



Annual Report 2020



Contents

○ Message from our CEO	3	○ Pact for a lighter future	23	Our priorities in society	30
○ About the report	6	○ Governance	25	1. Including people	32
○ Organizational vision	10	<i>Human Capital</i>		<i>Human Capital and Social and Relationship Capital</i>	
<i>Manufactured Capital and Human Capital</i>				2. Simplifying finance	41
○ Economic scenario	18			<i>Financial Capital and Social and Relationship Capital</i>	
○ Value generation model	21			3. Improving businesses	48
				<i>Intellectual Capital</i>	
				4. Preserving resources	52
				<i>Natural Capital</i>	
				Where we are going	58
				GRI Annex	61

Click on titles to access pages



Message from our CEO



Gabriel Ferreira,
CEO, banco BV

Looking after people, taking care of business and impacting society

GRI 102-14 Statement from highest executive |
GRI 102-15 Key impacts, risks and opportunities



2020 was a year of great progress for banco BV's environmental, social and governance agenda.



2020 was a year that had everything to be remembered only for the terrible scars it has left around the world, not only in economy and business, but particularly in health. It was a year of hugely challenging sacrifices for sure, but also one of achievements for banco BV's entire team. It was the year in which we invested heavily to soften the effects of the Covid-19 pandemic, pioneered *green bond* issues, offset carbon emissions and launched a pact for a lighter future – which means working ever harder to stay close to our customers, making financial life smoother for both individuals and companies. This Annual Report takes up all of the above points in more detail.

It was also a year of major learning experiences. From the outset of the pandemic caused by the new coronavirus, a historically unprecedented crisis, we decided that we had to look after people and

businesses and make a positive impact on society. We believe that a company's role reaches well beyond that of making profits for shareholders. Our number one priority since the beginning of the crisis has been to ensure that our employees – numbering almost 7,000, including outsourcers – could work from home safely. We made every effort to provide resources and logistics so that everyone had the equipment they needed in their homes. Moreover, we offered 24-hour financial assistance and hospital and psychological care. Our concern was to fulfill the needs that have arisen over such an unusual and difficult year as 2020.

From a business point of view, we had two very different realities in the year. Retail – which is our core business, including lending for used vehicles and solar panels for residential use – took a major hit, especially from March to May, when the entire country was taken aback by the healthcare crisis and many people

Message from our CEO



decided to postpone purchases of new goods and preferred to wait for better days. Our quickfire response was to take our position beside customers – both retailers and end customers. Note that we were the only institution in the segment to offer a two-month grace period free of interest charges for loan repayments. Moreover: we allowed customers to renegotiate contracts and accelerated the digital transformation to facilitate solutions to demands from different

channels. Due to this agility and transparency, we ended the year with a market share even bigger than 2019's. Our wholesale segment – banking for companies with annual revenues of over R\$300 million – saw demand for our services booming. This was because many companies needed credit facilities to bolster cash at a time when capital markets were shrinking. The fact is that the pandemic acted as a seal of quality for our credit

portfolio and our risk management model, since both were barely impacted by market volatility. Result: we ended the last quarter of the year with earnings on the same level as the pre-pandemic periods.

This enabled us to take highly relevant measures in a year in which solidarity was more than ever our watchword. We donated R\$30 million for initiatives to combat the pandemic, such as staple food hampers for people in vulnerable situations. Together with other institutions we made donations to expand Brazil's vaccine producing plants (Fiocruz and Instituto Butantan). We also mobilized society to raise R\$2.6 million to combat Covid-19.

We opened a subsidized credit facility totaling R\$50 million for hospital professional equipment manufacturers – one of the highlights was a R\$20 million loan to produce 6,000 respirators purchased by São Paulo's state government. Over 600,000 people benefited from our initiatives, which involved 44 community and hospital-related projects all over Brazil. In short, we took good care



Message from our CEO



of people, taking a resilient pro-customer approach to business and making a positive impact on society. All of the above is a source of great pride for banco BV.

Despite all the restrictions imposed by the pandemic, 2020 was also a year of great advances for our environmental, social and governance (ESG) agenda. An important point to add here is that we are very ambitious in this respect. Our Sustainability Policy

dates back to 2014. We were the first bank in Brazil to consistently invest in wind power and finance purchases of solar panels for residential use. In 2019, we started offsetting total direct greenhouse gas emissions. In March of last year, once again leading the field, we issued US\$ 50 million worth of green bonds secured by renewable-energy-related projects.

I would make a point of mentioning other initiatives that we consider

important. As signatories to the UN's Global Compact, we reviewed our sustainability aspirations and sought to foster social development through a sustainable role for our ecosystem – and in connection with this strategy, we set five Sustainable Development Goals (SDGs). As of 2021, all of the bank's departments will set business goals directly related to these new-economy issues. Additionally, we have publicly committed to offset 100% of CO₂ emissions from new automotive vehicles financings.

A point to note from a governance standpoint, is that we celebrated the renewal of our shareholders' agreement. Ten years after the beginning of this successful partnership, Votorantim S.A. and Banco do Brasil signed the new pact that provides for the alignment of banco BV with the most modern management

practices – such as having independent members on the Board of Directors.

In 2021, all the signs are that we will again bet tackling major challenges, starting with the worsening of the Covid-19 pandemic that we have seen in the first quarter of this year. We are still apprehensive in relation to the current situation, but we know that the best way to continue growing is to remain close to our customers and employees, as we always have done. Our ideal is that our bank makes your life lighter, having the robustness of large financial institutions, the agility of digital banks and ever-growing commitment to ESG pillars. Given everything we have done and plan to do, I have no doubt that we are moving steadily in that direction.

Gabriel Ferreira,
CEO, banco BV

About the report

“Both internally and in relations with the market, our bank makes your life lighter, having the robustness of large financial institutions, the agility of digital banks and ever-growing commitment to ESG pillars.”

Gabriel Ferreira,
CEO, banco BV

Commitment to the present and the future

This report summarizes banco BV's main initiatives and financial performance over the period from January 1st to December 31st of 2020; our perspectives for 2021 and our principal mid- and long-term targets and projects.

GRI 102-50 Period covered by the report

This is banco BV's first annual report to follow international methodologies for proper management of environmental, social and economic indicators. Its content is divided in order to show BV's business model correlating activities we develop with six types of capital – Manufactured, Financial, Human, Social and Relationship, Intellectual and Natural. The six types of capital stand for stores of value that organizations use for the success of their business activities. The document also shows new materiality criteria set by the company's stakeholders. The consistent work we have done throughout the year is shown below. In particular, the chapter *Our priorities in society*, which is divided into four blocks

– Including People, Simplifying Finance, Improving Business and Preserving Resources – translates the essence of our business.

GRI 102-52 Reporting cycle

All content produced has been based on the Integrated Reporting guidelines of the International Integrated Reporting Council (IIRC) with reference to ¹Global Reporting Initiative (GRI) Standards for Sustainability Reports. It also considers the principles of the UN's Global Compact and Sustainable Development Goals (SDGs). For the first time, we have followed these methodologies

and responded to questions for the indicators, and we are henceforth committed to compiling even more comprehensive reports for the next year.

GRI 102-51 Date of most recent report | GRI 102-54 Reporting statements in conformity with GRI Standard



//////

¹ Standards used in this document: GRI 102 General Content 2016, GRI 103 Management Approach 2016, GRI 205 Anti-Corruption 2016, GRI 206 Unfair Competition 2016, GRI 412 Human Rights Assessment 2016, GRI 405 Diversity and Equal Opportunities 2016, GRI 406 Non-Discrimination 2016, GRI 418 Customer Privacy 2016, GRI 401 Employment 2016, GRI 403 Occupational Health and Safety 2018, GRI 404 Training and Education 2016, GRI 203 Indirect Economic Impacts 2016, GRI 308 Supplier Environmental Assessments, GRI 414 Supplier Social Assessments 2016, GRI 419 Forced or Compulsory Labor 2016, GRI 419 Child Labor 2016, GRI 305 Emissions 2016, GRI 302 Energy 2016, GRI 306 Effluents and Waste 2016 and GRI G4 Financial services sector supplement.

About the report

New materiality

GRI102-46 Definition of report's content and topic scope

In 2021, BV defined the company's material themes, meaning those most relevant to steer management strategy and communication with stakeholders. The process involved four stages:

- Planning.
- Analyzing internal and external documents to map the sustainability context in which the company is located.
- Conducting an online survey of different types of internal and external stakeholders relevant to the organization.
- Validating material themes in terms of their economic, environmental and social impacts and their representativeness.

The online survey included representatives of shareholders, industry associations, customers, employees and regulatory bodies. In all, over 1,400 people were asked to take part, of whom 149 sent valid responses. Initially, 14 themes emerged as relevant.

After prioritizing, banco BV defined its seven material themes:

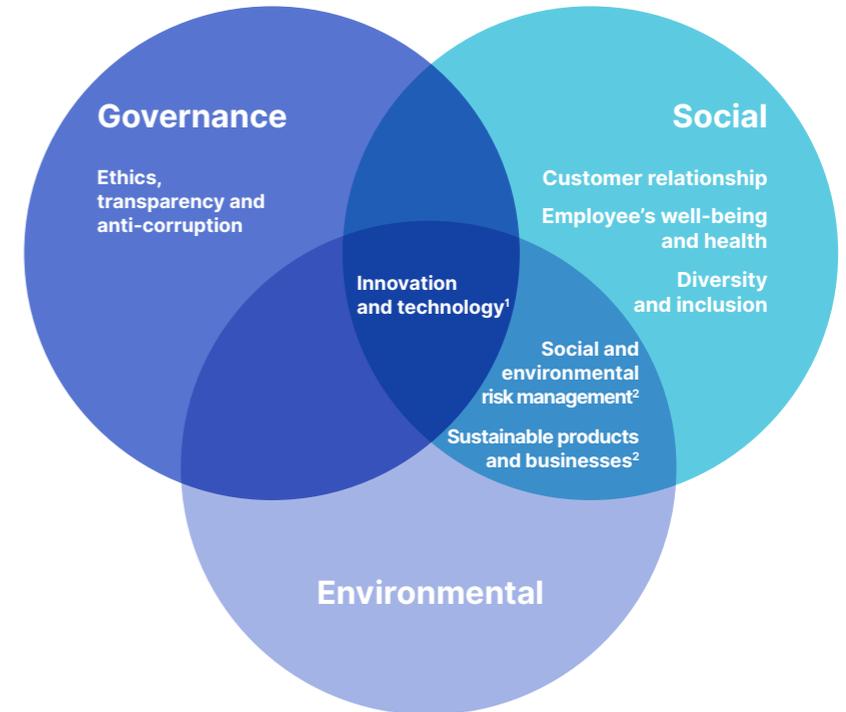
GRI 102-40 List of stakeholder groups | GRI 102-43 Approach to stakeholder engagement

- 1| Ethics, transparency and anti-corruption.
- 2| Customer relationship.
- 3| Diversity and inclusion.
- 4| Innovation and technology.
- 5| Employee's well-being and health.
- 6| Social and environmental risk management.
- 7| Sustainable products and businesses.

Two other items are worth mentioning: **Privacy and data security**, which will be discussed in this report together with Innovation and Technology, while **Economic and Financial Resilience** was seen as an element inherent to the business and therefore found in our Financial Performance chapter.

GRI 102-47 List of material topics

Material themes and their relation to ESG pillars



¹ Innovation and technology as a transversal theme

² Social and Environmental Risk Management and Sustainable Products and Businesses are covered by the Social and Environmental pillars

Comments, questions and suggestions for the report may be sent to sustentabilidade@bv.com.br.

GRI 102-53 Contact for questions on the report

About the report

2020'S ESG agenda key projects carried out

Environmental

- Offsetting CO₂ emissions from financed vehicles
- Offsetting direct CO₂ emissions (Carbon Free)
- Green bond
- Clean energy (solar panel financing)



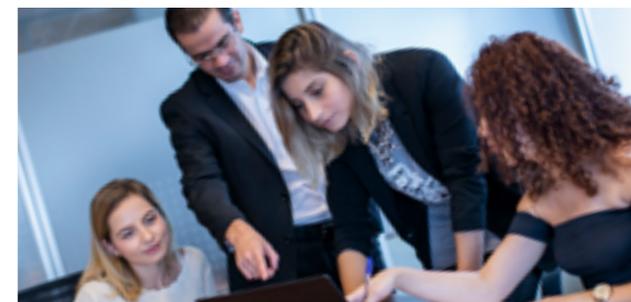
Social

- Donation campaign (against coronavirus pandemic)
- Pact for sports
- Incentivized projects



Governance

- Credit policy that factors in social and environmental risk assessment
- Targets (flexible compensation) for leadership
- Sustainability Committee
- ALAS Award – Sustainable Leaders Agenda



Organizational vision

| *Manufactured Capital, Financial Capital and Human Capital* |

“We ended the year as leaders in light used vehicles finance, with a 25% market share in this segment. To grow even more, we are wagering on our capillarity and digitization of contracting processes to enable our customers to buy from their home through our ‘We’ll take it to You’ product. Our financing products may also be purchased at BV stores, partner dealers or 100% online, free of red tape.”

Celso Rocha,
Distribution and Retail director

Our bank makes your life lighter

GRI 102-2 Activities, brands, products and services

Banco BV was founded in 1988 as a financial securities dealer before operating as a privately held universal bank in 1991. Now it operates in the wholesale and retail segments.

- **Retail.** Our core business is light used vehicle financing, which is quite robust and profitable. We have more than 3.3 million customers in our portfolio, which enables us to diversify sources of revenue via means of payment, insurance and other credit products that we offer directly or together with partners (vertical ecosystem – B2B). At the same time, we ensure very close relations with customers (horizontal ecosystem – B2C). We are also financing solar panels for residential use, a market that has been growing strongly in recent years.
- **Wholesale.** The two main areas – Corporate & Investment Banking – focus on companies posting annual revenues of over R\$300 million. **BV Corporate** services include foreign exchange, cash management, debt capital market (DCM) and discounting receivables. Our Wealth Management area is subdivided into asset management (**BV Asset**), which is a benchmark for structured high-liquidity funds, and private banking (**BV Private**), offering personalized financial services according to client's needs.

BVx is our innovation business unit. It adds value by connecting with the financial system's startup ecosystem, so-called fintechs, through co-creation projects, proprietary developments or direct investments in strategic partnerships. BVx supports both retail and wholesale segments.

BV's strategic pillars

Banco BV's strategy is based on three pillars, which define and guide our priorities in the pursuit of long-term goals. This strict approach to the way we run our business keeps us on the right track for our purpose, which is to lighten the financial lives of people and companies.

Banco BV's three strategic pillars and priorities are:



1| **Financial efficiency and robustness:** Light and Efficient Business Model; Robust Balance Sheet and Conservative Risk Management.



2| **Continuous improvement of our customers' experience:** Customer Centricity; Continuous Improvement Process.



3| **Digital maturity:** Digital Solutions and Channels; Open Banking.

Organizational vision

Highly attuned team

GRI 102-4 Location of operations | GRI 102-6 Markets served | GRI 102-7 Scale of the organization | GRI 102-8 Employees and other workers

At the end of 2020, we had 4,010 direct employees, 2,509 of whom were full time and 1,424 part time, in addition to 55 interns and 22 apprentices. We operate in Brazil and the Bahamas, where we have three monthly-salaried employees. In December 2020, there were 2,267 men and 1,743 women. In addition, we have nearly 3,000 outsourcers.

To reducing immobilization costs and fulfill our business strategy, we started to provide online services while retaining the capillarity and nationwide coverage that guides BV's business.

GRI 102-10 Significant changes in the organization and its supply chain

Strong performance in the sector

GRI 102-13 Membership in associations

Banco BV is a member of several Brazilian associations and organizations. Some of them are shown below:

- Board and Executive Board of the Brazilian Federation of Banks (Febraban).
- Brazilian Association of Financial and Capital Market Entities (Anbima).
- National Association of Credit, Financing and Investment Institutions (Acrefi).
- Brazilian Association of Credit Cards and Services Companies (Abecs).
- B3 – Brasil, Bolsa, Balcão (Brazilian stock exchange and OTC market).
- Capital Market Investors Association (Amec).
- Brazilian Association of Banks (ABBC).

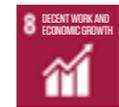
Sustainability goals

GRI 102-12 External initiatives

ESG strategy pillars are increasingly part of Banco BV's business. In 2016, we became the fifth Brazilian bank to sign the Equator Principles, a socio-environmental risk management framework in projects, whose objective is to support a responsible loan-related decision making. Three years later, we adhered to the Responsible Investment Principles. Since December 2020, we became signatories, once again, to the UN's Global Compact initiative. Our Sustainability Agenda particularly focuses in five Sustainable Development Goals (SDGs):



Gender equality



Decent work and economic growth



Industry, innovation and infrastructure



Reduced inequalities



Action against global climate change

All of them are linked to BV's business pillars:

- Neutralize our environmental impact.
- Accelerate social inclusion.
- Multiply and humanize financial knowledge.
- Mobilize resources to foster sustainable business.

As of 2021, we will be internally and externally reporting our progress toward reaching the five SDGs. Our executives and managers will have goal-related targets, and this will directly impact their flexible compensation.

Organizational vision

Financial performance

GRI 102-7 Scale of the organization

Given difficulties arising from the coronavirus pandemic, the course of the year 2020 was largely unpredictable. Business was down on terms of volume but by the end of the year many indicators were back up to pre-pandemic levels, thus showing the institution's robustness. Total assets grew 20%, from 2019's R\$ 96.8 billion to R\$ 116.3 billion. Our credit portfolio grew 6% year on year, from R\$ 66.3 billion to R\$ 70.3 billion and showed improvements in both wholesale (up 5%) and retail (6.5%). Highlights were loans (23%) and vehicles (7%).



Recurring net income



R\$ 1.063 bn 2020

R\$ 1.370 bn 2019

The fall in 2019 was due to higher prudential provisioning in the more uncertain economic environment due to the Covid-19 crisis.

Return on equity (recurring ROE)



10.3% 2020

14% 2019

This reduction was mainly due to prudential provisioning against credit losses. Despite initial uncertainties caused by Covid-19, our results showed consistent improvement and our balance sheet remains solid, with robust capital, liquidity and delinquency coverage.

Gross financial margin

Up 1.7% from 2019 to 2020. Margin with clients were up 5.8% due to retail and wholesale credit portfolio growth and offset the 25.9% fall in margin with the market. Note that the same period saw the average interbank rate (CDI) fall three percentage points, from 5.9% to 2.9%. So net interest margin (NIM) of clients ended December at 9.7%, against the previous year's 9.9%, thus showing strong recovery in the year after its one-off fall in 2Q20 due to customer support actions during the pandemic.

Gross financial margin | R\$ M /



NIM¹ | % p.a. | vs CDI² /



○ NIM¹ ○ CDI²

¹ Net Interest Margin: Ratio of Customer's Gross Margin and average assets that are sensitive to spread
² Average CDI rate updated quarterly (source: Cetip)



We have one of the industry's best expenses/revenues ratios. Not having branches makes us a light bank: only a third of our costs is fixed – expenses only rise to the extent that we generate more business.

Personnel and administrative expenses

R\$ 2.194 bn 2020 /

R\$ 2.140 bn 2019 /

The increase was due to higher investments in technology and therefore higher amortization expenses. Despite this, the increase was below the period's inflation (the IPCA ended 2020 at 4.5%).



Efficiency ratio

The ratio of 2020 closed at 32.3% (stable against 2019's 32.2%). One of the financial market's best indicators.

Cost of risk

The worsening macroeconomic environment also impacted the cost of risk. Although the numbers improved in the fourth quarter against the previous three months, the 2020 indicator rose 29.2% due to the pandemic's effects, which led to higher prudential provisioning. As a result, the cost of risk for the total portfolio rose from 3.4% in 2019 to 4.1% at the end of 2020.

Cost of risk | R\$ M /



In this challenging year, our bank was able to help clients, remain efficient and strengthen our balance sheet. Our risk management models have once again proven their effectiveness. We ended the year very robust with high capital, liquidity and delinquency coverage indicators.



Rodrigo Tremante,
CFO, banco BV



Credit card portfolio



5.2% growth in the year /

R\$ 2.910 bn 2020 /

R\$ 2.766 bn 2019 /

In addition to several options with the MasterCard, Visa and Elo brands, we have integrated the BV card to the BV app, with digital account and vehicle financing services. In December, we reached the milestone of over one million cards issued.

Coverage ratio above its historical average



252% 2020 /

196% 2019 /

Basel ratio



Basel ratio at 14.6% (against 2019's 15.1%) with CET1 at 11.7% – well above the 5.75% regulatory minimum. /

Liquidity Coverage Ratio (LCR)



226% 2020 /

180% 2019 /

The higher ratio shows banco BV's prudent response to a more adverse economic scenario. Note that Brazil's Central Bank requires a minimum of 100%.



In 2020, we continued to grow our Corporate portfolio and entered the SME segment. Credit delinquency reached its lowest level for ten years and we had record volumes and revenues in capital market placements, foreign currency exchange and cash management, including Banking as a Service, in which we offer banking infrastructure for fintechs.



Rogério Monori,
executive director for Corporate,
Investment Banking and Treasury

Retail highlight

We ended the year leading the light used vehicle financing segment with:

25%
market share

R\$ 41.4 billion
in loan agreements
(against R\$38.7 billion in 2019)



For over its 20 years in this market, BV has built up major competitive edges:

- **Capillarity:** 20,700 dealers all over Brazil and 20 physical stores.
- **Agility:** 97% automatic response for credit.
- **Expertise:** continuously improving management tools for both the use of data science (analytics, modeling, etc.) and innovation (OCR, biometrics, etc.).
- **Digitization:** end-to-end financing trail from simulating business to signing loans and paying installments.
- **Leadership:** we are one of the leaders in solar power finance. Our growing portfolio totaled R\$892 million in 2020.

Wholesale highlight

Our credit portfolio grew

5%

while delinquency fell to

0.5%

over 90 days

- We are the settlement and custodian bank for startups



Wealth Management

BV Asset ended 2020 with R\$ 49.5 billion assets under management (AuM) - up 2.7% against 2019. At the end of the year, 39% of the 239 funds under management were backed by real-economy assets (property, energy, infrastructure and other sectors).



We are one of Brazil's biggest real estate fund managers.

For more details of banco BV's financial result, see: <https://ri.bv.com.br/en/>

Banco BV's awards in 2020 highlight the work developed by our teams and our commitment to customers and partners, even in a challenging year due to the pandemic.

Awards and recognition

- For the second consecutive year banco BV's asset management division – BV Asset – won international recognition from the **Sustainable Leaders Agenda 2020 (ALAS20)** organized by GovernArt. The award is for excellent outreach around corporate governance, sustainability and responsible investments in Latin American capital markets. In 2020, BV Asset was named Leading Institution in the Responsible Investment category, which underlines our commitment to responsible investment management and consistent and sustainable performance.
- In November, we were elected the most innovative bank for the **Whow! Innovation Award**. Whow's third edition recognized companies that produce consistent innovation and show effective repercussions for business. This recognition came mainly from partnerships with companies and startups.
- We won the **Companies that Most Respect Consumers** award made by Grupo Padrão's *Consumidor Moderno* magazine in the Personal Credit category. SKS CX and Opinion Box conducted a quantitative survey online by directly contacting consumers all over Brazil. The attributes scored included good product quality and variety, fair prices, meeting needs and speedy customer service.



Economic scenario

“Global and local risk levels are still very high, but there are signs suggesting that the economy is gradually picking up from its lowest point.”

Roberto Padovani,
Chief Economist, banco BV

Analysis

GRI 102-15 Key impacts, risks and opportunities

In 2021, Brazil's economy continues to deal with a scenario marked by unusually high levels of uncertainty.



Roberto Padovani,
Chief Economist, banco BV

After the fall caused by the pandemic in 2020, a gradual recovery of the economy was expected for 2021. Globally, strong fiscal and monetary stimuli have driven a vigorous return to growth and an uptrend in commodity prices, thus benefiting emerging markets. This same scenario, however, has been a source of concern since higher inflation and interest rates may affect international capital flows and harm the economies whose fundamentals are weaker.

International concerns were heightened by high levels of political noise on the domestic level. Uncertainty in relation to environmental, health and economic agendas negatively affect business, investor and consumer confidence.

On the economic side, in particular, concerns are focused on the government's fiscal issues. One of the pandemic's legacies is a high level of government debt. During the crisis, Brazil spent more than any other emerging market in proportion to the size of its economy: the amount was over twice its peers' average outlay. Even if we make optimistic assumptions for interest and growth, this means that debt levels will not be stabilized until the end of the next presidential mandate, thus leaving Brazil vulnerable to shocks.

Since concerns over international interest rates and local public debt are likely to be persistent, financial markets have notched risk premiums up a level.

The exchange rate in particular was heavily depreciated,



In proportion to the size of its economy, Brazil spent more than the other emerging markets during the crisis.



which worsened the domestic inflationary scenario that had already come under pressure from rising commodity prices and consumer spending picking up again while supply chains were still disrupted. Inflation expectations jumped from 3.3% at the beginning of the year to 4.8% at the end of the first quarter of this year, which prompted the Central Bank to hike the interest rate to normal levels sooner than expected.

This situation has material implications for the credit market. On the one hand, unemployment, confidence and inflation levels that have coincided with higher household debt and commitments relative to income are not compatible with the substantial

fall in delinquency for firms and households that we have seen during the pandemic, largely due to incentives favoring renegotiations. Delinquency will likely switch course as arrears head back toward their normal historical average.

On the other hand, progress made with vaccinations, global growth and real interest rates still at historically low levels are three factors working against a second plunge into recession while also lowering the chances of another credit crisis.

The gradual return of employment and falling inflation rate with consumer confidence possibly recovering should prevent a repetition of what was seen in 2012 and 2015 in relation to

personal loans. The corporate segment's capacity utilization, interest rate and business confidence levels also tend to reduce the probability of a crisis on the lines of 2016's.

In this case, consumer finance will likely continue favoring the Brazilian economy's recovery. In particular, lower levels of uncertainty should continue to drive lending for light used vehicles sales, which have traditionally been shock resilient. Despite some accommodation at the beginning of the year, the scenario is still one of recovery.

Global and local risk levels are still very high, but there are signs suggesting that the economy is gradually picking up from its lowest point.



Despite some accommodation at the beginning of the year, the outlook is still one of recovery.



Roberto Padovani,
Chief Economist, banco BV

Value generation model



Value generation model

Value generation model - banco BV



Pact for a lighter future

We believe that many hands together will sustain a better future.

Pact for a lighter future

Our manifesto

GRI 102-16 Values, principles, standards and codes of conduct

We believe that many hands together will sustain a better future.

So our aspiration for sustainability by 2030 involves several of them.

First by our own hands, in our own home, neutralizing our environmental impacts.

Then, by the hands of society, accelerating social inclusion internally and externally: more diversity in our team, contributing to the social development of young people and elderly and delivering financial knowledge to people in an accessible, transparent and humanized manner.

Finally, our future also rests in the hands of businesses and their impact on the world. We want to leverage businesses with a positive social and environmental high impact in order to extend the reach of our transformation.

We believe that a smoother financial life is one that takes all of this into account.

For employees, customers, businesses, and society. For the world.

For all the hands that make our sustainability lighter.

#Light for the future



Governance

|Human Capital|

Banco BV's Corporate Governance Policy is committed to corporate transparency, accountability, equity and responsibility.

Related material topic:
Ethics, transparency and anti-corruption

Related SDG:



Progress on governance

GRI 102-18 Governance structure

Banco BV has always adopted best practices for corporate governance.

Our management is shared fifty-fifty between the shareholders of Votorantim Finanças (which concentrates Votorantim Group’s interests in the financial segment) and Banco do Brasil. This shareholders’ agreement was renewed in 2020, after being in effect for ten years. Each has three seats on the Board of Directors – which, since November 2020, has had an independent board member, Andrea da Motta Chamma, as shown in the list below, which lists members in December.

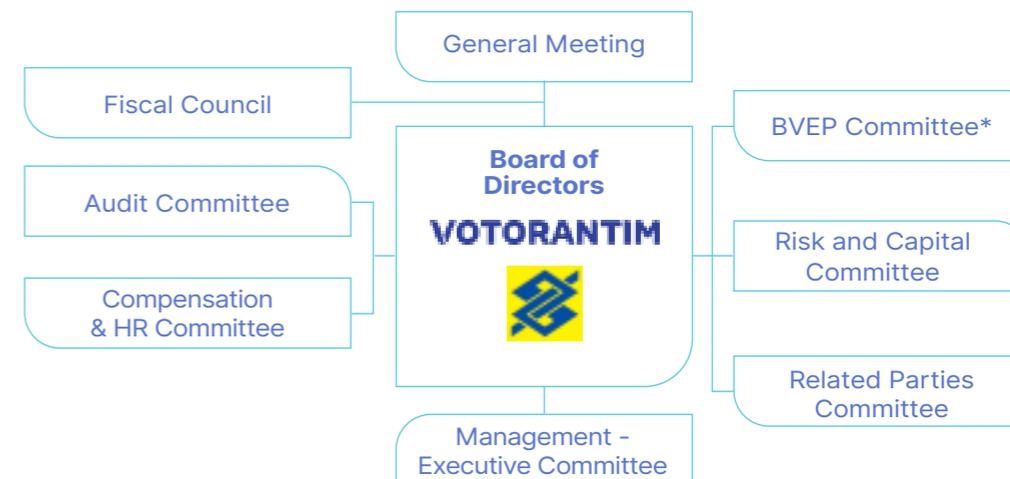
Membership of the Board of Directors* /

Composition: 7 to 11 members elected jointly for two-year mandates, reelection permitted

Name	Designation	Appointment
Fausto de Andrade Ribeiro	President	Banco do Brasil
João Henrique Batista de Souza Schmidt	Vice-President	Votorantim Finanças
Andrea da Motta Chamma	Independent board member	Mutual agreement
José Luiz Majolo	Board member	Votorantim Finanças
Jairo Sampaio Saddi	Board member	Votorantim Finanças
José Ricardo Fagonde Forni	Board member	Banco do Brasil
Carlos Renato Bonetti	Board member	Banco do Brasil

*All members were ratified by Central Bank of Brazil (Bacen).

Board meetings are held at least once a month to deliberate on strategic issues and steer the bank’s business affairs. Decisions are taken by absolute majority and there is no ‘casting vote’. The board has a Fiscal Council and five other committees that help gather data on each matter: Audit, Compensation & Human Resources, BVEP (BV enterprises and holdings), Risks and Capital and Related Parties.



*BV Enterprises and Holdings

Governance

Management and the Executive Committee report to the Board of Directors and also get support from technical committees. During the year, there were no confirmed incidents of corruption involving suppliers or employees – nor were there any legal actions for unfair competition, anti-trust or monopoly practices.

GRI 205-3 Confirmed cases of corruption and measures taken | GRI 206-1 Legal actions for unfair competition, antitrust and monopoly practices

Corporate Governance Policy's fundamental principle is commitment to transparency, accountability, equity and corporate responsibility. Other policies include Risk and Capital Management, Anti-Money Laundering and Terrorism and Anti-Corruption Financing, Sustainability and Social and Environmental Responsibility. Rules, procedures and specifications that help internal outreach for each policy are set forth in instructions and manuals compiled at management level.

GRI 103-2 Management approach and its components: Material topic: Ethics, transparency and anti-corruption

Brazil's current legislation states that all shares in Banco BV and its subsidiaries are subject to National Monetary Council (CMN) and Central Bank of Brazil (Bacen) rules and oversight.

GRI 205-1 Operations assessed for corruption related risks



Code of conduct

GRI 103-2 Management approach and its components: Material topic: Ethics, transparency and anti-corruption | GRI 102-16 Values, principles, standards and norms of behavior

Our professionals' activities are guided by the company's Code of Conduct. This document is also used as reference for relations with suppliers, service providers and commercial and business partners. Banco BV's Code of Conduct may be accessed at <https://ri.bv.com.br/en/>.

If the document's guidelines defined are breached, written reports or complaints may be forwarded (to a PO Box or an email address). Facts reported and persons forwarding them are assured of confidentiality in all situations. In addition, there is an Audit Committee that receives complaints related to fraud and other irregularities of an accounting nature through this email



Banco BV employees share everyday remote working images

address: comite.auditoria@bancovotorantim.com.br (or #Comite-Auditoria for internal users). Matters related to conflicts of interest, personal investments, information barriers and Anti-Corruption Law are handled by the Compliance area. Our 24/7 general customer service channel – open to anyone wishing to talk to Votorantim

Financial Conglomerate – may be reached by telephone (0800-728.0083, and 0800-701.8661 for hearing and speech impaired callers) or e-mail (sac@bv.com.br).

Despite higher demand due to the pandemic, the Ombudsman channel, in 2020, took four business days to average time to decide issues, which was well below the Central Bank regulatory ten business days.

Ombudsman



In line with our business purpose, the Ombudsman is committed to personalized responses offering the best solutions. The office is the highest instance of appeal, but it does not take the place of conventional customer service channels. The Ombudsman proposes continuous improvement processes to prevent and mitigate operational and image risks and uses artificial intelligence tools to help understand customer's issues. In addition, Ombudsman is responsible for relations with regulatory stakeholders such as consumer protection agencies and Brazil's Central Bank.

GRI 103-2 Management approach and its components |
 GRI 103-3 Assessment of management approach :
 Material topic: Own topic - Customer relationship

Favorably assessed by customers

We ended 2020 in second place in the Central Bank's Ombudsman Office Quality Ranking. Based on analyzing fourth quarter data, our financial institution had the lowest number of complaints per customer of any of the top Brazilian banks (ranked by assets). Excellent service and customer-centricity were also highlighted on Brazil's top customer complaints website (*Reclame Aqui*), where we had the best score of the ten largest banks.



Banco BV employees in the office before the Covid-19 pandemic

Governance

Risk management



Our Risk and Capital Management Policy, approved by the Board of Directors, sets guidelines to define, systematize and standardize banco BV's risk and capital management as per the Brazilian financial system's current laws and regulations. Among other aspects, they require the company to have instruments, financial services and protection strategies (hedging) in accordance with its Risk Appetite Statement (RAS).



Banco BV employees working at the head office before the Covid-19 pandemic

Anti-corruption



GRI 103-2 Management approach and its components | GRI 103-3 Management approach assessment: 205 Anti-corruption

Banco BV policies include Anti-Money Laundering, Terrorist Finance and Anti-Corruption. Rather than repudiate the above practices, the document posits measures to curb any illegal acts in line with international commitments binding Brazil's government.

The bank is committed to developing products and services to combat money laundering and terrorist financing – as well as taking in joint initiatives in the context of Brazil's national financial system. Internally, there are training programs and outreach initiatives to spread the culture of prevention against these three practices. Any signs or reports of illegal practices are

investigated in accordance with the law, including measures to protect employees who report them in good faith. Our Anti-Money Laundering, Terrorism Financing and Anti-Corruption Policy also determines mechanisms for identifying, validating and updating registration data provided by customers, partners, suppliers and banking correspondents. This policy also stipulates periodic internal and external audits. No corruption-related risk was detected in 2020.

GRI 205-1 Operations assessed for corruption-related risks

Our priorities in society

We have three fundamental commitments: preserving the lives of employees, families and partners, ensuring business continuity and making a positive impact on society.

Our priorities in society

BV's commitments

Banco BV's main initiatives to support its three commitments in 2020 are described in the next four blocks.

These include taking care of our employees, measures to mitigate the coronavirus pandemic's effects, initiatives for our customers, creating new products and solutions, and our sustainability strategy.



Our priorities in society

1. Including people

|Human Capital and Social and Relationship Capital|

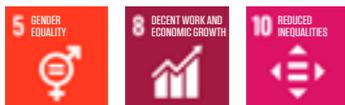


We are a people-oriented institution, and we are increasingly committed to diversity.

Related material topics:

- Employee well-being and health
- Diversity and inclusion
- Social and environmental risk management (emphasizing the social aspects)

Related SDGs:



Focus on ESG's "S" aspect

Principle stated in the commitment:
Partner

Diversity matters for everyone

GRI 103-1 Explanation of material topic and its limits | GRI 103-2 Management approach and its components: 405 Diversity and Equal Opportunities | GRI 405-1 Diversity in governance bodies and employees

We know that we have an important role to play as agents of change in society. One of the ways of making our contribution is creating a more diverse and inclusive workplace. Our targets include raising the percentage of women, the total number of over 50s (now at 4%) and also the number of afro-descendants

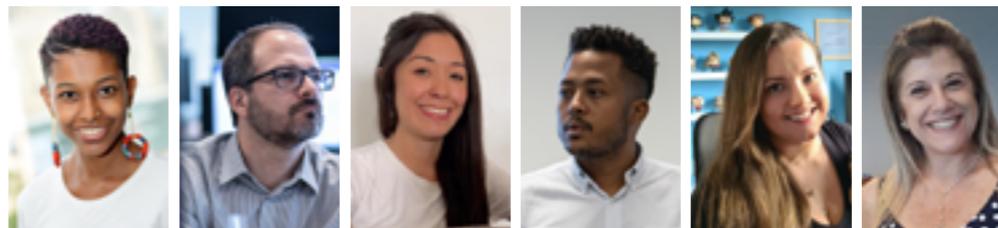
in the company as a whole and particularly in leadership positions (from 2019 to 2020, the number of women in management positions rose from 164 to 194, making for a 1.7 p.p. rise from 32.5% to 34.2%). Over the past three years, 60% of new hires came from different sectors of the economy – other than the financial market.

Employees in 2020

2,267
men (57%)

1,743
women (43%)

BV employees show the diversity present in society



Our priorities in society

In 2020, two initiatives were taken in this sense:

- Our first internship program **“She for She”** started in September by setting aside 45 vacancies for persons identifying as female gender (cis and trans women). The selection process was blinded and included a digital hackathon for the eliminatory rounds. Blind selection procedures ensure equal opportunities for people from different social contexts, since choices are made without knowing candidates’ ages or the educational institution they attended.
- All 42 vacancies in the second iteration of the **Young Apprentice** program were set aside afro-descendant candidates aged 17 to 22 shared their backstories and how they had shaped their lives to date – in addition to participating in a self-knowledge “challenge”. Based on the theory of life-changing seven-year cycles, these young people were challenged to reflect on situations that had made a mark on their lives. Before tapping a wider outreach, the program held selection processes at three institutions: Gerando Falcões (creating hawks), Instituto Proa (bow institute) and Diversidade Racial (racial diversity).

Internship program



Youth Apprentice Program



Other initiatives concluded in 2020 include setting up ‘Affinity Groups’ around four major themes (gender, ethnicity, LGBTQIA+ and persons with disabilities). A total of 111 employees signed up for the meetings that started in November. To discuss “The Origin of Racism”, we invited philosopher and professor Djamila Ribeiro to host a live session. We published an anti-racism primer, two videos on diversity and anti-racism and our Diversity Manifesto. During the year, our reporting channels did not get any reports of cases of discrimination (based on race, color, age group, sex, religion, political opinion, nationality, social origin):

E-mail:

canaldedenuncias@bv.com.br

Caixa postal:

79545 – Postcode 04707-970

GRI 406-1 Incidents of discrimination and corrective measures taken



Banco BV personnel in 2020 GRI 102-8 Information on employees and other workers

4,010

employees

(own + interns and apprentices)

Own employees /

	Gender		Total
	Men	Women	
Monthly salaried	2,229	1,704	3,933
Hourly waged			0
Trainees			0
Full-time	1,525	984	2,509
Part-time	704	720	1,424
Total own	2,229	1,704	3,933

Interns and apprentices /

	Men	Women	Total
Interns and "Summer Students"	31	24	55
Apprentices	7	15	22
Total interns and apprentices	38	39	77

Grand total /

Own employees + intern and apprentices	2,267	1,743	4,010
--	-------	-------	-------



GRI 405-1 Diversity in governance bodies and employees

Employees by job category, gender and age group /

Job category	Age group (%)			Gender (%)	
	- 30	30 - 50	50+	Men	Women
CEO	0.0	68.4	31.6	84.2	15.8
Manager	0.8	90.8	8.4	73.5	26.5
Coordinator/consultant	12.0	85.6	2.4	66.7	33.3
Technician/analyst/supervisor	18.7	76.9	4.4	52.0	48.0
Trainee	0.0	0.0	0.0	0.0	0.0
Operational	14.0	80.8	5.3	33.6	66.4
Intern	98.2	1.8	0.0	56.4	43.6
Apprentice	100.0	0.0	0.0	31.8	68.2
Total temporary employees	16.6	79.1	4.4	57.0	43.0

Composition of the organization's minority groups /



Governance composition /

gender	
Male	16
Female	3

age group	
Under 30	0
Between 30 and 50	13
Over 50	6

Board - composition /

gender	
Male	6
Female	1

Our priorities in society

GRI 401-1 New hires and employee turnover

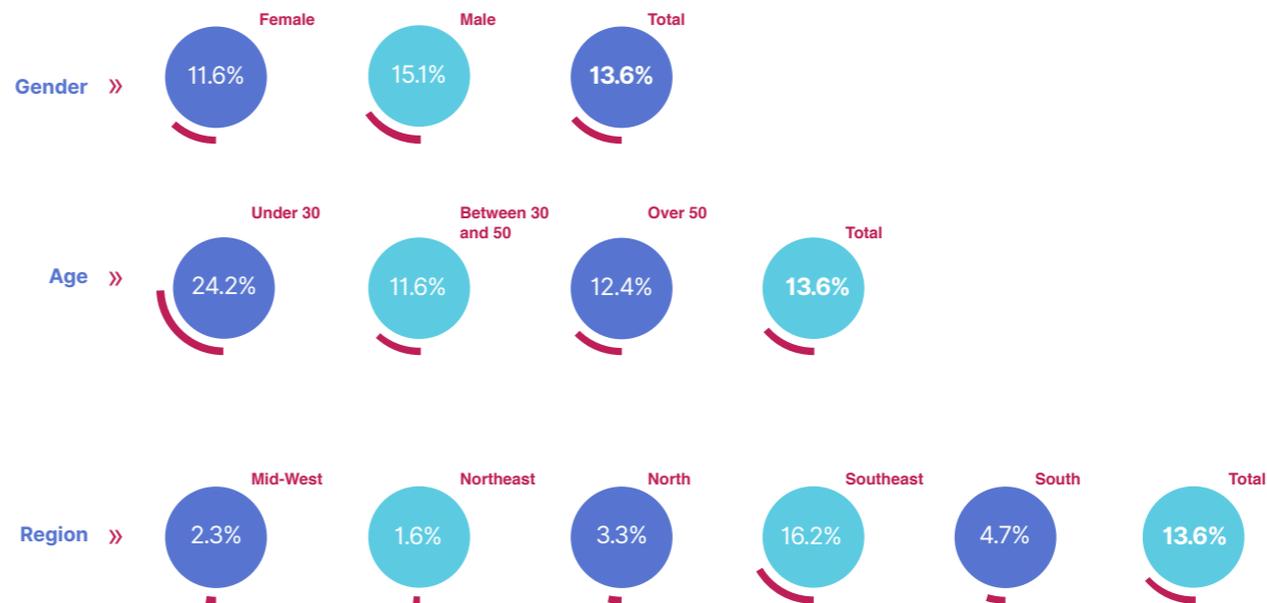
New hires and turnover /

Gender	Headcount in Dec	%
Female	1,701	43%
Male	2,213	57%
Total	3,914	100%

Age	Headcount in Dec	%
Under 30	588	15%
Between 30 and 50	3,157	81%
Over 50	169	4%
Total	3,914	100%

Region	Headcount in Dec	%
Mid-West	145	4%
Northeast	206	5%
North	57	1%
Southeast	3,176	81%
South	330	8%
Total	3,914	100%

Turnover /



Banco BV employees

GRI 403-9 Work accidents

Looking out for safety /

	Brazil	Other countries	Unit
Man-hours worked	6,550,468.19	0	Quantity
Total injuries	1	0	Quantity
Total deaths	0	0	Quantity
Days lost as of date of accident	3	0	Quantity
Work-related injuries - serious consequences (except deaths)	0	0	Quantity
Work-related injuries - Mandatory reporting	1	0	Quantity

In 2020, we invested in health and safety initiatives and registered one single accident. We look after our professionals and prioritize their health and wellness. None of our jobs involve hazardous conditions. In addition to the Specialized Safety Engineering and Occupational Medicine Service (SESMT), we have an active Internal Accident Prevention Commission (Cipa) whose members support preventive measures.

GRI 403-3 Occupational health services

Our priorities in society

Our caring approach to our employees is also reflected in external indicators.

We take pride in working at BV

GRI 103-3 Assessment of management approach.
Material topic: Employee well-being and health

According to Glassdoor, a website that allows employees to rate companies, BV is the fifth company in Brazil that people most love working for and the first among banks. In October, BV was named the fourth best financial institution to work for and the 26th overall, according to the Great Place to Work (GPTW) ranking. We improved our ranking on this list on two indicators. One was favorability, which assesses and compares organizational climate - we got an extra five points, reaching 92. On the e-NPS factor, which measures the extent to which employees recommend the company to people in their personal, social and occupational circles, our score of 89 was up eight points from 2019.

Other highlighted numbers in the GPTW survey:

97%	agree with the phrase "All things considered, I would say this is a great place to work"
95%	say they take pride in working for BV
97%	identify with the bank's purpose
94%	say the company "provides balance between my personal and work life"
94%	see opportunities to grow and develop

Our people-centricity was shown even more clearly during the year 2020.

Everyone staying at home, against the virus

GRI 103-2 Management approach and its components:
Material topic: Employee well-being and health

As soon as the pandemic began, BV set up a Health Committee and almost all of our professionals, including outsourcers, started working from home – immediately moved to remote working – only two Treasury employees and a few others who might have to go to the office to pick up documents, or deliver them, were unable to work from home all the time.

Since 2015, BV has been making heavy investments in the digital transformation of the business. So the great majority of our people had the equipment required and the company was prepared for something that no one could have foreseen, such as the Covid-19 pandemic. Thanks to our business continuity policies, we found that our previous planning had a major effect ensuring efficient continuity for our operations, so they were not adversely affected.

Having well-prepared teams enabled us to focus on everyone's health and safety: we supplied ergonomics-related items such as chairs and footrests, we made our meal /food voucher benefits more flexible, and we upgraded home internet connections by directly paying an allowance to be used for this purpose. We also had payments of the first installment of the annual Xmas bonus (aka 13th monthly salary) brought forward to April and made rules for scheduling vacations more flexible. We compiled a guide containing suggestions for remote working, with tips on how to avoid scheduling meetings at lunchtime or after 6 pm, for instance.

Our communication was another strength – both in relation to recommendations on avoiding infection and aspects indirectly related to the disease, such as mental health precautions and support for personal problems (financial, legal, domestic violence and others).

Our priorities in society

Our partnership with **Hospital Sírio-Libanês** facilitated access to accurate news concerning the spread of the virus and access to doctors themselves through more consultations by phone. We also set up **“BV Acolhe”**, a free channel to consult psychologists, social workers, nutritionists, physical training instructors, educators and physiotherapists ready to provide 24/7 support for our employees. We have a team regularly contacting all employees to see how they are coping with these arrangements and obviously to offer any assistance they may need.

GRI 403-6 Promotion of worker health

After just over a year of social isolation, we realize that we are still living in a time of great anxiety and concern that calls for self-care. In this scenario, our employees have continued to show engagement and commitment thanks to the involvement of leaders who received guidance on the responsibility of each individual and the importance

of understanding how each team member is different. Meditation sessions and mindfulness training became part of our everyday routine. Experts on education, well-being and self-care took part in several live sessions as did Gabriel Ferreira, our CEO, to reach out with news and to motivate people. There were no coronavirus-related layoffs.



| In 2020

293 employees tested positive for Covid-19 in 2020 but none were hospitalized

59 were quarantined at the end of December

234 had fully recovered by the end of December

Some initiatives we took in 2020 to help fight Covid-19

- Drive-thru H1N1 vaccination campaign for employees and their dependents.
- Prohibition of travel and face-to-face meetings.
- Health App, for employees and outsourcers to fill in details of their health status. Anyone who has been in contact with a person who has tested positive or been suspected of having Covid-19 gets a call from our medical team for guidance and monitoring purposes.
- PCR testing in partnership with Hospital Sírio-Libanês, for employees showing Covid-19 symptoms.
- Individual prevention kits containing four masks, four mask holders, two flasks of alcohol gel and an advisory booklet were delivered to all professionals.
- All sales teams were given backup kits containing 12 masks and mask holders, two face shields and an advisory booklet.
- Mapping employees considered risk group members and those who live with risk group members.
- 50 mindfulness sessions (active and full meditation) and “Moment of Happiness” (weekly meetings to share challenges and try out techniques to boost feelings of happiness).
- Live sessions Wellness, with (Buddhist) Coen and professor Rosely Sayão (5,100 views).
- Podcast on anxiety and web series on nutrition (2,702 accesses).

Our priorities in society

One real from BV matching every real donated by society.

Together for the benefit of the community

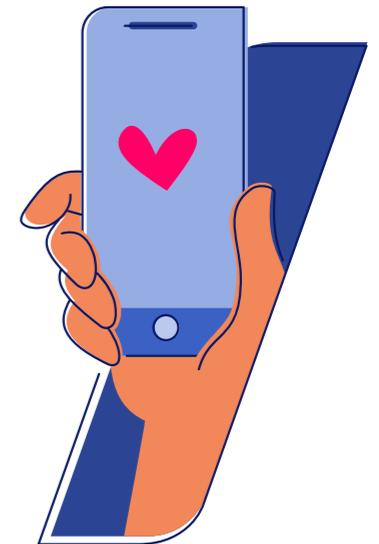
GRI 203-1 Investments in infrastructure and support for service

In addition to internal actions, since the beginning of the pandemic, we have been engaged in various campaigns to combat coronavirus. We opened a R\$50 million credit facility at cost price to support suppliers of hospital essential equipment and services. We also organized a campaign we called #LeveASerio (meaning “take it seriously”), which raised R\$1.3 million in donations from over 1,500 individuals and companies to fund projects combatting Covid-19. Since BV decided to contribute one real for each real donated, we raised a total of R\$2.6 million. In addition, the bank donated another R\$30 million – which was managed in conjunction with Banco do Brasil’s Foundation and Instituto Votorantim, our two shareholders’ third-sector branches.

Donations made in 2020 reached over R\$30 million, making BV Brazil’s 27th largest donor company and impacting the lives of more than 600,000 people.

How the donated funds were allocated to society:

- R\$ 5 million** **Transferred** to erect a campaign hospital on the west side of Rio de Janeiro.
- R\$ 1.6 million** **Donated** to shantytown organization (Central Única das Favelas, or Cufa), for its Mother’s project.
- Over 18,000** **Food/meal vouchers/cards** delivered to vulnerable families.
- R\$ 2.1 million** **Allocated** to buy personal protective equipment (PPE) for public hospitals all over Brazil.
- 1,677** **Basic food baskets** donated in partnership with a project led by athlete Flávio Canto called *Vencendo Juntos* (winning together).



Our priorities in society

Continuous training.

Distance learning

GRI 404-1 Average hours training, per employee, per year

Our investment target for Training and Professional Development was fully reached in 2020. Even though all employees were working from home, we arranged several activities. Instead of eight-hour face-to-face courses, we offered shorter alternatives, which got extremely positive feedback from teams.

Banco BV employees working remotely during the pandemic



Since the beginning of the pandemic, we have kept our promise of preserving the lives of our employees, family members and partners. We introduced remote working and started providing 24-hour support. The fact that BV is among the best companies to work for in Brazil shows that we are on the right road.



Ana Paula Tarcia,
director, People and Culture

Training hours in 2020 /

Job category	Employees	Total			
		Hours		Minutes	
		Total	Average	Total	Average
Female					
Intern and Apprentice	39	1,324.45	33.96	79,467.00	2,037.62
Employee	1,701	16,260.33	9.56	975,620.00	573.56
Management	3	13.02	4.34	781.00	260.33
Male					
Intern and Apprentice	38	1,253.30	32.98	75,198.00	1,978.89
Employee	2,213	35,649.08	16.11	2,138,945.00	966.54
Management	16	63.25	3.95	3,795.00	237.19
Total	4,010	54,563.43	100.90	3,273,806.00	6,054.12

Our priorities in society

Inclusion for young people and elderly.

Social action

GRI 203-1 Investments in infrastructure and support for services

Banco BV was supporting 27 social projects related to culture, sports, education and health and all of them continued normally receiving the contributions planned for 2020, despite the pandemic. We transferred R\$11.8 million in incentive funds. We support the Pact for Sports project, which several major Brazilian companies have supported to help professionalize its management and boost private investment in Brazilian athletes, whose ambassadors are Flávio Canto (judo), Gustavo Borges (swimming) and Lars Grael (sailing). Since 2018, we have been supporting several athletes and former athletes who are now partners. Additionally, we have allocated R\$ 375,000 to ensure continuity for projects related to Votorantim Partnership for Education (local acronym PVE), which are coordinated by Instituto Votorantim.



BV's social performance

- some highlights:

- Over 387,000 students impacted, and more than 1,900 schools benefited in five states and 75 municipalities by Votorantim Partnership for Education.
- Announcing a public tender, in partnership with Fundo Baobá, Instituto Coca-Cola and Instituto Votorantim, to support African-descendant entrepreneurs in peripheral communities or areas in socioeconomically vulnerable contexts, in the total amount of R\$1.6 million.
- Partnership with social organization Gerando Falcões (creating hawks) to create the 360° Social project. Its objective is to help in providing young people access to basic needs, the job market, the internet and education. The total investment is R\$2.6 million.
- Instituto Reação, led by former judoka Flávio Canto, opened its Cuiabá (MT) unit – the first outside Rio de Janeiro – to run sports activities for children and young people.
- An educational organization named Instituto M4Nas Escolas, coordinated by Marcelinho Machado, three-time Pan American Games champion, opened its third basketball school in 2020, thanks to support from banco BV.
- Other projects receiving incentives are São Paulo State Symphonic Orchestra (OSESF), Baccarelli Institute, São Paulo Art Museum (MASP), Catavento (pinwheel) science museum, Banco do Brasil Cultural Center, Mozarteum, Grupo Galpão (big shed group), Sport and Education Institute, Hospital do Amor and SPAAN (a long-term institution for the elderly run by Rotary).



Our priorities in society

2. Simplifying finance

|Financial Capital and Share and Relationship Capital|

Related material topics:

- Customer relationship
- Sustainable operation
- Innovation and technology

Related SDGs:



Focus on
ESG's
"S" aspect

Principle stated in the
commitment:
Simple

Continuously
improving
customer
experience is
one of our
strategic pillars.

Customers come first

GRI 103-2 Management approaches and their components:
Own topic - Customer relationship

In January 2020, we created a Customers department. Since then, we have been working to change our teams' mindset (*read more about the everyday work of the new department in the box on page 44*). The key is not just trying to sell products, it's understanding people's needs.

As soon as the pandemic started, we decided to go beyond the trend adopted by a large part of the financial market: rather than offering terms, we allowed a two-month grace period on financing without additional interest charges. We postponed two installments for 60 days and *boletos* (pay-in slips) were automatically postponed until the end of the loan agreement. Approximately a quarter of 3.3 million retail customers adhered. Once this period had ended, nearly

80% of them were again honoring their commitments on a regular basis. Only then, again using digital tools, we suggested renegotiating for those who were still in difficulties (approximately 160,000 people), including the possibility of reducing the monthly amount due by increasing the number of installments.

Customers had
a two-month
grace period
on their
financing.



Banco BV employees
at the São Paulo office before the pandemic

Our priorities in society

In a month, we set up a new system. Daily, we monitored comments on social networks and complaints in the call center, a truly collective effort. Allowing more flexible payments of installments also helped mitigate credit risk. In December, the balance of renegotiated contracts was R\$ 13.9 billion, and 90.9% of this amount were in default or in arrears of up to 30 days, 5.5% up to 90 days and 3.6% more than 90 days past due.

We also put in place a call back operation: we called customers who had purchased insurance together with financing the cars to explain the contract in detail and make sure that everyone wanted to keep that product – the great majority preferred to keep it. Likewise, we stayed beside over 20,000 storeowners (with a grace period for payments and revised contracts in some cases) and for our credit card operation (with 50% less interest charged on the outstanding balance).

All of this turned into a great pro-customer initiative. A decision fully consistent with the institution’s positioning. It is in times of crisis that partnerships are strengthened, and support becomes essential.

Banco BV office team before the pandemic



More than ever, we put the customer at the center of business. We extended terms for clients that were paying on time, allowing more financial relief for many people who needed to reorganize their accounts in a difficult year. The initiative benefited more than 600,000 customers and helped mitigate credit risk.



Adriana Gomes,
Executive Director - Clients

Being a customer-centric institution is much more a cultural shift than one of processes or technology.

Think like a customer

GRI 103-2 Management approaches and their components:
Own topic - Customer relationship

Our proposal is to think and feel like a customer. When we get a call in the call center, our response is not the conventional one in which companies are limited to finding data needed to solve the customer’s problem. We do more: we sympathize, understand and help our customers.

Another essential point in our customer service process is getting to know them and serving them through any channel available at the bank. For us, whoever is on the other end of the line is much more than a number: they are our customer.

Since the first half of 2020, customers have not been served by a generic call center, but by the person who sold them the product and is therefore well aware of the customer’s expectations and

needs. Having the commercial area working on after-sales is certainly a competitive advantage for our relationship model.

In 2019, we implemented the Privacy Program and, since then, we have not received any notification from regulatory authorities questioning banco BV’s practices with regard to issues of breach of customer privacy, in accordance with the rules established by the General Data Protection Law (LGPD). Likewise, we are not aware of security breaches—leaks, thefts, or loss of customer data—in our systems.

GRI 103-2 Management methods and their components:
418 Customer privacy | GRI 418-1 Total number of substantiated complaints regarding breaches of customer privacy



Banco BV employees working in the office before the pandemic

Goals linked to customer relationships.

Listen, plan, put into practice

GRI 103-2 Management methods and their components:
Own topic - Customer relationship

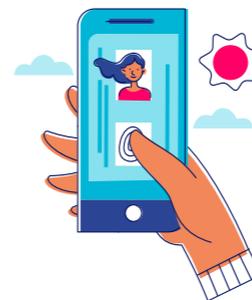
A few years ago, all areas of banco BV started to have goals related to customer relationship. With the creation of the Customers Department, in January 2020, we defined internal processes and identified nine journeys in this relationship. Each of these journeys gained a person in charge within the bank. Teams meet periodically to discuss what needs to be done to resolve customer issues. The fact that these forums were structured and functioning helped a lot in the context of the pandemic.

Before, our business areas acted separately, looking for specific solutions and products. With the new Clients Department, we consolidated the notion that the client is one and with him we need to develop a broader relationship. To increase the loyalty of our customers, we also offer

the private payroll. BV offers loans to employees of companies that use management software from Totvs, our partner for this initiative.

There is also major investment in multichannel facilities that can serve people through the channel of their own choosing:

- Unified telephone numbers (card, billing, assistance etc.).
- Programmed robots identify who is calling and offer self-service solutions.
- Training for conversations on WhatsApp.
- Application for customers to resolve issues directly without needing to speak to an attendant (pay invoice *boletos* or pay-in slips, open a call out).



Banco BV employees during a meeting at the head office before the pandemic

Our priorities in society

Technology shortens distances

GRI 103-2 Management approaches and their components:
Own topic - Innovation and technology | GRI 103-3 Management
approach assessment: Own topic - Innovation and technology

Since the beginning of the pandemic, the Technology area has improved operations to ensure that transactions can be carried out remotely.

Banco BV already had several applications for various audiences and saw an accelerated movement of customers towards digitization. At the end of the year, 79% of customers had a relationship with the bank through digital channels and 78% of renegotiations had been made, from start to finish, through smartphones.

In May 2020, in partnership with a pilot-group of resellers, we launched the **#LevamosAtéVocê** delivery service. The customer who was at home during the quarantine now has the option to do everything online and with great security. When choosing the vehicle through offers from partner stores, the customer was contacted by a salesperson, who presented the vehicle and its details, often via video

call. After the transaction was completed, including the signing of the contract digitally, there was a guarantee of all hygiene protocols when delivering the car. The novelty was quickly incorporated and will remain in the product portfolio after the end of the pandemic.

In June, we led a R\$15 million investment in the **Carflix** platform, for buying and selling cars online, an initiative to penetrate the C2C market. The investment in Carflix was an initiative of BVx, our innovation business unit – and the first direct investment in an autotech.

During the year, we launched a campaign to present customers and retailers with the possibility of refinancing their own vehicle, using it as a guarantee for the credit operation. And, in September, we were pioneers in organizing an online car fair throughout Brazil. The event, called **Juntos&Conectados**, was on the air for 25 days and had the participation of 3,200 stores. The action allowed for all operations to be carried out digitally and even for the vehicle to be taken to the buyer's home.



Banco BV
employees

Strength to the wholesale

Our business service operation grew in 2020. As companies needed credit to reinforce cash during the pandemic – and some initiatives were more restricted in the capital market – we saw an 8% expansion in the total portfolio. Delinquency also fell, in the balance of the year, to 0.5% over 90 days (compared to 2.8% in December 2019). This shows that our credit portfolio and our risk management model are very fine-tuned, as they were little impacted by the health crisis.

8% was the growth of the wholesale classified portfolio, which does not include sureties and guarantees and private securities.

Our priorities in society

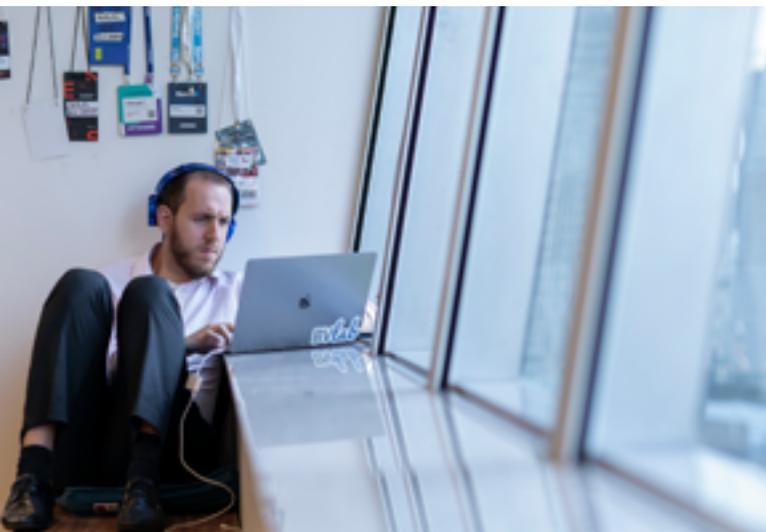
Innovation-oriented

GRI 103-2 Management methods and their components:
Own topic - Innovation and technology | GRI 102-43
Approach to stakeholder engagement

The mission for our BVx innovation business unit is generating value by connecting with the startup ecosystem through three lines of action: co-creating products and services; proprietary development; and investments in strategic partnerships.

Adding direct investees and partnerships for co-creating and distributing products, we had approximately 30 innovative companies enriching our ecosystem at the end of 2020.

Banco BV employee
in office before the pandemic



We expanded the scope of BV Lab, an innovation laboratory that uses technology, data and the ecosystem’s power to create prototypes and experiment with solutions. At the end of 2020, we started operations at BV Lab in Israel, one of the world’s great data science and cybersecurity innovation centers.

In November, we held a marathon for employees to generate ideas for the digital bank. Working all the time online, more than 100 people were divided into 21 working groups – the three winning ideas should be implemented in 2021. Their creators won R\$ 2,000 to take courses. In December, we closed a partnership with the Distrito platform, rated by the Brazilian Association of startups (ABStartups) as Brazil’s largest independent innovation and startups hub. In addition to consolidating our presence

in this ecosystem, the agreement will enhance connections with new companies interested in using the BV Open platform, which has a library of APIs (Application Programming Interface). We are the only bank inside Distrito’s fintech unit. This enables a great exchange of experiences to develop technologies and services that set out to transform the financial sector.

To reinforce our open finance-focused strategy, in early 2021 we took the first step in a long-term partnership with Google Cloud. The agreement will allow us to explore new opportunities for solutions in the market, with an emphasis on the intensive use of data and artificial intelligence and the adoption of cloud technologies.

Another announcement, made in February 2021, was the investment of R\$100 million in the Trademaster fintech, which specializes in financial and B2B credit solutions for SMEs (small and medium-sized companies). From this partnership, we are broadening our connection with the startups ecosystem and Trademaster, in turn, is expanding its operations in financial and credit solutions for small and medium retailers.



BVx, our innovation business unit, has broadened the connection with the innovation ecosystem. We made 15 investments in startups and venture capital funds, created connections with hubs in Israel and Silicon Valley, established new partnerships and consolidated Bank as a Service’s leadership in the Brazilian market.



Guilherme Horn,
Executive Director
of Strategy and Innovation

Our priorities in society

Banking platform

GRI 102-2 Activities, brands, products and services

One of BV's most important initiatives is Bank as a Service, which proposes a true revolution in the market by providing banking infrastructure and financial products to third parties. In addition to being a risk mitigation strategy, digitization helps to increase the population's banking system, in a country where many people still do not have a bank account.

We were pioneers in acting in what is now known as Open Banking: a non-financial company uses BV's services in its business, whether for the financial settlement of payment slips and invoices, or for the custody of the funds that customers deposit in it. More than 180 companies are already plugged into the BV Open platform.

In 2020 alone, 42.2 million transactions were carried out via

48.2 million transactions performed at BV Open in 2020, 163% increase compared to 2019.

the BV Open BaaS, an increase of 163% compared to 2019. Among the main partners are WEG, through the financing of photovoltaic energy boards, and the Group Ultra, whose rewards program (*Abastece Aí*, for Ipiranga's chain of service stations) uses BV's structure for custody, settlement, relationship with card brands, cashback for customers, etc.



Our priorities in society

3. Improving businesses

|Intellectual Capital|



Related material topics:

- Customer relationship
- Sustainable operation
- Innovation and technology

Related SDGs:



Focus on
ESG's
"S" "G" aspects

Principle stated in the
commitment:
Courageous

The financial sector has been the great engine of transformation for a more sustainable economy.



Digital transformation

GRI 103-2 Management approaches and their components:
Own topic - Sustainable products and business

We have been through a digital transformation, after an effort to change our organizational culture, another to strengthen the brand (and define an organizational purpose, which was widely debated and messaged within the bank). Our new sustainability ambition that was announced in 2020 is the missing piece in this puzzle. We set up a Sustainability Committee, which defines ESG objectives and strategies. We updated our policies and started devising a strategic plan, including sustainability targets for executives' flexible compensation.



Our priorities in society

Committed to sustainable development

In early 2021, we decided on five public commitments for 2030 – our long-term goals following the SDG agenda. The first two relate to the theme of climate change and they are in effect as of 2021, with the objective of neutralizing our environmental impact, as shown in the table below.

BV Pact for a lighter future

Five public commitments by 2030 /

	Commitment	Period	SDG
Climate change	1. Offset 100% of BV's direct greenhouse gas (GHG) emissions.	2021	
Neutralize our environmental impact	2. Offset 100% of CO ₂ from BV's main business - vehicle loans.	2021	
ESG Business			
Mobilize resources to foster sustainable businesses	3. Finance and distribute R\$80 billion to ESG businesses.	By 2030	
Social inclusion	4. Reach 50% of leadership positions held by people who identify with the female gender.	By 2030	
Speed up social inclusion internally and externally	5. Ensure that 35% of BV employees are Afro descendants.	By 2030	

Our top priority Sustainable Development Goals connect with the company's purpose, culture and strategy. This involves all stakeholders. For example, if we are close to startups and fintechs and have a commitment to engage with reducing inequality, we should consider these companies in digital inclusion initiatives. We believe the pandemic has heightened this collective awareness in relation to the new capitalism.

Green bonds

GRI FS7 Monetary value of products and services drafted to provide a specific social benefit broken down by purpose | GRI FS8 Monetary value of products and services designed to provide a specific environmental benefit broken down by purpose

One of the most prominent initiatives in 2020 was the pioneering green bond issue. In the first quarter, BV became Brazil's first private bank to issue this type of paper in the market and with CBS certification (<https://www.climatebonds.net/certification/bancovotorantim>). The US\$50 million four-year bond was issued through a private placement for a foreign institutional investor. Demand for the bonds was five times the amount available, and its proceeds will be allocated to assets or projects related to renewable energy generation, such as financing solar panels and developing wind farms.

Green bills

GRI FS7 Monetary value of products and services drafted to provide a specific social benefit broken down by purpose | GRI FS8 Monetary value of products and services designed to provide a specific environmental benefit broken down by purpose

In October 2020, BV Asset, which is our asset management division, acquired R\$ 30 million in green bills (locally LFs) at an auction held by Brazil's Economic and Social Development Bank (BNDES). Bidding was restricted to a few qualified investors and the BNDES sought to sell up to R\$ 1 billion in conventional LFs backed by wind and solar energy projects.

For 2021, all areas will have specific targets related to environmental issues.

Sustainability goals

Sustainability goals must be directly connected to each business. Treasury, for example, must have part of its funding focused on ESG. In wholesale, based on a proprietary methodology that accounts for the taxonomy of Febraban, EU classification for sustainable activities, Green/Social/Sustainability Bond Principles and Climate Bonds Standard (CBI), part of the loans and investments need to benefit projects that are able to help in the mitigation and adaptation of climate change, biodiversity conservation, transition to a circular economy, promotion of human rights and access to essential services.



Green Bond Framework

The bank's inaugural issue was based on the Green Bond Framework, and it got a Pre-issuance Verification from rating and research agency Vigeo Eiris. The document's structure is in line with the International Capital Market Association's Green Bond Principles (GBP) and Climate Bonds Standard requirements. The Green Bond Framework's full text may be seen a <https://www.bv.com.br>.

Our priorities in society

Our suppliers

GRI 308-2 Negative environmental impacts in the supply chain and measures taken | GRI 414-2 Negative social impacts in the supply chain and measures taken

In relationships with our suppliers, we assess criticality and social and environmental issues when selecting partners. We ensure that these companies comply with all criteria involving respect for human rights and caring for the environment.

1,748

active suppliers in 2020

435

subjected to impact assessments based on human rights and environmental criteria in the course of the year. Of these, 28 were new suppliers

20

subjected to assessments of impacts in relation to labor practices

186

classified as critical, i.e. generating potential or actual negative impact

During the year, we did not identify any supplier or operation showing significant child labor risk. All contracts with our suppliers include a clause barring the use of child labor.

GRI 408-1 Operations and suppliers with significant child labor risk



4. Preserving resources

| Natural Capital |



We are concerned with fostering sustainability in all areas in which we operate and in all our relationships.

Help take care of the planet

The environmental issue is increasingly another responsibility for companies and part of business planning and strategy. Therefore, it has not been on the spur of the moment that we felt the need to foster sustainability in all areas in which we operate and in all our relationships. In 2020, for example, we decided to offset the carbon emissions of all vehicles financed from 2021 onwards, and we asked customers whose financing predated that period to join the program – a cost that will not be passed on to customers. Since the average duration of a loan is 48 months, our estimated is that, given the portfolio's natural turnover, 100% of loans will have their emissions offset as of 2024, with an estimated annual volume of approximately four million tons of CO₂.

(read more on calculating emissions in the next page).

Initially, banco BV will be offsetting by purchasing carbon credits from a mixture of biogas, REDD, and wind technology projects. As far as we know, no other banks in Brazil will be compulsorily (and fully) offsetting emissions of entire lines of financing. What many have been doing since 2019, including BV, is offsetting direct emissions, which are usually not very relevant given the financial system's low level of carbon emissions. In 2020, these emissions reached 3.12 thousand tons of CO₂ – to be offset by purchasing carbon credits.

BV also conducts research to assess potential climate impacts on its operations and potential carbon pricing impacts.

Related material topics:

- Social and environmental risk management (focused on the environment)
- Sustainable operation

Related SDGs:



Focus on
ESG's
"E" aspect

Principle stated in commitment:
Correct



What we are doing

Environmental indicators

GRI Topics	Monitored information	Result
Materials	Reduced amount of paper used in credit card bills	Reduction of 2,516,226 (43.71%) of total invoices printed in 2020, for a fall of 177.401 tCO ₂ e. Bills 2019: 5,756,519 2020: 3,240,293 Emissions 2019: 662.650 tCO ₂ e 2020: 485.250 tCO ₂ e
Energy	Quantity of electricity consumed (kWh)	Reduction of 4,741,187 kWh (49.53%) of the quantity of energy consumed (kWh) in 2020 2019: 9,571,405 kWh 2020: 4,830,217 kWh
Emissions	Total GHG emissions	GHG Table - in the next page
Waste	Reduction of emissions from waste	Reduction of 470.77 tCO ₂ e (67.47%) 2019: 697.67 tCO ₂ e 2020: 226.90 tCO ₂ e

Our priorities in society

GRI 305-1 Direct emissions (Scope 1) of greenhouse gases (GHG) | GRI 305-2 Indirect emissions (Scope 2) of greenhouse gases (GHG) from energy purchases | GRI 303-3 Other indirect emissions (Scope 3) of greenhouse gases (GHG)

GHG emission - Results in 2019 /

By scope, category and source (tCO₂e) and proportion

Scope, category and emission source	Sum of emissions (tCO ₂ e)	Proportion(%)
Scope 1	2,703.95	31.5%
Mobile combustion	2,358.11	87.2%
Fugitives	345.83	12.8%
Scope 2	703.51	8.2%
Purchasing electricity	703.51	100.0%
Scope 3	5,139.32	60.1%
Purchased goods and services	42.40	0.8%
Employee commuting (home-to-work)	3,294.59	64.1%
Waste generated from operations	697.67	13.6%
Transport and distribution (upstream)	15.12	0.3%
Business trips	1,089.53	21.2%
Grand total	8,546.78	100.0%

GHG emissions regulated by Kyoto Protocol - results in 2020 /

By scope and category (tCO₂e)

Scope and category	Emissions (tCO ₂ e)	Proportion (%)
Scope 1	1,250.66	40.08%
Mobile combustion	863.10	27.66%
Fugitives	387.56	12.42%
Scope 2	295.61	9.47%
Purchasing electricity	295.61	9.47%
Scope 3	1,573.84	50.44%
Purchased goods and services	14.46	0.46%
Employee commuting (home-to-work)	1,127.29	36.13%
Waste generated from operations	226.90	7.27%
Transport and distribution (upstream)	7.12	0.23%
Business trips	198.07	6.35%
Grand total	3,120.11	100.0%





Calculate and offset the carbon footprint of our fleet of financed vehicles

Calculating emissions is not simple because it involves estimating the average use of vehicles and fuel consumption – not to mention that a good part of Brazil’s fleet of light vehicles are “flex”, so they can run on ethanol (less pollutant) or gasoline mixed in any proportion. In BV’s case, the numbers were reckoned by outside consultants from Sitawi, using public data that show the average use of each type of vehicle, with Way Carbon’s help. To keep the cost of the initiative under control

and prevent it being interrupted in the future, the idea is for the bank to develop its own offsetting projects. With R\$41.4 billion financed, the vehicle portfolio has 2.2 million contracts and accounts for 59% of the entire credit portfolio. We estimate that the annual investment will reach R\$30 million in four years, when the entire portfolio is included in the program. In the first quarter of 2021, more than 270,000 vehicles were added and GHG emissions are already being offset by the bank.



More trees for São Paulo

In partnership with Votorantim, a Grupo Votorantim company, we have been sponsoring the Urban Orchard Project (Projeto Pomar Urbano) since 2018. The purpose of this initiative is the environmental recovery for Marginal Pinheiros, in the city of São Paulo.



We are the main bank financing photovoltaic panels providing solar energy for residential use.

Wagering on solar energy

GRI 103-2 Management approach and its components:
Own topic - Sustainable products and business |
GRI 103-3 Assessment of management approach:
Own topic - Sustainable products and business

In 2020, this segment grew 333% in comparison to the previous year and reached R\$892 million in the financing portfolio. This amount accounts for a third of retailing's "Other Loans" segment. We believe

that we have about 20% market share and the trend is to grow even more. An estimated six million homes in Brazil may migrate to this model.

In August, we joined the Brazilian Photovoltaic Solar Energy Association's first program, **Absolar Inside**. The series discussed this market's progress in Brazil and worldwide. BV advised one of the largest deals closed in Brazil in 2020: Brookfield Energia Renovável's purchase of the largest solar complex on the American continent and one of the largest in the world. 20 solar parks are expected to come onstream in 2022 and 2023, totaling 1,200 MWp, enough to supply 1.2 million homes. The total investment is estimated at R\$ 3 billion in an area of over 3,000 hectares in the municipality of Janaúba (MG).



We are the leading bank in financing photovoltaic panels generating solar energy for homes in Brazil. In addition to reducing customers' electricity bills, we help promote abundant, renewable and sustainable energy that has a positive impact for the future of the planet.



Flávio Suchek,
executive director -
New Businesses and Loans

Water resource management

GRI 303-3 Water withdrawal

Total water withdrawal by source – 2020

5,204.9 m³

From concession operator / supply company

All water consumed by banco BV comes from concession operators.

Water withdrawal cost by source – 2020*

R\$ 117,352

Financial expenses (costs) related to purchase of water

*Amounts paid to concession operators.



Waste management

GRI 306-2 Effluents and Waste 2016

Destination of non-hazardous waste in 2020



All non-hazardous waste generated by banco BV is sent for recycling or landfill.

Where we are going

Whether in the car market, financing solar panels or relationships with large companies, we can (or rather, we should) dream big.

Crisis and opportunities

The pandemic situation is still nebulous, so thinking about how we will reach the end of the year 2021, in Brazil or elsewhere, is not the easiest of tasks.

Numerous problems have been inherited from 2020: worsening macroeconomic indicators such as high unemployment, less money in people's pockets and debt building up for both individuals and companies. Added to this, are difficulties due to the pandemic: slow vaccination, new variants of the virus, collapsing health systems, no economic recovery.

The fact is that the level of uncertainty is likely to remain high. For some time now, BV has been structuring to go public. However, not for the first time, holding an initial public offering will depend on market conditions. Given the volatile adverse scenario in early 2021, we decided to cancel our application to register an IPO. But we will continue driving our strategic agendas and monitoring market behavior while waiting for the best moment to take this important step.

Amid a scenario of uncertainties, we believe that we may see the glass half full and detect opportunities in a crisis scenario. Proof of this is that more and more people are concerned by environmental and social issues, showing a need to be more supportive. This holds for companies too. This is not the time to just dream of growing: the period requires reflection and a new attitude, sailing in rougher seas, under not-so-blue skies. And this resilience brings hope. There was a somber new year in relation to Covid-19, but even with last year's GDP down 4.1%, Brazil seems to have a good chance of returning to growth.

For now, the only certainty is that we will continue working hard and showing determination to leverage opportunities. On our home ground,



Where we are going

our mission is to continue protecting our employees and store managers, as well as their families. We already know that the traditional model – everyone being in the office at the same time – is hardly likely to be the default arrangement again. In the near future, we will certainly be using a hybrid model that shows more appreciation of our time and quality of life. The ESG strategy

is also very important to consolidate our position in the market. We will remain steadfast in our purpose of meeting our customers' needs – there are now over 3.5 million in the database and the way forward is offering products or creating services on demand. There is no lack of partners, knowledge and readiness to improve the experience of everyone who is already doing business with BV.

Our culture is strong and pointed in the direction of building tomorrow's world together with the financial market's startups. There is still much to be learned in this respect, but we know that we are in the forefront of this process, which cannot but tend to grow, since the future will undoubtedly be digital. Whether in the car market, financing solar panels or relationships with large companies, we can (or rather should) dream big.

As we like to say, we combine the strength of major financial institutions with the innovation of digital banks, hitched to ESG pillars. Our aim is to be increasingly perceived as a bank “light for your life”. In 2021, we shall be steadfast and determined for this continuing journey. /



GRI Annex

GRI 401-1

Own employees that left employment during the period covered by the report /

By gender	2020	Unit
Female	222	Quantity
Male	277	Quantity
By age group		
Under 30	87	Quantity
Between 30 and 50	381	Quantity
Over 50	31	Quantity
By region		
Brazil	499	Quantity
Other countries	0	Quantity

Own employees admitted during the period covered by the report /

By gender	2020	Measure
Female	169	Quantity
Male	375	Quantity
By age group		
Under 30	189	Quantity
Between 30 and 50	344	Quantity
Over 50	11	Quantity
By region		
Brazil	544	Quantity
Other countries	0	Quantity

GRI 409-1

Suppliers and operations identified as having significant risk of incidents of forced or compulsory labor

	2020
Number of operations at risk of occurrence of forced or compulsory labor	276
Number of suppliers at risk of incidents of forced or compulsory labor	28

GRI 102-8

Banco BV employees /

	2020		
	Region		
	Brazil	Other countries	Total
Own employees			
Monthly salaried	3,930	3	3,933
Hourly salaried	0	0	0
Trainees	0	0	0
Total own	3,930	3	3,933
Indefinite	3,930	3	3,933
Temporary	0	0	0
Total own	3,930	3	3,933
Full-time	2,509	0	2,509
Part-time	1,421	3	1,424
Total own	3,930	3	3,933
Interns and apprentices			
Interns and "Summer Student"	55	0	55
Apprentices	22	0	22
Total interns and apprentices	77	0	77
Service providers			
Indefinite activity	0	0	0
Temporary	0	0	0
Total service providers	0	0	0
Overall			
Own+interns+apprentices+employees	4,007	3	4,010
Service providers	0	0	0
Grand total	4,007	3	4,010

www.bv.com.br



Coordinators in BV
Customer Officer
Investor Relations Officer

Editorial design, writing, editing and proofreading
Quintal 22 Comunicação

Graphic design and layout
107artedesign

Materiality
BSD Consulting

Photos
Banco BV collection