

Social, Environmental and Climate-related Risks and Opportunities Report

2022



Contents

Introduction	4
Management governance of social, environmental and climate risks	5
a) Governance authorities with duties involving the management of social, environmental and climate-related risks.	6
b) Responsibilities of the entities identified in item (a), and the relationship between them.	6
c) Process and frequency of receipt by the BoD and, in its absence, by the Executives, of information related to social risk, environmental risk and climate risk.	10
d) Description of the criteria used by the BoDs and, in its absence, by the Executive Board, to ensure that social, environmental and climate risks are considered, whenever relevant, in the approval and review processes.	11
e) Ways of monitoring the strategic objectives by the BoD and, in its absence, by the Executive Board and, if applicable, the institution's goals related to social, environmental and climate aspects.	12
Strategies used in the treatment of social, environmental and climate risks	15
a) Identification of social risk, environmental risk and climate risk events that could lead to potential losses to the institution over various time horizons.	16
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.	18
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.	18
d) Description of the predicted changes in climatic patterns and transition to a low carbon economy used in the performance of scenario analysis, within the framework of the stress testing program.	19
e) Description of the institution's adaptation capacity, considering the hypotheses mentioned in item (d).	21
Social, environmental and climate risk management processes	22
a) Description of the process for identifying, measuring and evaluating social risk, environmental risk and climate risk.	23
b) Description of the criteria used to classify exposures in terms of social, environmental and climate risks accounting for the economic sector, geographic region and average exposure period.	24
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.	25
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.	25
e) Description of social, environmental and climate risk management processes, emphasizing monitoring, control and mitigation of these risks.	26
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 impacts.	27

Introduction

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

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-related risk management, and includes the roles and responsibilities of the authorities involved in this management, the potential impacts of these risks on the business, the strategies and management of risks and capital and the respective processes for this management. This information is presented in accordance with the Central Bank of Brazil (BCB) Instruction 153 of September 15, 2021, and contains the following tables:

- Social, environmental and climate risk management governance (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)

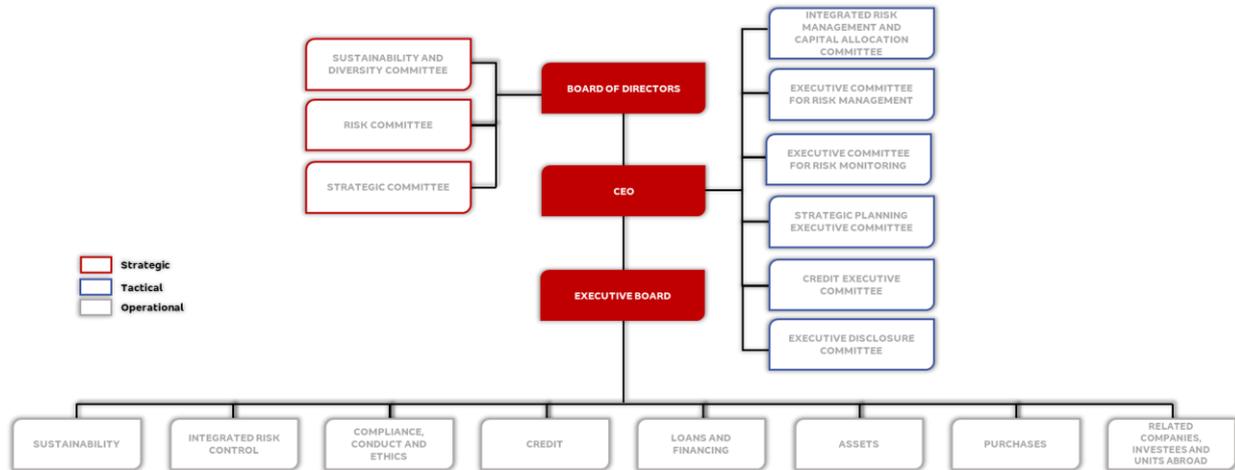


bradesco

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

The social, environmental and climate risk management structure is made up of numerous committees, commissions and departments that support the Board of Directors, the Chief Executive Officer, the Chief Risk Officer (CRO) and the Organization's Executive Board 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 Executive Board.

The Board is made up of 11 members, 4 of whom are independent.

ii. 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 ensure alignment with the Organization's other policies. It ensures that the Board and other members of the Executive Committee 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 Sustainability and Diversity Committee includes 19 members distributed as follows: 8 members of the Board, the Chief Executive Officer, the Chief Risk Officer (CRO), 7 members of the Executive Board and 2 Officers (Market Relations and Sustainability).

iii. 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 that 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 made up of 5 Board members.

iv. 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 Company'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 in view of defining short, medium and long-term guidelines, and monitors policies, guidelines and market trends to identify new strategic demands.

The Strategic Committee is made up of 5 members: 4 Board members and 1 Chief Executive Officer.

Tactical Level

v. 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 risks and capital, and to support the processes and ensure compliance with corporate security and processes and procedures related to 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 is intended to ensure compliance with all risk and capital management policies, monitors the risk profile, performance, the need and sufficiency for capital, exposures, limits and risk controls and assesses the effectiveness and compliance of the Internal Controls system.

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

vi. 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 Plan Capital and Liquidity, Contingency Plans and Recovery Plan.

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

vii. 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 guidelines 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 of those occurring under the scope of risk management.

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

viii. 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 includes 10 members as follows: the Chief Risk Officer (CRO) and 8 members of the Executive Board and 1 Director.

ix. Credit Executive Committee

A permanent, non-statutory group with decision-making powers responsible for deciding as a committee on inquiries related to credit limits or operations of the Organization (including branches abroad), of Bradesco Financiamento, of Bradesco Promotora and of Bradesco Cartão, 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 inquiries 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-related risks, and taking note of changes in Client Rating.

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

x. Executive Disclosure Committee

A permanent, non-statutory body with deliberative powers and is 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 made up of 15 members: the Chief Executive Officer, the Chief Risk Officer (CRO), 10 members of the Executive Board and 3 Superintendents.

Operational Level

i. Sustainability Department

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

Its responsibilities include designing, proposing and monitoring the implementation of the sustainability strategy in the business, operations and in the relationship with the Organization's stakeholders, in accordance with the guidelines and principles of a social, environmental and climate nature, and in 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.

ii. 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.

One of its responsibilities involves coordinating the identification, assessment, control, monitoring and reporting of the Organization's risks, integrating social, environmental and climate issues into risk analyzes (social and environmental rating), into the stress test program and into the processes for granting credit.

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 that it to be observed by

all the Organization's Companies that incorporates social, environmental and climate 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 acquiring 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 BoD and, in its absence, by the Executives, of information related to social risk, environmental risk and climate risk.

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

Forum	Frequency
Sustainability and Diversity Committee	Bimonthly
Risk Committee	Monthly
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
Credit Executive Committee	Fortnightly
Disclosure Committee	Whenever needed

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

Given the complexity and variety of products and services offered to its customers in all market segments, the Organization is exposed to many different types of risks.

To exercise proper management, criteria were established to recognize the relevant risks and, on top of these, structure management processes and governance. These criteria include: i) compliance with the resolutions from the Central Bank of Brazil, ii) a determination on the amount of risk-weighted assets (RWA), iii) history of financial losses and iv) possibility of future financial losses according to the assessment by the Organization's Senior Management.

Social, environmental and climate risks are therefore considered relevant and, as such, are accounted for in the approval and review of the following processes:

Risk Appetite Statement – RAS

The RAS refers to the types and levels of risks that, by and large, the Organization is willing to accept in conducting its business and working towards its objectives. It is reflected in corporate risk management which, in turn, influences the culture and way the Organization conducts its business.

The RAS is defined and made official by the Board, which is responsible for its approval, subsidized by the Risk Committee and by COGIRAC, which is responsible for validating it and establishing exposure limits by type of risk, risk management policies and capital 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

The Organization has policies, norms and procedures to carry out risk and capital management. These instruments are designed to ensure that the Organization maintains control that is aligned with the characteristics of its operations, the complexity of its products and services, activities, processes, systems and the extent of its exposure to risks.

Risk and capital management policies are aligned with the Organization's strategic objectives, in accordance with laws and regulations issued by supervisory authorities and is reviewed at least once a year by the Board and made available to all employees and related companies through the Corporate Portal.

The same applies to the Social, Environmental and Climate Responsibility Policy (PRSAC). This policy is used to describe the primary guidelines for the Organization's sustainability and social, environmental and climate responsibility and direct its strategy and the conduct of its business activities and processes, emphasizing the key courses of action and governance.

Stress Testing

The risk management framework has a stress test program designed to identify vulnerabilities that the Organization may be exposed to. Stress tests are exercises that assess the potential impacts of specific events and circumstances that may have implications on the capital, liquidity or value of an organization's portfolio.

Stress tests are used as a tool for risk management and are approved by the Board, and their outcomes are raw materials for assessing the Organization's sufficiency of capital and liquidity and preparing the respective contingency plans.

Policy for the Management of Business Continuity

The policy for Business Continuity Management is also approved by Senior Management and includes business continuity plans (BCPs) by which critical processes are mapped. These plans address processes, people, systems and suppliers and are reviewed periodically to ensure the Organization's operational resilience.

Liquidity Contingency Plan

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 liquidity ratios.

Events of a social, environmental or climatic nature can affect the bank's liquidity, either through a loss of funding or a downturn in the receipt of assets. Therefore, social, environmental and climate risks can be "triggers" for the activation of the Liquidity Contingency Plan, which can take place when the bank's liquidity ratios go through a significant degradation.

Compensation policies

The Organization's compensation policy, drafted by the Compensation 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 index; 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 BoD and, in its absence, by the Executive Board and, if applicable, the institution's goals related to social, environmental and climate aspects.

The Organization's business strategy seeks to fulfill our clients' expectations based on an understanding of their needs and stage in life, 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 Sustainability pillar - 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 through 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 business 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 climatic 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. In 2022, people within this profile represented 9% of total account openings.

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

- Reducing and mitigating greenhouse gas emissions in our operations and managing the exposure of our operational structures to climate risks
- Integrating assessments on current and future climate risks and opportunities into the decision-making and management processes of our businesses
- Offering financial solutions that support consumption and production patterns with lower carbon generation and are more resilient to climate impacts
- Promoting the engagement and awareness on the topic among our target audience, such as employees, partners and suppliers, clients and civil society entities

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, customers 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 adherence to the Net-Zero Banking Alliance (NZBA), making a commitment to have 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 of 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 Executive Board to monitor the Organization's strategic objectives and goals related to social, environmental and climate aspects.

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

(corresponds to the EST Table of the BCB standard)



bradesco

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 3 factors in question.

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

- CONAMA Resolution 237 (Environmental Licensing)
- Consema Resolution No. 01/2018 and 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.

Below is the credit portfolio exposure (base date of Dec/22), organized by economic sector, geographic region and including credit losses and the average term of exposures. In terms of credit losses, it should be noted that all sectors, to some extent, may be exposed to social, environmental and climate risk events. However, we cannot say whether the losses recorded are directly and/or exclusively related to events of this nature.

Economic Sector	Credit Exposure	Representativeness of the Exposure	Credit Losses		Average Exposure Time
			R\$ millions	%	%
Financial	326.234	37,81	0,00		20
Retail	72.284	8,38	0,72		16
Transportation and Concession	43.062	4,99	0,21		27
Real estate and construction activities	41.523	4,81	0,67		26
Other services	39.039	4,52	0,48		19
Wholesale	38.638	4,48	0,23		13
Other Sectors	36.989	4,29	8,83		23
Electricity	29.713	3,44	0,00		27
Holding	29.211	3,39	0,01		20
Food	24.570	2,85	0,07		18
Automotive industry	18.450	2,14	0,01		15
Tobacco and beverages	15.330	1,78	0,21		6
Health	14.704	1,70	0,07		15
Telecommunications	12.064	1,40	0,04		25
Steel and Metallurgy	11.945	1,38	0,11		19
Chemical	11.628	1,35	0,02		10
Paper and pulp	10.704	1,24	0,03		9
Sugar and alcohol	10.322	1,20	0,28		9
Petroleum and Petrochemical	9.886	1,15	0,01		50
Extraction	8.185	0,95	0,01		10
Capital goods	5.681	0,66	0,07		19
Leisure and tourism	5.655	0,66	1,61		17
Education	5.588	0,65	0,38		18
Trading	5.232	0,61	0,02		9
Home appliances and electronics	5.018	0,58	0,04		8
Building Material	4.702	0,54	0,09		13
Textiles	4.448	0,52	0,58		25
Packaging	4.221	0,49	0,05		10
Information Technology	4.059	0,47	0,10		13
General Industry	3.830	0,44	0,26		17
Agriculture	3.828	0,44	0,10		25
Hygiene and Cleaning Products	3.305	0,38	0,15		7
Furniture and wood	2.762	0,32	0,43		23
Overall Total	862.810	100,00	0,55		
Southeast	487.089	56,45	0,31		328
South	59.702	6,92	0,04		40
North	13.520	1,57	0,01		9
Northeast	40.995	4,75	0,03		28
Central West	261.505	30,31	0,17		176
Overall Total	862.810	100,00	0,55		

In addition to credit losses, the Organization has a process for monitoring operational losses arising from social, environmental and climatic 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 2022, the Organization recognized an amount of R\$ 1.8 million as operating losses arising from social, environmental and climate events, mainly related to accessibility issues (priority service) and bad weather (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 risk events. Among those identified by the Organization, the most susceptible to these risks are: Electric Energy, Automotive, Tobacco and Beverages, Steel and Metallurgy, Chemistry, Paper and Pulp, Sugar and Alcohol, Petroleum and Petrochemicals, Textiles, General Industry, Agriculture, Furniture and Wood.

The credit exposure of these eleven sectors represents 15.40% of the portfolio, with an average loss of 2.05%, demonstrating that there is no relevant concentration of exposure, either individually or in aggregate, and that the volume of credit loss is not significant.

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 assessment 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.

Businesses

In terms of granting credit, the Organization evaluates clients who are active in sectors that have a potential impact and who have 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 credit granting 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 operation.

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 securities. In the case of private securities, the material themes of each sector are accounted for to identify the risks and opportunities that companies face. For government security, the methodology looks at indicators that measure regulatory quality and public policies for good service to the population in basic services, environmental preservation and reduction of social inequality. In this way, 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 Finance Initiative of the United

Nations Environment Program (UNEP FI) that seeks to maintain an ongoing assessment of the demand for financial and insurance products that offer proper solutions to customers to boost both the low carbon economy and to protect them from the impacts or adapt them to the transformations resulting from climate change.

Strategies

The risk management activity is highly relevant 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, models and measurement and control 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 Executive Board 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 credit 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 risk events is contained in the 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 support 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 stressful 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 climatic events and in the expectations of the organizational business. 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 a Capital Plan and Contingency Plan, which are part of the ICAAP Process (Internal Capital Adequacy Assessment Process).

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

The analysis of impacts from climate change 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 alternatives 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- Analysis of Scenarios

The advancement of the global regulatory framework on topics such as limiting greenhouse gas (GHG) emissions and reducing illegal deforestation has provided a new perspective to the Brazilian foreign trade scenario that was incorporated into the scope of the Organization's stress testing program. The emerging context can pose countless challenges for sales of Brazilian products in the international market. Accordingly, in this hypothetical scenario, the restriction of trade of several products is considered, which will have an impact on GDP, exchange rates, interest rates and inflation based on the macroeconomic equilibrium model based on the joint development of the scenario between the economic, risk control, and business areas.

Macroeconomic scenarios are appraised by the business areas, which incorporate macroeconomic variables and estimate results in various products, aiming to gain 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 customers, sensitivity analyzes were conducted on the exposure of a sample of operations carried out with companies operating in sectors with a high exposure to physical and transitional 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 by 2050 are predicted, differing in the trajectories, orderly or disorderly, of actions and policies toward meeting global GHG emission control goals.
- 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 methods for the proper management of the risks in question.

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 material risks, 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 in a way in which they will certainly fail to properly reflect the overall range of risks to which the Organization is exposed. However, separate from identifying the materiality of the risks in the assessments performed, the Organization began the process of aligning its strategy with the risks and is in a continual process of updating the methodological approach adopted in view of 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 business, 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 credit portfolio by supporting clients in their transition to a low-carbon economy, as established with the Net Zero Banking Alliance.

The assessments performed reveal the Organization's ability to accommodate the impacts of climate change on its capital structure, while the climate strategies being implemented 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)



bradesco

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) credit and financing; ii) project financing; iii) guarantees; iv) suppliers; and v) investments, which we detail below.

Granting credit

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 customers in each sector. Clients who are active in sectors with medium or high inherent risk and who 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 the activities practiced by clients.

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 environmental studies, media research and consultations with internal and public databases applied, including the Employer Registry that has subjected workers 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 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 potential relevant impacts, there are action plans prepared and periodic audit processes are established that help to manage and assess social and environmental compliance.

Real Estate Guarantees

The scope of analysis of real estate guarantees includes rural properties in which social, environmental, climatic 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 submitted to an analysis to identify social, environmental and climatic 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, and 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, among other topics.

After audits, the supplier needs to draw up 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 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 weighs that variance 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 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 risks accounting for the economic sector, geographic region and average exposure period.

To classify exposures to social, environmental and climate risks, the Organization developed criteria where each risk considers specific components that are evaluated based on the characteristics of the economic sector in which it operates, and leads to a classification of high, medium and 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. In view of the lack of mandatory disclosures, regulatory authority or legal framework that allows specific monitoring, the criteria for assessing climate risks depend on the characteristics of the industrial sector in terms of its potential exposure to physical or transitional factors.

Exposures to acute risks were evaluated for physical factors - including the potential for damage to structures due to extreme weather 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 constructing a matrix that includes two axes: potential impact of the sector and relevance of its exposure in the credit 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 Bradesco Organization, as well as Rules of regulatory and Self-Regulatory bodies (Central Bank, 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 climatic 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 associated with international regulation that have important consequences to the Brazilian trade balance.

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 credit deals, given the regulatory constraints experienced by counterparties, 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 adverse scenarios. A business scenario compromised by regulatory 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 expiration of contracts if non-compliance with any risk mitigation clause is found. In addition to the inclusion of specific clauses in the 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 impacts.

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

Specifically for sectors that are more susceptible to social, environmental and climate risks (see item b of the EST table), the concentration of credit 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 prohibitive and restrict the concession of credit in more sensitive economic sectors due to their potential social, environmental or climate-related impacts.



bradesco