the implementation of the sustainability strategy in businesses, operations and the relationship with stakeholders, in accordance with the guidelines and principles of social, environmental and climate nature, and complying with the guidelines of the Organization's Social, Environmental and Climate Responsibility Policy (PRSAC). It also acts as an advisor to the Sustainability and Diversity Committee and the Sustainability Commission.

iii. Department of Compliance, Conduct and Ethics

Its purpose is to protect and guarantee the perpetuity of the Organization and provide support to the business areas in identifying weaknesses that may imply risks of non-compliance, thereby generating value and reliability for clients and companies.

Some of its responsibilities include evaluating the compliance of the Organization's activities with applicable national and international laws, as well as internal and external regulations on different aspects, including those related to social, environmental and climate issues.

iv. Credit Department

Its mission is to ensure efficient management when it comes to granting and maintaining credit, which helps ensure the profitability and solid growth of the Organization's assets.

Its duties include responsibility for analyzing, granting and maintaining clients' credit limits, as well as managing collateral, with the intent of meeting the parameters of quality, speed and security for the entire Bradesco Organization. It proposes and applies the Credit Policy observed by all

Organization's Companies incorporating social, environmental and climate-related aspects in compliance with internal and external standards and procedures.

v. Department of Loans and Financing

Its primary task is to continually evolve innovative and efficient credit products to manage the pricing policy and support its sales in the Organization's Sectors and channels for the promotion/offer of products and services.

Some of its responsibilities involve observing specific aspects emphasized in the social, environmental and climate analyzes related to the need for monitoring and/or inclusion of specific clauses in the contract and/or potential condition precedent to project financing.

vi. Assets Department

This department is responsible for managing the Organization's eco-efficiency and for producing an annual inventory of greenhouse gas emissions from operational activities in accordance with market reporting standards, promoting the management of corporate spaces, mobility, logistics and the sale of movable assets/property of the Organization with efficiency, innovation and sustainable practices.

vii. Purchasing Department

Its mission is to ensure the best possible procurement of products and services. As such, it supports the development of the socio-environmental audit program initiatives in the "Bradesco Most Sustainable Supplier" (FSBRA) supply chain and submits those suppliers for evaluation that, during the approval processes or during the contractual term, demonstrate a potential exposure to social, environmental and climate risks.

viii. Departments, Related Companies, Investees and Units Abroad

Responsible for acting in line with the sustainability strategy, policies and internal rules, as well as the voluntary commitments assumed by the Organization in its activities and processes.

c) Process and frequency of receipt by the Board and, in its absence, by the Board of Executive Officers, of information related to social risk, environmental risk and climate-related risk.

The Board and the Board of Executive Officers periodically receive information on social, environmental and climate risks. This information originates from several different forums, respecting their frequency, described below:

Forum	Frequency
Risk Committee	Monthly
Sustainability and Diversity Committee	Bimonthly
Strategic Committee	Whenever needed
Integrated Risk Management and Capital Allocation Committee	Monthly
Executive Committee for Risk Management	Monthly
Executive Committee for Risk Monitoring	Monthly
Strategic Planning Executive Committee	Quarterly
Executive Credit Committee	Whenever needed
Disclosure Committee	Whenever needed

d) Description of the criteria used by the Board and, in its absence, by the Board of Executive Officers, to ensure that social, environmental and climate risks are considered, whenever relevant, in the approval and review processes.

Environmental, Social and Climate Risks (RSAC) are addressed in different forums within the Organization based on guidelines established by the Board of Directors, led by the Board of Executive Officers in risk management committees and processes. The following are the key topics and relevant criteria used in processes.

Risk Appetite Statement – RAS

RAS refers to the types and levels of risks that the Organization is willing to accept when conducting its businesses and objectives. Its approval and review accounts for the criteria of risk materiality, the Organization's strategic objectives and the ability to manage it through specific processes. The RAS is defined and made official by the Board, supported by the Risk Committee and COGIRAC, which is responsible for validating it and establishing exposure limits by type of risk, risk management and capital policies submitted by the Executive Committees.

The RAS is updated annually, or whenever necessary, and includes social, environmental and climate risks.

Risk and capital management policies, strategies and limits

To approve and review its risk and capital management policies, standards and procedures, the Organization assesses the alignment with strategic objectives related to customer experience and business continuity. The compliance with laws and regulations established by supervisory bodies are also considered, as well as the possibility of monitoring and mitigation.

In Sustainability's scope, Social, Environmental and Climate Responsibility Policy (PRSAC) covers the main guidelines of Bradesco Organization in defining its strategy, conducting its businesses, activities and processes, as well as the relationship with interested parties, highlighting main lines of action and governance.

Stress Testing

The risk management structure has a stress testing program designed to identify vulnerabilities to which the Organization may be exposed. Stress tests are forward-looking evaluation exercises that may have an impact on the Organization's capital, liquidity or the value of a portfolio, taking into account the evaluation of new trends, emerging risks, risks related to both domestic and global basic economic scenario and monitoring of scenarios drawn up to outline the bank's strategic planning.

Stress testing is used as a tool for risk management in scenarios approved by the Committee, and its results are used for assessing the Organization's capital and liquidity sufficiency and preparing the respective contingency plans.

Policy for the Business Continuity Management

Business Continuity Management refers to the Organization's strategic, tactical and operational capacity to plan and respond to incidents that could affect the normal running of the business, minimizing their impacts and recovering asset losses from critical processes in order to maintain its operations at an acceptable and previously defined level.

The policy for Business Continuity Management is approved by Senior Management and has business continuity plans (PCN) for which the critical processes are mapped. Approval and review consider compliance with laws, regulations, internal standards, compatibility of the business continuity strategies with the needs identified in the impact analyses, as well as whether the continuity actions are feasible.

Liquidity Contingency Plan

For the approval and review of the Liquidity Contingency Plan, the effectiveness of the procedures adopted to ensure exposure to liquidity risk at levels established in the policies and strategic planning aimed at the continuity of the business is considered, in addition to accounting for the legislation, rules and regulations that govern the matter.

The Liquidity Contingency Plan is approved by Senior Management and acts at any time when liquidity ratios reach predetermined maximum tolerance levels, regardless of the cause of the drop in these ratios.

Events of a social, environmental or climate-related nature can affect the bank's liquidity, either through a loss of funding or the asset base. Therefore, social, environmental and climate risks can be "triggers" for the activation of the Liquidity Contingency Plan.

Capital Plan and Capital Contingency Plan

The capital plan and capital contingency plan cover the Organization's goals, actions and projections for growth and its main sources of capital. Its approval and review consider threats and opportunities related to the economic and business environment, the terms of the Risk Appetite Statement and the strategic objectives for the continuity of the business defined by the Organization, in accordance with internal and external rules, policies and regulations.

Compensation policies

The Organization's compensation policy, drafted by the Remuneration Committee and approved by the Board, includes a range of indicators that are observed in the definition of variable remuneration. Some of these indicators include: i) return on average equity (ROAE); ii) efficiency ratio; iii) customer satisfaction; and iv) compliance with social and environmental aspects, according to social and environmental performance in sustainability indices, which includes the "climate change" issue.

e) Ways of monitoring the strategic objectives by the Board and, in its absence, by the Board of Executive Officers and, if applicable, the institution's goals related to social, environmental and climate-related aspects.

The Organization's business strategy, applicable to 2023, seeks to fulfill our clients' expectations based on understanding their needs and life stage whilst increasing their satisfaction by offering an exceptional experience in all their interactions. This is why the Organization bases its performance on four major pillars that support the corporate purpose:

- Clients - our inspiration;
- Digital transformation - how we do it;
- People - our team;
- Sustainability - made to last.

As for the pillar "Sustainability - made to last", the Organization acts as an agent of positive transformation, creating shared value with society, clients, employees, investors and partners. We are committed to sustainable and diversified growth, acting ethically and transparently seeking an optimal balance between risk and return and a robust capital and liquidity structure.

The Organization is committed to managing the social, environmental and climate risks related to its businesses to contribute to the sustainable development of society with a low-carbon and inclusive economy. With actions grounded in diversity and inclusion, it reinforces our belief in the transformative potential of people and respecting individuality and plurality. Inclusion and financial education are essential drivers for us, and we impact and transform the lives of thousands of Brazilians through them.

In this respect, we should point out the Social, Environmental and Climate Responsibility Policy (PRSAC), which sets the Organization's principles, guidelines and commitments to sustainable development and the transition to a low carbon economy.

The social, environmental and climate-related aspects are based on our Sustainability strategy, according to guidelines established in PRSAC, encompassing the following aspects:

FINANCIAL CITIZENSHIP
Promoting education and financial inclusion to leverage socio-economic development.

CLIMATE AGENDA
Ensuring our business is prepared for climate challenges, raising awareness and engaging our clients on risks and opportunities.

SUSTAINABLE BUSINESS
Driving businesses with a positive impact that promotes social and environmental development.

Financial Citizenship is meant to address these needs and the potential vulnerabilities linked to the finances of each citizen. The Organization strives to exercise its positive potential through four integrated conditions, those being: i) financial inclusion, ii) financial education, iii) consumer protection and iv) relationships between regulators, clients and society.

Financial inclusion is important, as it considers the geographical differences and diversity of our clients, providing access to all, especially the groups that have been underserved by the financial system.

The Organization’s Climate Agenda is structured in four pillars, integrating risk and opportunity assessment and supporting decision making and corporate strategy direction, focusing on business resilience. They are:

One of these pillars is designed to “Contribute to the engagement and awareness of the audiences with whom we relate, including employees, partners and suppliers, clients and civil society entities”. It reinforces the Organization's participation in various sectoral and multisectoral initiatives on Sustainability. We would like to emphasize the Organization's adhesion to the Net-Zero Banking Alliance (NZBA), making a commitment to reach zero net emissions of greenhouse gases from its loan and investment portfolios by 2050. It also establishes intermediate emission reduction targets by 2030 or earlier, focusing on carbon-intensive sectors and using climate scenarios aligned with the targets of the Paris Agreement.

The Sustainable Business item’s goal is to tread the path towards a more sustainable economy. The Organization's target is focused on allocating R$250 billion to sustainable businesses by 2025, boosting the granting credit for activities classified as having a positive contribution (considering FEBRABAN’s green taxonomy), financial products and services with a social and environmental emphasis for individuals and companies, plus advising on structuring credit and debt solutions linked to ESG criteria (labels such as environmental, social and governance).

The Organization monitors the Sustainability pillars across the board through governance integrated with risk management and business. This ensures that discussions and decisions on the subject are institutionalized in several different areas.

These topics are monitored by the Sustainability and Diversity Committee, along with the Risk, the Integrated Risk Management and Capital Allocation Committees, the Executive Risk Management Committee and the Executive Risk Monitoring Committee, allowing the Board and the Board of Executive Officers to monitor the Organization's strategic objectives and goals related to social, environmental and climate-related aspects.

Strategies used in the treatment of social, environmental and climate risks

(corresponds to the EST Table of the BCB standard)

a) Identification of social risk, environmental risk and climate risk events that could lead to potential losses to the institution over various time horizons.

The social, environmental and climate risks associated with financial institutions are, for the most part, indirect. They arise from business relationships, including those with the supply chain and with clients through financing and investment activities.

The process of identifying social, environmental and climate risk events includes, among other aspects, an assessment of activity sectors that, given their nature, have the potential to undergo or generate adverse impacts originating from the three factors in question.

The main sources of information used in the process of identifying social, environmental and climate risk events are:

- CONAMA Resolution No. 237 (Environmental Licensing).
- Consema Resolution No. 01/2018 and No. 372/2018 (Environmental Licensing).
- IBAMA (Environmental Notices and Embargoes).
- ICMBio – Demarcation of a Conservation Area.
- FUNAI – Demarcation of Indigenous Lands and Fundação Cultural Palmares.
- SMA Resolution No. 10/2017 (activities with the potential to generate contaminated areas).
- Public records of contaminated areas.
- FEBRABAN – Green Taxonomy.
- Risk classification by IFC and S&P sector.
- Record of employers who have subjected workers to conditions analogous to slavery.
- Network for Greening the Financial System (NGFS) transition scenarios.
- Physical climate risk indices and indicators from the MCTI AdaptaBrasil Platform.

Below is the exposure composed by loans, debt securities and operations not accounted for in the prudential balance sheet (reference date Dec/2023), segregated by economic sector, geographic region, average term of exposures and risk classification. As for loan losses, it should be noted that all sectors, to some extent, may be exposed to social, environmental and climate-related risk events. However, it is difficult to say if the losses are directly and/or exclusively related to events of this nature.

Economic sector	Credit exposure	Representativeness of the Exhibition	Average Exposure Period	Social Risk	Environmental Risk	Climate Risk
	Dec-23					
	R$ million	%	months			
Sugar and alcohol	13,935	1.02%	16	Medium	High	Low
Agriculture	3,997	0.29%	25	Low	Low	Medium
Food products	21,814	1.59%	19	High	Medium	High
Wholesale	29,578	2.16%	20	High	Medium	Medium
Real estate and construction activities	37,230	2.72%	38	Medium	Medium	Low
Automotive	14,207	1.04%	18	High	High	Medium
Capital goods	6,341	0.46%	18	High	High	Low
Cooperative	7,549	0.55%	15	Non-Assessed	Non-Assessed	Non-Assessed
Other industries	40,797	2.98%	27	Medium	Medium	Low
Education	5,424	0.40%	30	Medium	Medium	Low
Household appliances and electronics	4,011	0.29%	10	High	High	Low
Packaging	3,514	0.26%	12	High	Medium	High
Electricity	37,228	2.72%	27	High	Low	Low
Extraction	7,527	0.55%	13	High	Medium	Medium
Financial	317,277	23.14%	32	Low	Low	Low
Tobacco and beverages	13,781	1.01%	7	High	Medium	High
Holding	22,710	1.66%	26	Low	Low	Low
General industry	3,774	0.28%	18	High	Medium	Low
Leisure and tourism	4,637	0.34%	16	Medium	Medium	Medium
Building materials	4,483	0.33%	23	Medium	Medium	Low
Wood and furniture	2,332	0.17%	19	High	High	Low
Pulp and paper	10,880	0.79%	34	High	High	Medium
Individuals	536,169	39.10%	40	Non-Assessed	Non-Assessed	Low
Oil and Petrochemical	10,135	0.74%	44	High	Medium	High
Hygiene and cleaning products	3,742	0.27%	21	High	High	High
Chemical	10,532	0.77%	21	High	High	High
Health	12,276	0.90%	25	Medium	Low	Low
Sundry services	43,576	3.18%	25	High	Medium	Low
Iron and steel industry	11,953	0.87%	25	High	High	High
Information Technology	3,884	0.28%	14	Medium	Medium	Low
Telecommunications	10,131	0.74%	13	Medium	Medium	Low
Textiles	3,786	0.28%	19	High	High	Low
Trading	5,353	0.39%	19	Medium	Medium	Low
Transportation and concession	46,859	3.42%	34	Medium	Low	Medium
Retail	59,720	4.36%	18	High	High	Medium
Total	**1,371,144**	**100%**				
Geographic region						
Southeastern	758,114	55.29%	30			
Southern	114,466	8.35%	30			
Northern	33,305	2.43%	36			
Northeastern	102,084	7.45%	39			
Center-Western	301,647	22.00%	36			
Overseas	61,527	4.49%	33			
Total	**1,371,144**	**100%**				

In addition to loan losses, the Organization has a process for monitoring operational losses arising from social, environmental and climate-related aspects, which are captured through the identification of administrative and judicial processes involving issues such as accessibility, slave and/or child labor, non-compliance with environmental legislation (improper waste disposal, etc.) or losses resulting from flooding and flash floods.

In 2023, the Organization recognized an amount of R$3.3 million as operating losses arising from social, environmental and climate-related events, mainly related to accessibility issues (priority service) and adverse weather conditions (floods and flash floods).

b) Identification of significant concentrations of the risks mentioned in item (a) in the institution's credit exposures, observing the provisions of art. 38-D, item V, of Resolution No. 4,557 of 2017.

According to the table shown in item (a), all sectors, to some extent, may be directly or indirectly exposed to social, environmental and climate-related risk events.

Some of the sectors identified by the Organization that are most susceptible to these risks include food, autos, capital goods, household appliances and electronics, packaging, tobacco and beverages, furniture and wood, pulp and paper, petroleum and petrochemicals, hygiene and cleaning products, chemicals, steel and metallurgy, textiles and retail. The credit exposure of these 13 sectors represents 18% of the portfolio, with an average maturity of 20 months.

c) Description of how the events mentioned in item (a) are accounted for in the institution's business, strategies and capital management, detailing the timeline and the criteria adopted in prioritizing the assessed risks.

The Organization acts consistently to incorporate social, environmental and climate risk assessments into business, strategy and capital management to support decision making and sustainable development of companies and society.

Below, we point out the incorporation of the events mentioned in item (a) in our business (credit, investments and insurance), in the strategy and in the capital management throughout 2023.

Businesses

Regarding credit granting, the Organization evaluates clients who are active in sectors that have a potential impact and relevant credit exposure, or who have a social and environmental infraction according to internal criteria. This assessment includes an analysis of social, environmental and climate risks and outcomes in the issuance of a social and environmental rating, which is appraised and discussed in the respective credit debate forums. It should be noted that the entire granting credit process that requires social and environmental opinion observes the RAS established by the Organization, which stipulates preventive and restrictive measures for certain sectors or types of operations.

Regarding investment initiatives, we point out that Bradesco Asset Management (BRAM) holds a methodology for analyzing ESG factors for all types of assets under management, including private and public sector securities. In the case of private sector securities, the material themes of each industry are accounted for to identify the risks and opportunities that companies face. For government securities, the methodology looks at indicators that measure regulatory quality and public policies for providing a good service to the population in basic services, environmental preservation and reduction of social inequality. Through this, social and environmental aspects are incorporated into BRAM's business, whose mission is to provide superior and sustainable returns in the management of clients' investments. In terms of private equity deals, the Organization has a broad range of actions for investments, including flexibility as to sectors, methods, tickets, investment periods and structures. The origination, investment and monitoring processes take the assessment of social, environmental and climate risks into account.

Under the scope of insurance operations, Grupo Bradesco Seguros integrates ESG aspects into its business by offering solutions, products and services designed to ensure the assumed commitment to contribute to the sustainable development of the Country. The Group is part of the Principles for Sustainability in Insurance (PSI). This is a voluntary commitment to the United Nations Environment Program Finance Initiative (UNEP FI) that seeks to maintain an ongoing assessment of the demand for financial and insurance products that offer proper solutions to clients to boost both the low carbon economy and protect them from the impacts or adapt them to the transformations resulting from climate change.

Strategies

The risk management activity is highly strategic due to the complexity of the services and products offered, as well as the globalization of the Organization's business. As such, the Organization exercises corporate risk control in an integrated and independent way by preserving and valuing the environment of collective decision makers, developing and implementing methodologies, as well as measurement and control models and tools.

The risk management structures are made up of numerous committees, commissions and departments that help support the Board of Directors, the Chief Executive Officer, the Chief Risk Officer (CRO) and the Organization's Board of Executive Officers in performing their duties, as detailed in item (a) of the GVR table. In this context, social, environmental and climate risk management stands out, whose scope of analysis includes loan and financing operations, analysis of collateral, suppliers and investments (more details can be seen in the GER Table). In addition, the assessment of social, environmental and climate-related risk events is contained in the 2023 strategy for the risk control process through the sustainability pillar, in which the Organization's performance in the Sustainability index of the Dow Jones Sustainability Index (DJSI) is evaluated and the evolution of the Sustainable Business Portfolio.

The Organization's strategic and business plans are supported by several factors, most notably the Risk Appetite Statement (RAS), which encompasses the types and levels of risks that the Organization is willing to assume to fulfill its objectives. Within the RAS, social, environmental and climate risks are represented by a set of impeding and restrictive guidelines linked to critical sectors, controversial activities and social and environmental infractions that provide guidance on the Organization's business decisions.

Capital Management

Capital management is conducted in such a way as to provide conditions for achieving the Organization's strategic objectives and to withstand the risks inherent to its activities, including social, environmental and climate risks. This management is expected to permanently maintain a solid capital base to help develop activities and handle the risks incurred, whether in normal or stressed situations, resulting in the constitution of minimum management capital buffers over minimum regulatory requirements.

In its capital management, the Organization evaluates a 3-year forward-looking vision in which are considered hypotheses of changes in the economic scenario arising from several factors including social, environmental and climate-related events in addition to expectations regarding the Organization’s businesses. To contain any possibility of deterioration in capital and/or liquidity levels, the Organization is equipped with a Recovery Plan that considers strategies that can be adopted in the event of extreme adverse situations and has Capital and Contingency plans, which are part of the ICAAP (Internal Capital Adequacy Assessment Process).

d) Description of the predicted changes in climate patterns and transition to a low carbon economy used in scenario analysis, within the framework of the stress testing program.

The climate change impacts analyses conducted by the Organization began in 2017 with its participation in UNEP FI pilot programs. The objective of the multiple rounds of these programs includes the development of methodologies for measuring the impacts of climate risks. Efforts have recently stepped up to improve the ability to assess climate risks and their potential effects on the Organization.

One of these efforts was the stress testing program, which used various methodological approaches to expand the knowledge base in this matter. Methods were designed to evaluate scenarios associated with changes in climate patterns and the transition to a low-carbon economy, aiming to deepen the understanding of their potential impacts.

I- Scenarios Analysis

The year of 2023 posted the highest average global temperature ever recorded, a fact that is associated with the impacts of anthropogenic emissions of greenhouse gases and the occurrence of seasonal events such as *El Niño*, which generate an increase in temperature and changes in the pattern of precipitation in South America. The changes resulting from this phenomenon can lead to several macroeconomic impacts, such as food and fuel inflation due to crop failures. This perspective has been incorporated within the Organization's stress testing program. The increasing occurrence of extreme climate events is included in the hypothetical scenario designed. These situations include super *El Niño*, a phenomenon characterized by the warming of the waters of the Equatorial Pacific that will have significant effects on GDP, exchange rate, interest rates and inflation based on the macroeconomic balance model, according to joint development of a scenario between economic research, risk control and business areas.

Macroeconomic scenarios are appraised by the business areas, which incorporate macroeconomic variables and estimate results in various products, aiming a comprehensive understanding of the potential impacts on portfolios, results and capital and liquidity ratios.

II- Sensitivity analysis

In a complementary perspective that seeks to measure a scale of direct impacts on clients (companies), sensitivity analyses were conducted on the exposure of a sample of operations in sectors with a high exposure to physical and transition climate risks.

For the analyses to reflect distinct narratives about the behavior of variables linked to climate change that can affect companies' businesses, the Organization worked with three scenarios:

i) Net-Zero and Divergent Net-Zero, both aligned with the 1.5°C temperature rise scenario. In these two narratives zero net GHG emissions are expected by 2050, differing in the trajectories, orderly or disorderly, of actions and policies toward meeting global GHG emission reduction targets.

ii) Current Policies, under a more pessimistic perspective on the transition to a low-carbon economy, the Organization also adopted the scenario in which only the policies currently implemented are maintained, resulting in an even more severe intensification of the physical risks of climate change.

The results of the analyses were used to simulate possible impacts on variables such as companies' credit ratings in each of the climate scenarios. It is important to note that the models that support the assessment of such impacts are still in the methodological development stage and have relevant limitations in terms of the coverage of variables and estimated risk factors. As such, there will be an ongoing need to improve these methods, in addition to the use of complementary approaches for a more comprehensive management of the risks in question.

Given the forward-looking nature of assessing the potential impacts of climate change, the analysis horizons are further away than the usual planning horizon financial institutions employ. In the context of Bradesco's risk management, the physical and economic climate impacts from 2025 onwards in the stress exercises performed are evaluated. The impact of climate risk in 2030 and 2050 has also been analyzed, considering its relevance for the global climate change mitigation agenda and, consequently, for monitoring the Organization's commitments.

e) Description of the institution's adaptation capacity, considering the hypotheses mentioned in item (d).

The analysis of the scenario revealed the businesses' exposure to the effects that international trade can have on the Organization as a result of transition risks. The exercise performed for the sensitivity analysis did not show a magnitude of risks that would entice concern, considering the methodology and assumptions used.

We can emphasize that, in all scenarios reviewed, the Organization demonstrates financial solidity and resilience to face the applied stress scenarios, without breaching the managerial limits of capital and liquidity. The results suggest the importance of monitoring market conditions and adopting a business strategy that helps the Organization anticipate and avoid more severe consequences.

It is important to point out that any exercises carried out will be marked by relevant methodological limitations and they will certainly fail to properly reflect the overall range of risks to which the Organization is exposed. However, regardless of the materiality of the risks in the assessments, the Organization began the process of aligning its strategy with risks prevention and is in a continual process of updating the methodological approach adopted given its commitment to the continuity of the business and the intention of contributing to the transition towards a low-carbon economy.

To mitigate these risks and increase the Organization's resilience, goals were set to promote green businesses, characterized by operations that contribute to more sustainable economic development. Looking to create alignment between businesses and compliance with the Paris Agreement, a proposal was introduced to decarbonize the loan portfolio by supporting clients in their transition to a low-carbon economy, as established with the Net-Zero Banking Alliance.

The assessments done reveal the Organization's ability to accommodate the impacts of climate change on its capital structure, while the climate strategies ongoing in 2023 seek to provide greater prominence to businesses aligned with a low-carbon economy.

Social, environmental and climate risk management processes

(corresponds to the GER Table of the BCB standard)

a) Description of the process for identifying, measuring and evaluating social risk, environmental risk and climate risk.

Based on the principles of proportionality and relevance established by the BCB, the Organization established the scope on which it performs the process of identifying, evaluating and classifying social, environmental and climate risks. This scope includes an analysis of the following activities i) loan and financing; ii) project financing; iii) guarantees; iv) suppliers; and v) investments, which we detail below.

Credit granting

To evaluate social, environmental and climate risks, the Organization considers risk factors associated with the economic sectors in which clients operate (inherent risk) and the credit exposure of these clients in each sector. Clients who are active in sectors with medium or high inherent risk and have material credit exposure make up the scope of the assessment.

An environmental, social and governance performance assessment (ESG Score) is conducted for clients under this scope. This is done through the application and analysis of a questionnaire addressing aspects related to the identification of potential impacts on biodiversity, traditional communities, violations of human rights, exposure to climate change, occupational health and safety, legal compliance and corporate social responsibility arising from clients' activities.

The intersection between the inherent risk of the sector and the ESG Score results in the classification of the client's social and environmental rating, which can be one of the following levels of risk: minimal, low, moderate, high and very high.

Projects

The scope of project analysis is defined based on the economic sector and financing amount. The project is analyzed using sectoral checklists in which licenses, environmental studies, prevention, mitigation, control and compensation programs for impacts and climate exposure are evaluated.

In addition, there are also media research and consultations with internal and public databases applied, including the Employer Registry of workers subjected to conditions analogous to slavery, the List of Embargoes from the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA), The Chico Mendes Institute for Biodiversity Conservation (ICMBio) and public lists of contaminated areas. The project's risk rating is generated based on this analysis. This score comprises five levels: minimal, low, moderate, high and very high.

The Organization has also been a signatory to the Equator Principles since 2004. These principles aim to ensure that financed projects are implemented in a socially responsible manner and reflect the best environmental, social and climate-related management practices set out in the Performance Standards of the International Finance Corporation (IFC) and the World Bank Health, Safety and Environment Guidelines. The projects are classified in A, B and C categories and are ascribed the project risk rating classification as previously described. For projects that exhibit potentially relevant impacts, there are action plans prepared and periodic audit processes established that help to manage and assess social and environmental compliance.

Real Estate Collaterals

The analysis scope of real estate collaterals includes rural properties with social, environmental or climate-related restrictions and urban properties with signs of contamination located in industrial areas, warehouses with storage of potentially contaminating material, properties with fuel tanks and open land in large urban centers.

The properties included in this scope are subjected to an analysis to identify social, environmental and climate-related risk factors. This process involves approved assessment companies that are engaged to analyze the physical characteristics and use of the asset, assess the existence of environmental assets and liabilities, amongst other aspects. The evaluation of the property results in one of the following classifications: cleared, restrictive and impeding.

Suppliers

Suppliers within the scope of social, environmental and climate risk analysis undergo an audit process performed by a company specialized in the sustainable management of the supply chain to evaluate the level of management of suppliers.

This assessment is carried out through a checklist and interviews addressing three dimensions: i) social responsibility; ii) environment; and iii) occupational health and safety. These dimensions include aspects related to ethics, labor issues, human rights, supply chain management, environmental policies, licensing, solid waste management and greenhouse gas emissions, occupational health and safety, amongst other topics.

After audits, the supplier needs to establish an action plan for any non-compliance identified and opportunities for improvement. Considering the results of the audit, the supplier receives a minimal, low, moderate, high and very high-risk rating.

Investments

Social, environmental and climate-related aspects are incorporated into Bradesco Asset Management (BRAM)'s business, whose mission is to provide superior and sustainable returns in the management of clients' investments. As a signatory to the Principles for Responsible Investment (PRI), the Task Force on Climate-Related Financial Disclosures (TCFD), Investors for the Climate (IPC) and the Capital Market Investors Association (AMEC), it employs a cross-cutting methodology that looks at risks, potential opportunities and impacts arising from ESG aspects on asset performance. BRAM applies a methodology that assigns different weights to the aspects that are monitored and that extend to all asset classes (variable income, fixed income – private and public securities – and investment funds) and weights that vary according to the specifics of each sector. BRAM engages with companies and business partners to adopt best practices in their business segments.

Private equity deals are also analyzed to identify potential violations related to slave analogous labor, child labor, sexual exploitation, embargoed areas and contaminated areas that could have a negative impact on the Organization's image and reputation. Based on this assessment, investment deals are classified into one of three rating levels: low, moderate and high.

b) Description of the criteria used to classify exposures in terms of social, environmental and climate-related risks accounting for the economic sector, geographic region and average exposure period.

To classify exposure to environmental, social and climate risks, the Organization has developed criteria in which each risk takes into account specific components assessed on the basis of the characteristics of the economic sector in which it operates and the geographical region for climate risk, which allowed it to be classified as having a high, medium or low potential impact.

The social risk criteria include international references like the IFC and S&P criteria, plus lists of assessments, accidents and child labor in Brazil. The environmental risks of an industry are classified based on IFC and S&P criteria, as well as FEBRABAN definitions and lists from regulatory agencies. Given the lack of mandatory disclosures, regulatory body or legal framework that allows specific monitoring, the criteria for assessing climate-related risks depend on the characteristics of the sector of activity and geographic region regarding potential exposures to physical or transition factors.

In terms of physical factors, the client's sector and proxy geographic region are evaluated considering exposures to acute risks — such as the potential for damage to structures due to extreme events — or chronic risks, such as the need for natural resources in the production process. Several risks were assessed related to the process of transitioning to a low-carbon economy. This includes market risks, such as a history of damages to the image of companies in the sector due to climate events, regulatory risk, such as the incidence of carbon pricing in the international market, and technological risk, like the availability of substitute technologies for the product at hand. All components are consolidated to constitute a common metric that allows the risk to be classified as high, moderate or low.

The respective classification is used in the constitution of a matrix that comprises two axes: potential impact of the client and relevance of its exposure in the loan portfolio for the periodic monitoring of this exposure.

c) Description of the mechanisms used for the timely identification of political, legal or regulatory changes that may have an impact on the climate transition risk incurred by the institution.

The mechanism used for the timely identification of political, legal or regulatory changes that may impact the Organization's activities and business includes the use of specialized platforms that automatically capture laws, regulations, resolutions and submit them to potentially interested areas for an assessment of potential impacts and an evaluation regarding the need to implement a measure and/or prepare an adaptation plan.

This monitoring covers federal laws applicable to the activities of the Organization, rules of regulatory and self-regulatory bodies (Central Bank of Brazil, CVM, ANBIMA, ABECS, FEBRABAN, COAF and FEDERAL OAB), as well as legislation and normative acts issued by the National Congress, Legislative Branch, Executive Branch, Presidency of the Republic, Ministry of Economy, Ministry of Justice and Public Security and includes, among other aspects, those that may impact the transition risk incurred by the Organization.

It should also be noted that all managers of the Organization (including Offshore Units) are responsible for monitoring, detecting, evaluating and implementing the required measures to ensure full compliance of activities with the laws and regulations applicable to their business, always respecting local jurisdiction.

d) Description of the mechanisms used to handle interactions between social, environmental and climate risks within the scope of integrated risk management, and between these and other risks incurred by the institution.

Environmental, Social and Climate risks (RSAC) are intrinsically connected and require management processes that can address these interconnections while preserving their particularities. To deal with this reality, the Organization adopts a stress program that is designed to evaluate its conditions to handle situations of uncertainty caused by factors of a social, environmental and climate-related origin.

To understand the interactions between RSACs, a stress scenario was developed that encompasses events arising from these risks simultaneously. Through this exercise, the implications of the RSAC scenario are considered on the main relevant risks of the Organization. As described in item (d) of the EST Table, this process involves estimates of impacts by various business areas. By considering such impacts in their respective planning, the areas allow an assessment to be made of estimated results for their products, portfolios and assets because of RSAC factors that have important consequences to the Brazilian economy.

In view of the magnitude of the stress exercise, the macroeconomic consequences of the scenarios that allow the evaluation of interest rate fluctuations, market prices of assets and potential fluctuations that constitute market risk are considered. As defined in the process, projections are consolidated for a broad analysis of immediate consequences and future effects on the Organization in an integrated way. When forecasting the consequences in loan operations the numerous financial implications that social, environmental and climate risk events entail are evaluated.

Macroeconomic variables have an influence on the projections of portfolios and results of stress exercises, accounting for, among other factors, market risks associated with interest rate variations and the impact of mark-to-market securities, plus the management of the mismatch of assets and liabilities (Application Lifecycle Management - ALM). Similarly, the possible difficulties of trading positions at market price and ability to honor obligations in a safe and timely manner must be accounted for in considerations about the liquidity risk that RSAC events may cause.

The stress testing program helps assess the Organization's ability to navigate through adversities arising from distressed scenarios. A business scenario compromised by RSAC constraints would have consequences on counterparty operations that affect the credit risk assessed under the program. Its implications for projected results, capital and liquidity ratios form the basis of the Organization's contingency plans and strategy.

Additional isolated exercises were performed, also within the scope of the stress program. These exercises were conducted to analyze the consequences of specific events with implications for liquidity, market risk, and credit risk arising from social and environmental causes in assets of companies that operate in a sector of potential social and environmental risk. Together, the approaches seek to provide a broad dimension of the consequences of social, environmental and climate risks and their interactions with the Organization's other relevant risks, facilitating a wide-ranging discussion of their impacts and their consideration for plans and strategies.

e) Description of social, environmental and climate risk management processes, emphasizing monitoring, control and mitigation of these risks.

The risk management processes undergo an identification and classification of social, environmental and climate risks, which leads to the social and environmental rating, as described in item (a) of this table.

Risk monitoring goes through a periodic review of the social and environmental rating according to the relevance of the degree of risk. The higher the risk level, the shorter the period for reviewing the rating.

The Organization also runs a daily media monitoring process intended to identify potential violations of a social or environmental nature that, depending on their severity, may require a timely review of the social and environmental rating. In this process, information about ongoing measures to mitigate the identified risks is requested and evaluated.

The Organization also has standard contractual clauses that stipulate the prerogative of early termination of contracts if non-compliance with any risk mitigation clause is found. In addition to the inclusion of specific clauses in financing contracts, complementary follow-up procedures are adopted specifically for financing projects classified under the Equator Principles. These include visits and conferences, as well as action plans for the prevention, control, mitigation and compensation of social and environmental damages inherent to the projects.

f) Description of the mechanisms used to monitor concentrations in economic sectors, geographic regions or segments of products and services that are most likely to undergo or cause social, environmental and climate-related impacts.

The Organization monitors concentrations in economic sectors through metrics to monitor the concentration limits of loan operations for the Economic, Sector and Transfer groups (concentration by countries).

Specifically for sectors that are more susceptible to social, environmental and climate-related risks (see item (b) of the EST table), the concentration of loan operations is periodically assessed by the risk forums, making it possible to assess how funds are being allocated for these sectors (see item (b) of the GVR Table).

This monitoring also observes the guidelines established in the RAS, which prescribes a set of sector-specific guidelines that includes measures to prevent and restrict the granting of credit in more sensitive economic sectors due to their potential social, environmental or climate-related impacts.

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