

# Annual CORPORATE GOVERNANCE

Letter

2023 – base year 2022



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#### **GENERAL IDENTIFICATION**

**Corporate taxpayer's ID (CNPJ)** 92.702.067/0001-96

Company Registry (NIRE): 43.300.001.083

**Headquarters**Porto Alegre/Rio Grande do Sul **Type of State Company**Government-Controlled Company

**Controlling Shareholder** Government of the State of Rio Grande do Sul

Type of Company Corporation
Type of Capital Publicly Held

Operating Sector Financial Institution

Investor Relations Officer - IRO Marcus Vinícius Feijó Staffen

**Current Independent Auditor of the** 

Company

Deloitte Touche Tohmatsu Limited

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**Board Members Subscribing to the** 

Annual Letter

Itanielson Dantas Silveira Cruz – Chair Claudio Coutinho Mendes - Vice-Chair

Adriano Cives Seabra Eduardo Cunha da Costa

Irany de Oliveira Sant'Anna Junior

João Verner Juenemann Jorge Luis Tonetto Marcio Kaiser

Rafael Andréas Weber Ramiro Silveira Severo



#### MESSAGE FROM MANAGEMENT

We are very pleased to present the Annual Corporate Governance Letter of Banco do Estado do Rio Grande do Sul. This document includes the main initiatives undertaken in 2022, as well as information about Banrisul's Corporate Governance.

Approaching its 95 years of history, the Bank focused on the consolidation of a Strategic Sustainability Agenda, emphasizing social, environmental, and climate-related matters, bringing significant progress and transformations, while being attentive to changes in consumer relations and the new economic reality.

An important milestone in 2022 was the beginning of consuming energy from 100% renewable sources through the free energy market and the energy transition in the first 100 branches, intending to encompass the entirety of the structure. Banrisul reinforced its adherence to the Brazilian GHG Protocol Program, which allowed mapping greenhouse gas (GHG) emissions for 2021 and 2022, and the achievement of the Golden Seal, confirming our commitment to climate.

In terms of loans, the Bank reported strong portfolio growth, featuring the agribusiness sector, which we serve with equal dedication, catering to both family farmers and business producers. Agribusiness is an important economic segment in the Bank's portfolio, which is why seven Agro Spaces (*Espaços Agro*) were consolidated in the interior of Rio Grande do Sul. Through BanriTech (Startup Acceleration Program), Banrisul concluded the second cycle in the realm of innovation with the participation of 30 companies from various regions of Brazil. Its infrastructure became one of the most modern in the market after the inauguration of a new Data Center. It has also made progress in the use of digital channels and launched BanriShopping, its e-commerce platform, alongside 40 partners.

In 2022, the Institution strengthened its transformative positioning through a rebranding process, modernizing its brand with a new concept. More than just a marketing strategy, it presented concrete actions always focusing on the pillar that sustains us: people.

Aligned with best market practices, Banrisul constantly seeks to improve its methods, policies, and decision-making processes. In the last few years, it has become evident that Banrisul has significantly progressed in adopting governance practices in line with the provisions of the Brazilian Code of Corporate Governance for Publicly Held Companies (CBGC) to improve the Institution's governance practices and create value for its shareholders and society in general. This is also confirmed by Banrisul's Corporate Governance Report.

### **A**banrisul

In 2022, Fitch Ratings upgraded Banrisul's rating to AA-, and mentioned that it considers Banrisul's corporate governance to be strong and stable, with no major changes in the Bank's overall long-term strategy.

Also in 2022, the Bank created the Social, Environmental, and Climate Responsibility Committee to advise the Board of Directors. Its main purpose is to deepen the work on the Social, Environmental, and Climate Responsibility Policy (PRSAC) and actions towards its effectiveness, further strengthening the Bank's Corporate Governance structure.

For 2023, we continue with the mission of becoming increasingly modern, efficient, and sustainable, steadfast in promoting the economic and social development of individuals and communities. As we transform the surrounding reality with new products and services for society, customers are also transforming the Bank with new demands, projects, and expectations.



#### **INTRODUCTION**

On June 30, 2016, Law 13,303/16 was enacted, providing for the legal status of state-owned, mixed-capital private companies and their subsidiaries, within the scope of the Federal, State, Federal District, and Municipal governments.

Considering that the Company is a publicly held corporation controlled by the State of Rio Grande do Sul, and in compliance with the requirement for transparency, under article 8 of said Law, we prepared this Annual Corporate Governance Letter, subscribed by the members of the Board of Directors, containing relevant information, in particular those related to economic activities, public policies, control structure, risk factors, economic-financial data, management's comments on performance, corporate governance policies and practices, as well as a description and breakdown of management compensation, all of which aimed at reaffirming the commitment on behalf of the Company's Management towards best market practices.



#### INTERESTS THAT JUSTIFIED THE CREATION

Banco do Estado do Rio Grande do Sul S.A., established in 1928 through State Law 459, has the mission of being the official financial institution of the State of Rio Grande do Sul to promote the State's economic and social development, in addition to complying with the provisions outlined in article 147 of the Constitution of the State of Rio Grande do Sul, and article 164, paragraph 3, of the Federal Constitution of Brazil.

Solid, profitable, competitive and integrated public Bank within the communities

Therefore, its mission, which derives from the public interest that gave rise to its creation and is exercised through the fulfillment of its corporate purpose, is to constantly strive to be a solid, profitable, and competitive public bank, integrated with communities, boosted by the State's economy and growth, and providing support to the government in promoting the improvement of the economic sectors of the State.

Also, within the scope of public interest, the State and Banrisul have affiliated converging motivations and interests in maintaining the stability of their institutional relationship, which consequently leads to the preservation of public property.

### **PUBLIC POLICIES - MULTI-YEAR PLAN (PPA)**

The State's Multi-Year Plan (PPA), an instrument outlined in article 165 of the Federal Constitution of Brazil and article 149 of the Constitution of the State of Rio Grande do Sul, establishes guidelines, programs, and direct and indirect Government actions for the State during a period of four years.

PPA Programs are instruments used to organize governmental actions to achieve the State's intended objectives.

Banrisul is included in the PPA as the State's financial agent and is responsible for the economic and social development of communities by providing support to individuals, family farming, agribusiness, as well as micro, small, medium, and large companies of the industrial, commercial and service sectors, enabling potential investments to generate employment and income, in addition to providing funds, through financial intermediation, that are used to finance consumption, social inclusion, and support the State's activities.

Banrisul is included in PPA as the financial agent of the State

For the 2020-2023 PPA proposed by the State, under the coordination of the State Treasury Department and through its

Financial Intermediation, Banrisul is responsible for absorbing the Plan's Credit Program



aimed at funding the financing needs for consumption, social inclusion, and sustaining the State's activities.

The government initiatives that make up the PPA, with regard to Banrisul, are coherent and aligned with the guidelines of Banrisul's Institutional Strategy. The chart below shows Banrisul's initiatives in the Public Policy established in the State's PPA, carried out in 2022, and planned for 2023 within the 2020-2023 PPA.

Public Policy (Banrisul's initiatives):	Description and Goals (planned/achieved)
1.1 Financing for Agricultural Costs	Financing for crops and livestock farming.  Fund Origin: Banrisul's own resources.  Goal for 2020-2023 R\$8,383,461,756.59  Goal for 2023 R\$2,469,645,701.39  Goal for 2022 R\$2,212,390,940.83 Achieved in 2022 R\$4,701,585,470.36  Goal for 2021 R\$1,929,410,704.21 Achieved in 2021 R\$2,165,615,127.66  Goal for 2020 R\$1,772,014,410.16 Achieved in 2020 R\$1,625,829,724.26  Financing for the acquisition of animals, machinery, agricultural equipment,
1.2. Financing for Agricultural Investment	construction of processing units, and infrastructure on farmlands.  Fund Origin: Banrisul's own resources and funds from BNDES/Finame.  Goal for 2020-2023 R\$1,486,153,846.15  Goal for 2023 R\$443,076,923.08  Goal for 2022 R\$396,923,076.92 Achieved in 2022 R\$755,741,813.98  Goal for 2021 R\$346,153,846.15 Achieved in 2021 R\$733,679,231.01  Goal for 2020 R\$300,000,000.00 Achieved in 2020 R\$365,035,384.33
1.3. Financing for Agricultural Trade	Financing for the trade and storage of agricultural products.  Fund Origin: Banrisul's own resources and funds and BNDES/Finame.  Goal for 2020-2023 R\$4,542,281,771.07  Goal for 2023 R\$1,338,090,036.81  Goal for 2022 R\$1,198,705,657.97 Achieved in 2022 R\$484,442,601.07  Goal for 2021 R\$1,045,382,841.25 Achieved in 2021 R\$395,387,464.79
1.4. Financing for Agricultural Industrialization	Goal for 2020 R\$960,103,235.04 Achieved in 2020 R\$534,670,603.44  Financing for processing activities and industrialization of agricultural products.  Fund Origin: Banrisul's own resources and funds and BNDES/Finame.  Goal for 2020-2023 R\$1,030,808,992.55  Goal for 2023 R\$303,661,312.16  Goal for 2022 R\$272,029,925.47 Achieved in 2022 R\$178,410,120.00  Goal for 2021 R\$237,235,400.12 Achieved in 2021 R\$113,861,100.00  Goal for 2020 R\$217,882,354.80 Achieved in 2020 R\$126,912,800.00
1.5. Agroecology and Organic Production Plan	Expand farmers' access to creole and native seeds, seedlings, and biological propagules. Agroecology and Organic Production Plan.  Fund Origin: Banrisul's own resources.  Goal for 2020-2023 R\$40,169.40  Goal for 2023 R\$10,042.35  Goal for 2022 R\$10,042.35 Achieved in 2022 R\$142,934.25  Goal for 2021 R\$10,042.35 Achieved in 2021 R\$107,553.57
2.1. Funding for Economic and Social Development	Transfer funds for the economic, social, and urban development of the State, aiming at individuals and legal entities in the industrial, commercial, rural, and service sectors.  Fund Origin: Funds from the BNDES.  Goal for 2020-2023 R\$130,578,704.25  Goal for 2023 R\$37,448,880.71  Goal for 2022 R\$34,044,437.00 Achieved in 2022 R\$21,807,492.12  Goal for 2021 R\$30,949,488.19 Achieved in 2021 R\$19,937,584.47  Goal for 2020 R\$28,135,898.35 Achieved in 2020 R\$73,112,409.89
2.2. BNDES Card	Transfer BNDES funds through the offering of revolving credit limits to small and micro companies.  Fund Origin: Funds from the BNDES.  Goal for 2020-2023 R\$202,227,006.18  Goal for 2023 R\$57,997,014.70



	Goal for 2022 R\$52,724,558.82 Achieved in 2022 R\$10,372,070.91
	Goal for 2021 R\$47,931,417.11 Achieved in 2021 R\$11,486,095.18 Goal for 2020 R\$43,574,015.55 Achieved in 2020 R\$19,223,816.64
	Transfer FINEP funds through the fostering of science, technology, and
2.3. FINEP	innovation in companies, universities, technological institutes, and other
	public or private institutions.
	Fund Origin: Funds from FINEP.
	Goal for 2020-2023 R\$28,000,000.00
	Goal for 2023 R\$7,000,000.00 Goal for 2022 R\$7,000,000.00 Achieved in 2022 R\$4,342,769.79
	Goal for 2021 R\$7,000,000.00 Achieved in 2021 R\$1,087,496.78
	Goal for 2020 R\$7,000,000.00 Achieved in 2020 R\$ -
2.4. FEB – Public Sector - Banrisul's own resources	Provide credit to municipalities, aimed at promoting the acquisition of
	machinery, equipment, and, in certain situations, civil works, to reduce
	maintenance costs and meet the needs of local populations.
	Fund Origin: Banrisul's own resources.
	Goal for 2020-2023 R\$91,915,246.57 Goal for 2023 R\$32,096,357.07
	Goal for 2022 R\$29,178,506.43 Achieved in 2022 R\$32,292,288.65
	Goal for 2021 R\$6,525,914.94 Achieved in 2021 R\$15,111,040.34
	Goal for 2020 R\$24,114,468.13 Achieved in 2020 R\$11,854,181.43
	Transfer FGTS funds destined for sanitation within the scope of the
	Sanitation for All (Saneamento para Todos) Program.
	Fund Origin: Funds from the FGTS.
2.5. CEF - Saneamento para Todos - FGTS	Goal for 2020-2023 R\$26,647,382.39
•	Goal for 2023 R\$7,642,246.49
	Goal for 2022 R\$6,947,496.81 Achieved in 2022 R\$ - Goal for 2021 R\$6,315,906.19 Achieved in 2021 R\$ -
	Goal for 2020 R\$5,741,732.90 Achieved in 2020 R\$ -
	Financing for productive micro-credit operations, providing funds to formal
	and informal entrepreneurs who need resources for their businesses,
	therefore stimulating the economic growth of the State of Rio Grande do Sul
	by generating income and jobs.
2.6. Micro-credit Financing	Fund Origin: Banrisul's own resources.
2.0. Micro-creat Financing	Goal for 2020-2023 R\$46,000,000.00
	Goal for 2023 R\$13,800,000.00 Goal for 2022 R\$13,800,000.00 Achieved in 2022 R\$ -
	Goal for 2021 R\$11,500,000.00 Achieved in 2021 R\$13,600.00
	Goal for 2020 R\$6,900,000.00 Achieved in 2020 R\$ -
	Provide credit lines to meet working capital demand for investments toward
	the modernization of the physical and technological infrastructure of
	Universities in the State.
	<u>Fund Origin</u> : Banrisul's own resources.
2.7. Financing for Education	Goal for 2020-2023 R\$1,095,865,070.35
	Goal for 2023 R\$294,330,396.93
	Goal for 2022 R\$280,314,663.74 Achieved in 2022 R\$83,272,073.58
	Goal for 2021 R\$266,966,346.42 Achieved in 2021 R\$199,047,245.38 Goal for 2020 R\$254,253,663.26 Achieved in 2020 R\$313,664,573.04
	Meet the needs of public and private hospitals, health clinics, and
	laboratories that provide health care.
	Fund Origin: Banrisul's own resources.
2.0. Financing for Harlth	Goal for 2020-2023 R\$4,554,119,102.13
2.8. Financing for Health	Goal for 2023 R\$1,223,157,594.18
	Goal for 2022 R\$1,164,911,994.45 Achieved in 2022 R\$706,809,988.29
	Goal for 2021 R\$1,109,439,994.72 Achieved in 2021 R\$618,926,467.00
	Goal for 2020 R\$1,056,609,518.78 Achieved in 2020 R\$900,279,430.53
	Meet the working capital needs of micro, small, and medium-sized
2.9. Financing for Working Capital	companies in all economic sectors of the State.
	<u>Fund Origin</u> : Banrisul's own resources.
	Goal for 2020-2023 R\$10,390,183,896.93
	Goal for 2023 R\$2,790,623,620.82
	Goal for 2022 R\$2,657,736,781.73 Achieved in 2022 R\$1,558,183,400.72



	Goal for 2021 R\$2,531,177,887.36 Achieved in 2021 R\$1,163,962,173.95 Goal for 2020 R\$2,410,645,607.01 Achieved in 2020 R\$1,645,883,046.59
2.10. Financing for University Student Loans	Provide credit lines to finance semester tuitions of higher education students. <u>Fund Origin</u> : Banrisul's own resources.  Goal for 2020-2023 R\$38,932,807.68  Goal for 2023 R\$10,883,911.68  Goal for 2022 R\$10,077,696.00 Achieved in 2022 R\$46,488,312.43  Goal for 2021 R\$9,331,200.00 Achieved in 2021 R\$40,456,652.82  Goal for 2020 R\$8,640,000.00 Achieved in 2020 R\$31,468,775.02
2.11. Financing for ICM Taxes	Provide funds for tax payments.  Fund Origin: Banrisul's own resources.  Goal for 2020-2023 R\$41,964,769.98  Goal for 2023 R\$11,271,011.13  Goal for 2022 R\$10,734,296.31 Achieved in 2022 R\$141,788.00  Goal for 2021 R\$10,223,139.35 Achieved in 2021 R\$507,555.65  Goal for 2020 R\$9,736,323.19 Achieved in 2020 R\$2,144,059.00
2.12. Financing for Sustainability Projects	Provide a credit line to finance the acquisition of sustainable equipment.  Fund Origin: Banrisul's own resources.  Goal for 2020-2023 R\$48,666,009.60  Goal for 2023 R\$13,604,889.60  Goal for 2022 R\$12,597,120.00 Achieved in 2022 R\$292,146,813.28  Goal for 2021 R\$11,664,000.00 Achieved in 2021 R\$270,314,671.91  Goal for 2020 R\$10,800,000.00 Achieved in 2020 R\$139,680,223.40
3.1. Export Financing	Meet the need to support the production and trade of the export segment through specific credit lines.  Fund Origin: Banrisul's own resources.  Goal for 2020-2023 R\$3,045,251,103.87  Goal for 2023 R\$901,686,807.45  Goal for 2022 R\$800,787,573.23 Achieved in 2022 R\$656,151,353.15  Goal for 2021 R\$711,179,017.08 Achieved in 2021 R\$1,075,719,609.19  Goal for 2020 R\$631,597,706.11 Achieved in 2020 R\$741,212,992.53
4.1. Financing for the Acquisition or Construction of Real Estate Properties	Meet the financing needs for the acquisition or construction of residential and non-residential properties.  Fund Origin: Banrisul's own resources.  Goal for 2020-2023 R\$3,159,775,525.63  Goal for 2023 R\$837,006,326.16  Goal for 2022 R\$804,813,851.96 Achieved in 2022 R\$1,490,695,547.82  Goal for 2021 R\$773,859,549.81 Achieved in 2021 R\$1,123,404,113.10  Goal for 2020 R\$744,095,797.70 Achieved in 2020 R\$671,775,729.45

Total investment of Banrisul and the State's Multi-Year Plan for 2020-2023: R\$38,342,832,991.93

Initiative of the State of Rio Grande do Sul, the controlling shareholder of Banrisul, as a target established for the Multi-Year Plan (PPA), in line with Banrisul's institutional strategy - *Applicable to all policies (initiatives) described herein*.

Detailed information on Banrisul's initiatives in the Public Policy established in the State's PPA, carried out in 2022 and planned for 2023 within the 2020-2023 PPA can be found at <a href="https://planejamento.rs.gov.br/plano-plurianual">https://planejamento.rs.gov.br/plano-plurianual</a>.

Banrisul supports the State in achieving its public policies for agribusiness ("Rural Credit"), in line with its creation Law, by promoting and offering rural credit products

that properly foster this economic activity by funding their investments, costs, trades, and industrialization needs, complying with the policies and guidelines of the State Government and in line with the Financial System of the State of Rio Grande do Sul. In this sense, the Bank meets the demand for rural credit from family farmers, medium-sized producers, large corporate farmers, agricultural production cooperatives, agroindustries, and other companies in the sector.

Among Banrisul's permanent objectives is to support the development of the State's agribusiness industry, the allocation and offering of instruments and products to rural producers and farmers, and the dissemination of financial culture and education, all of which are reflected as a statutory provision in the Company's own functional organization and foresees a department dedicated to centralizing rural financing operations of any kind. In point 1 of the Public Policies listed above, the credit and financing lines are Banrisul's initiatives in the State's PPA.

#### STATE POLICY FOR AGROECOLOGY AND ORGANIC PRODUCTION

Banrisul is a member of the Management Committee of the State Policy for Agroecology and Organic Production – (*PLEAPO - Política Estadual de Agroecologia e Produção Orgânica*), a public policy instrument whose strategic objective is to "Strengthen Agriculture Family, Cooperativism and Agribusiness in the State", established by State Law RS 14,486/14 and Regulated by State Decree RS 51,617/14.

For the 2020-2023 PLEAPO, currently in force, Banrisul is responsible for the following initiatives:

Banrisul Seeds Program (*Programa Sementes*)

(i) Expand farmers' access to creole and native seeds, seedlings, and biological propagules.

Banrisul, as the executive body of the initiatives set forth herein, must follow market rules when meeting its customers' needs, always seeking adequate returns for shareholders. Banrisul does not depend on State Treasury funds and there is no financial impact on the public interest in Banrisul's business.

In line with the main significant activities of the State, agribusiness remains one of the priorities, focusing on the growth of the portfolio with small- and medium-sized producers, supported by Banrisul's funds, transfers of BNDES lines, and funds equalized by the Treasury Department. Since 2021, Banrisul Agro Spaces have been inaugurated to expand the Bank's reach with personalized service, technical support, and financial guidance provided by sector specialists in the municipalities of Santo Ângelo, Cruz Alta, Passo Fundo, Bagé, Sant'Ana do Livramento, Ijuí, and Carazinho. Another 10 Agro Spaces are expected to be opened in 2023.

In June, the 2021/2022 Harvest Plan was concluded, with a volume of granted operations exceeding R\$6.0 billion, a 62% increase compared to the 2020/2021 harvest period, boosting the agribusiness credit portfolio and rural business participation in all regions of the State and across various crops.

In the third quarter, Banrisul achieved a record-breaking business volume of over R\$831 million at the 45th EXPOINTER, an 88% increase compared to the previous year's event, mainly by financing machinery, irrigation projects, and renewable energy initiatives.

In July 2022, the third edition of AgroShow was launched In July 2022, the third edition of AgroShow was launched, marking the first hybrid model to promote the 2022/23 Harvest Plan, announcing the available resources, and disseminating and enhancing the partnership between Banrisul and stakeholders in the agricultural sector, aiming to expand businesses and bring rural producers closer to new technologies. In the first half of the current Harvest year, 62.7%

of the total resources available were contracted, with 59.0% through Pronaf, 86.2% through Pronamp, and 50.9% through other lines. This year, 110 guests were present at the Caldeira Institute, along with 283 branches and 4,245 virtual attendees. AgroShow 2022 received the green and blue Neutral Event Seal, showing the commitment to reducing, quantifying, and neutralizing carbon emissions generated during the event.

In terms of credit, one of the major highlights of our portfolio was agribusiness. We catered to both family farmers and business producers with equal dedication. Agribusiness is already an important economic segment in the Bank's portfolio, which is why seven Agro Spaces were consolidated in the interior of Rio Grande do Sul. For the 2022/2023 Harvest Plan, we operated with a record credit availability of R\$7 billion.

#### **DEVELOPED ACTIVITIES**

Focusing on the Southern region of Brazil, mainly in the State of Rio Grande do Sul, Banrisul is present in most of the municipalities of this State and, at the end of December 2022, had a network of 1,063 service points, with 495 Branches (473 in Rio Grande do Sul, 17 in Santa Catarina, 4 in other Brazilian states and 1 branches abroad), 131 service stations (PAs) and 437 electronic service stations (PAEs).

As a financial agent for the State of Rio Grande do Sul, the Company values regional economic development by supporting the agribusiness chain, collecting state taxes and transferring them to municipalities in Rio Grande do Sul, making payments to suppliers of goods and services, as well as to active and inactive employees of administration services of the State and public servants of the Court of Justice of Rio Grande do Sul, in addition to providing banking services.

## A banrisul

In 2022, Banrisul presented its re-branding project, with a new positioning and brand under the concept "Nossa conexão transforma" (Our connection transforms), which refers to a more inclusive, human, and connected Bank. Bah, Banrisul's first intelligent virtual assistant was implemented in 2022 and is under training. Continuing the work started in previous years, the encouragement of the innovation ecosystem in Rio Grande do Sul was maintained through the execution of the 2nd startup acceleration cycle, promoted by BanriTech.

Bah Banrisul's first intelligent virtual assistant

Banrisul's Innovation Week, aimed at employees, was held in October to celebrate the end of the BanriTech Program. Regarding sustainability, Banrisul has been reinforcing the inclusion of criteria related to the matter in its hiring processes and in the products and services it offers, fostering the transition into a low-carbon economy. Attentive to

**Project for** migrating energy consumption to 100% renewable sources

Greenhouse Gas mitigation, it obtained the Gold Seal certification through the Brazilian GHG Protocol Program (2nd Greenhouse Gas Inventory), which is the highest certification level.

The year also marked the beginning of the implementation of the energy consumption migration project to 100% renewable sources, starting with 100 agencies joining the Free

Energy Market, which is expected to be completed by the next year.

In agribusiness, Banrisul announced R\$7.0 billion for the 2022/2023 crop plan, an increase of 34.6% over the previous crop year. The plan is expected to benefit more than 50,000 rural producers, reinforcing the Bank's strategic focus and consolidating its

position as a promoter for the sector and the economic development of Rio Grande do Sul. Regarding its employees, Banrisul created the Voluntary Separation Program, with the adhesion of 511 employees. To replace the openings and bring new talents to the Bank, we held a public selection process for 274 positions in the IT areas, as well as a selection process to fill out the Bank's general openings, with an expectation to hire up to 1,335 new employees. Additionally, it

Public tender with 274 openings in the IT field and the entry of up to 1,335 employees

received recognition in the ranking of the best companies for career development in Brazil, according to the LinkedIn Top Companies 2022 survey.

The Company operates in payroll-deductible loan operations, which are discounted from the customer's pay slip. These payroll-deductible loans are concentrated for state and municipal civil employees and INSS retirees and pensioners.



The Company also has operating agreements with private companies and entities in states other than Rio Grande do Sul. This modality is generally attractive for customers as well as for the Company since this type of loan, when signed directly with the partner company or public agency, reduce the risk of default.

Since 2012, the Company has been a shareholder of a portion of the share capital of a sales promoter company specialized in the distribution of payroll-deductible loans in all regions of the country. The Bank also offers personal credit lines other than payroll-deductible loans, in which payments are deducted from the customer's bank account. In these modalities, the maximum loan amount is defined according to an individual risk assessment.

In addition to revolving credit lines, with monthly installments, the Company also offers specific credit lines, through single installments, such as anticipation of the 13th salary and income tax refund. Additionally, the Company's customers have pre-approved credit lines that can be contracted automatically through channels such as ATMs, Banrifone, Home and Office Banking, M-Banking Minha Conta, and Office – Banrisul Digital.

The Company's rural financing lines include (i) funding for crops and livestock breeding/maintenance, (ii) discounting of agribusiness bonds, (iii) funding for product

storage for future trades, (iv) financings programs for the transfer of funds from BNDES/FINAME for the acquisition of equipment and machinery, and (v) financing programs for the transfer of funds from BNDES to be used for investments within the scope of the National Program for Strengthening Family Agriculture (PRONAF - Programa Nacional de Fortalecimento da Agricultura Familiar), the

National Program to Support Medium Rural Producers (PRONAMP - *Programa Nacional de Apoio ao Médio Produtor Rural*) and for large corporate agriculture, with favorable conditions for each of these producer segments.

The Company also has products that are offered exclusively at exhibitions and fairs, such as the granting of loans for the acquisition of livestock, machinery and equipment, according to pre-approved limits and parameters. The objective of these pre-approved criteria is to expedite the operations and negotiations at the events, and the credit modalities offered are funded by the Bank's own resources and also by the transfer of funds from BNDES/FINAME.

Banrisul sells insurance, private pension plans, and capitalization bonds. Through its affiliate Rio Grande Seguros e Previdência S.A, it offers personal insurance and private pension plans; through its affiliate Rio Grande Capitalização S.A. it distributes capitalization bonds; through the insurance companies HDI Seguros and Allianz Sul



América Seguros, it sells property insurance (Auto, Fleet, Residential, Business, Rural and Miscellaneous Risks).

To meet customer needs in terms of security, protection, and benefits, the Company invested in improving its product portfolio by remodeling and launching new security solutions, automating certain processes, training its professionals, and selling remote products (digital).

In June 2020, the holding company Banrisul Seguridade Participações S.A. (Seguridade) was founded as a wholly-owned subsidiary of Banrisul. With this, the restructuring process of the Company's insurance business continues, aimed at extracting and maximizing value from the distribution of insurance products, pension plans, and capitalization bonds. In January 2021, Banrisul Corretora de Seguros S.A., a wholly-owned subsidiary of the holding company Banrisul Seguridade Participações S.A., began its operations to gradually absorb Banrisul's insurance portfolio.

Detailed information on the developed activities is available in section 1 of the Reference Form, which can be accessed on BANRISUL's Investor Relations website (<a href="http://ri.banrisul.com.br">http://ri.banrisul.com.br</a>) and the CVM website (<a href="http://ri.banrisul.com.br">www.cvm.gov.br</a>).

#### RISK MANAGEMENT STRUCTURE

The Company has a formalized risk management policy, described in the document "Institutional Structures and Policies for Capital and Corporate Risk Management", which was approved at its Board of Directors' Meeting held on November 4, 2022, and provides for the management of capital and risks involving credit, market, interest rate risk of banking book (IRRBB), liquidity, operational, social, environmental and climate matters.

The Company's Institutional Structures and Policies for Integrated Capital and Corporate

Risk Management aim for the ongoing and integrated management of capital and risks involving credit, market, IRRBB, liquidity, operational, social, environmental, and climate matters, in addition to other risks considered relevant for the Company. These policies also seek to establish basic principles, meet legal requirements, and ensure that all activities are carried out in compliance with current regulations.

Institutional
Policies for
Integrated
Management of
Capital and
Corporate
Risks

The optimization of asset and liability management, the use of regulatory capital, and the maximization of investors' profitability are all reflections of the Bank's adoption of best market practices.

The improvement of Institutional Structures and Policies, systems, internal controls, and safety standards, integrated with the Bank's strategic and marketing objectives, are recurring processes within this scope.

The Company's Corporate Risk Management Unit (UGRC) is responsible for coordinating the processes for capital management and risks involving credit, market, IRRBB, liquidity, operational, social, environmental, and climate matters for all institutions of the Prudential Conglomerate. It also considers the possible impacts from risks associated with other entities controlled by companies of the Conglomerate, in addition to other relevant identified risks.

Additional information on the entire structure and the risk management structures are available in section 5 of the Reference Form, which can be accessed on BANRISUL's Investor Relations website (<a href="http://ri.banrisul.com.br">http://ri.banrisul.com.br</a>) and the CVM website (<a href="http://ri.banrisul.com.br">www.cvm.gov.br</a>).

#### INTERNAL CONTROLS STRUCTURE

The Company adopts general banking accounting standards under the requirements of the Central Bank of Brazil through the Accounting Plan for Institutions of the National Financial System (COSIF).

The Bank's financial statements are prepared in compliance with the standards established by Law 6,404/76, the Central Bank of Brazil, and the Securities and Exchange Commission, as it is a publicly held company.

Banrisul also follows the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board - IASB, and complies with the requirements and guidelines of the National Monetary Council (CMN).

The Company has an institutional money laundering prevention policy, in which it adopts specific processes and systems to identify and monitor customer activities, and it also has an exclusive team dedicated to carrying out activities to prevent and fight money laundering and terrorism financing, in addition to reviewing legislation and developing training programs for the all the Bank's employees. These actions aim to ensure that activities are carried out in an environment with adequate control measures to prevent risks from crimes such as money laundering, and that comply with legislation and regulations in force.

In line with the Money Laundering Prevention process, the Company uses the "Know your Customer and its Activities" process, in which rules and procedures are provided to help identify and gain better knowledge of customers' profile and the origin of their financial resources, aimed at reducing the risk of the Bank being used as an instrument to legitimize fund from illegal activities.

Likewise, the "Know Your Employee" process establishes, without distinction and at all hierarchical levels at the Bank, the responsibility for observing and complying with guidelines against corruption and money laundering, as well as the duty to promote



ethical values, preserve accounting integrity, and preserve the Company's image and reputation.

The corruption prevention policy establishes procedures and control mechanisms, in

addition to preventive measures within the scope of the Company's operations, for illegal acts of corruption and misconducts provided for in the Penal Code, Law 8,666/93, Law 12,846/13, and other regulations of the Brazilian anticorruption system, to be followed by the Company's employees and third parties.

Policy for Corruption Prevention

Another instrument to support Banrisul's regular operations is

its Code of Ethics and Conduct, which guides the personal and professional behavior of the Company's employees, in which this Code is aimed at setting the standard for internal relationships and relationships with the Company's stakeholders, namely: shareholders, customers, employees, labor unions, suppliers, competitors, community and the government. Violations to the Code are examined by the Ethics Committee, as provided for in a specific regulation.

The internal controls structure is a management tool that assists in the achievement of strategic goals, the effective and efficient use of resources, compliance with laws and regulations, and the quality of information to value the Company.

Detailed information on the internal controls structure is available in section 5 of the Reference Form, which can be accessed on BANRISUL's Investor Relations website (http://ri.banrisul.com.br) and the CVM website (www.cvm.gov.br).

#### **RISK FACTORS**

The investment in the Company's securities involves exposure to certain risks. Before deciding to invest in any security issued by the Company, potential investors should carefully analyze all the information contained in the Reference Form, the risks mentioned, the Company's financial statements, and the respective notes.

Information on Banrisul's main risk factors related to the issuer, direct or indirect controller or controlling group, shareholders, subsidiaries and affiliates, suppliers, and customers, as well as social and environmental issues, risks related to regulation, foreign countries and the economic sectors in which the issuer operates, is available in section 4 of the Reference Form, which can be accessed on BANRISUL's Investor Relations website (<a href="http://ri.banrisul.com.br">http://ri.banrisul.com.br</a>) and the CVM website (<a href="http://ri.banrisul.com.br">http://ri.banrisul.com.br</a>).

#### COMMENTS ON PERFORMANCE

The members of Banrisul's Executive Board, under CVM Resolution 81/22, provide comments in section 2 of the Reference Form regarding the main aspects of the Bank's

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financial performance, retrospectively for the years 2021 and 2022, on matters such as equity, operating and financial results, events that cause material effects on the financial statements (actual and expected effects), significant changes in accounting practices, reservations and emphases in the Auditor's opinion, critical accounting policies, relevant items not evidenced in the financial statements, in addition to comments on the Company's Business Plan.

The detailed comments of the Executive Board regarding the Bank's performance are available in section 2 of the Reference Form, which can be accessed on BANRISUL's Investor Relations website (<a href="http://ri.banrisul.com.br">http://ri.banrisul.com.br</a>) and the CVM website (<a href="http://ri.banrisul.com.br">www.cvm.gov.br</a>).

#### **CORPORATE GOVERNANCE STRUCTURE**

Banrisul constantly seeks to improve its methods, policies, and decision-making processes, in line with the best market practices.

In the last few years, it has become evident that Banrisul has significantly progressed in

adopting governance practices in line with the provisions of the

In 2022, Fitch
Ratings upgraded
Banrisul's rating
to AA-

Brazilian Code of Corporate Governance for Publicly Held Companies (CBGC) to improve the Institution's governance practices and create value for its shareholders and society in general. This is also confirmed by Banrisul's Corporate Governance Report. In 2022, Fitch Ratings upgraded Banrisul's rating to AA-, and mentioned that it considers Banrisul's

corporate governance to be strong and stable, with no major changes in the Bank's overall long-term strategy.

Listed on Level 1 of Corporate Governance of B3 S.A. - Brasil, Bolsa, Balcão since 2007, the Bank fully complies with the requirements of this listing level and additional aspects that are required for companies with shares listed on the Novo Mercado segment, providing greater transparency, equity, and proper accountability. This aims to generate value for its shareholders and reinforce its credibility among investors and customers.

In this sense, the Board of Directors receives direct reports from the Audit Committee, the Risk Committee, and the Eligibility and Compensation Committee, in addition to <a href="Independent Committees">Independent Committees</a> that may be installed exclusively to mitigate possible conflicts of interest.



In 2022, the Bank created the Social, Environmental, and Climate Responsibility Committee to advise the Board of Directors. Its main purpose is to deepen the work on

the Social, Environmental, and Climate Responsibility Policy (PRSAC) and actions towards its effectiveness.

Also in 2022, the Bank started requiring a minimum percentage of 30% independent members in the composition of the Board of Directors, a requirement imposed by the Novo Mercado segment.

In 2022, it was created the Social,
Environmental and Climate
Responsibility
Committee

For 2023, the Company commits to ensuring that a minimum of 30% (thirty percent) of the positions held in Senior Management bodies, the Fiscal Council, and Statutory Committees are dedicated to Diversity, extending this commitment until 2030.

#### **GENERAL MEETINGS**

The call notices for the Company's General Meetings are published, at least, 21 days in advance on a first call and at least 8 days in advance on a second call, according to Law 6,404/76.

Banrisul has been adopting the remote voting form for shareholder participation since its 2017 Shareholders' Meetings, according to CVM Resolution 81/22, allowing any shareholder to exercise their voting rights by submitting the remote voting form directly to the Company, under the rules provided in the Shareholders' Meeting Manual.

The documents related to the items on the Agenda are available for Shareholders at Banrisul's Headquarters and on its Investor Relations website <a href="http://ri.banrisul.com.br">http://ri.banrisul.com.br</a> (under the section Corporate Governance/Shareholders Meetings and Statutory Bodies Meetings) and on the websites of B3 S.A. – Brasil, Bolsa, Balcão (www.b3.com.br) and CVM (www.cvm.gov.br).

#### BOARD OF DIRECTORS

Banrisul's Board of Directors is comprised of at least 7 (seven), and at most 11 (eleven) members, elected by the Company's General Meeting for a unified term of 2 (two) years, with re-election allowed for a maximum of 3 (three) consecutive terms, and members may be removed at any time.

The members of the Board of Directors are elected without a specific designation, and the controlling shareholder, the State of Rio Grande do Sul, is responsible for designating the Chair and Vice Chair among the members.

#### **EXECUTIVE BOARD**

The Board of Executive Officers, which has executive functions, is comprised of a Chief Executive Officer, a Deputy CEO, and up to seven Executive Officers, shareholders or

not, all of whom must reside in Brazil and have technical skills that are compatible with the duties of their positions, proven through academic background or professional experience, or experience in other matters deemed relevant and proven by documents. One of the members of the Executive Board shall be responsible for the Investor Relations Department, which may be accumulated with other executive roles, according to regulations issued by the Brazilian Securities and Exchange Commission. The Chief Executive Officer, Deputy CEO, and other members of the Executive Board shall be elected, or re-elected, by the Board of Directors for a term of 2 (two) years.

The Chief Executive Officer and Deputy CEO must be chosen among the members of the Board of Directors. It is mandatory that one of the members of the Executive Board be chosen among the employees with over 10 (ten) years of service at the Bank, and must have technical skills that are compatible with the duties of the positions, proven through academic background or professional experience, or experience in other matters deemed relevant and proven by documents. The term of office of the members of the Executive Board shall be extended until their alternate members have filled the position.

#### AUDIT COMMITTEE

The Company's Audit Committee is a permanent body, installed under the rules of the National Monetary Council and applicable legislation, which may also be shared among the Bank's subsidiaries. The Committee is comprised of 3 (three) members who meet the requirements for the position, under applicable legislation and regulations, all of whom are elected by the Board of Directors at the first meeting held after the General Shareholders' Meeting, for a term of 2 (two) years, removable at any time, and reelection may occur for the maximum number of terms that are legally permitted. The Audit Committee must report directly to the Board of Directors.

#### **ELIGIBILITY AND COMPENSATION COMMITTEE**

The Eligibility and Compensation Committee is a permanent body, elected by the Board of Directors, and acts on behalf of the Company and its subsidiaries. The Committee is comprised of 3 (three) members, natural persons who must reside in Brazil, with higher education degrees and professional skills that are compatible with the duties of the position, in addition to fulfilling the conditions for exercising roles in statutory bodies of financial institutions and other institutions authorized to operate by the Central Bank of Brazil, for a term of 3 (three) years, removable at any time, and re-election may occur for the maximum number of terms that are legally permitted.

#### RISK COMMITTEE

The Company's Risk Committee is installed as a permanent body and is comprised of at least 3 (three) and at most 5 (five) members, for a term of 2 (two) years, elected and removed by the Board of Directors at any time, as provided in the regulations issued by the National Monetary Council.



#### SOCIAL-ENVIRONMENTAL COMMITTEE

The Social, Environmental, and Climate Responsibility Committee is installed as a permanent body and is comprised of at least 3 (three) and at most 5 (five) members, elected and removed by the Board of Directors at any time, as provided in the regulations issued by the National Monetary Council. The members of the Committee shall be chosen among the members of the Board of Directors, the Executive Board, and/or the Risk Committee, and may have three external members with technical skills that are compatible with the duties of the position. The members of the Committee shall have a term of up to 2 (two) years, which must coincide with their terms in other statutory bodies to which they belong.

#### FISCAL COUNCIL

The Company's Fiscal Council is installed on a permanent basis and is comprised of 5 (five) members, with an equal number of alternate members, all of whom are elected by the Shareholders' Meeting, for a term of 2 (two) years and re-election allowed for 2 (two) consecutive terms. Eligible members must reside in Brazil, have higher education, and have experience in exercising senior management positions in institutions that are part of the National Financial System or in other companies.

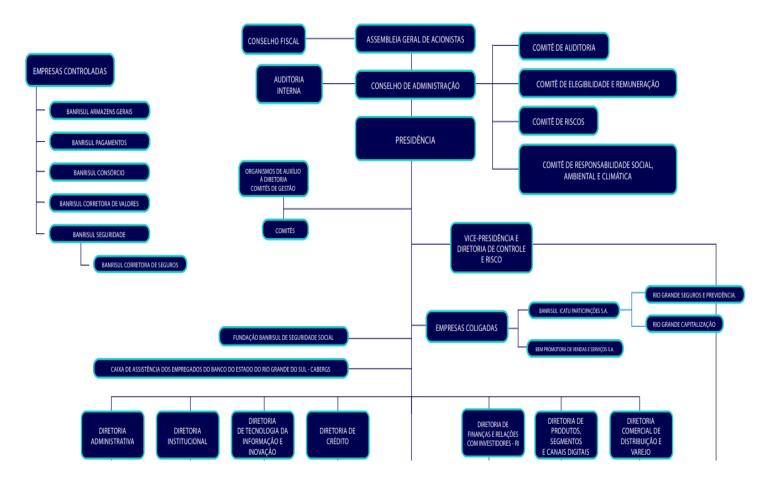
#### COMMITTEES PROVIDING AUXILIARY FUNCTIONS TO THE BOARD OF DIRECTORS

A Company has a charter and internal committees, with employee participation, aimed at assisting the Executive Board based on the Company's interests.

Superintendents and/or Managers appointed by the Executive Board will compose the Committees and can appoint Managers of the companies in which they hold 50% (fifty percent) or more of the share capital.



#### ORGANIZATIONAL CHART OF BANCO DO ESTADO DO RIO GRANDE DO SUL S.A.



Detailed information on Banrisul's Corporate Governance structure and the composition of its Management, corporate bodies, and Committees is available in section 7 of the Reference Form, which can be accessed on BANRISUL's Investor Relations website (<a href="https://ri.banrisul.com.br">https://ri.banrisul.com.br</a>) and the CVM website (<a href="https://ri.banrisul.com.br">www.cvm.gov.br</a>).



#### CORPORATE GOVERNANCE POLICIES AND PRACTICES

Banrisul, reinforcing its commitment to good governance practices, adhered to the Level 1 corporate governance listing segment of B3 S.A. – Brasil, Bolsa e Balcão, a trading segment for shares of companies that voluntarily commit to differentiated corporate governance practices and disclosure of information beyond what is already required by current legislation.

Banrisul has voluntarily adopted the following rules established for companies with shares listed on the Novo Mercado segment, which are included in its Bylaws, such as a

minimum percentage of 30% Independent Members on the Board of Directors, and the submission of Banrisul, its controlling shareholders, administrators, and members of the Fiscal Council to the Regulation of the Arbitration Chamber of B3 S.A. - Brasil, Bolsa e Balcão, to resolve conflicts that may arise from the application, validity, effectiveness, interpretation, violation, and their effects, of the provisions contained in the Brazilian Corporation Law, the

The Bylaws
provides
for at least 30% of
Independent
Members

Bank's Bylaws, regulations issued by CMN, Central Bank, and CVM, in addition to those contained in the Level 1 Governance Regulation, the Arbitration Regulation, and the Agreement for the Adoption of Level 1 Corporate Governance Practices.

Detailed information on Banrisul's Corporate Governance structure and the composition of its Management, corporate bodies, and Committees is available in section 7 of the Reference Form, which can be accessed on BANRISUL's Investor Relations website (http://ri.banrisul.com.br) and the CVM website (www.cvm.gov.br).

## DESCRIPTION OF COMPOSITION AND MANAGEMENT COMPENSATION

The Company's Compensation Policy aims to establish the compensation criteria for its management in such a way that its business is efficiently and sustainably conducted. Certain factors are analyzed when establishing this policy, such as the value generated by the organization, the risks of the activity, the conditions of the market in which Banrisul operates, and the interests of shareholders.

Management compensation is set by the Shareholders' Meeting, and the Board of Directors is responsible for regulating the use of the compensation amount and allocating it among the members of the Board of Directors and the Executive Board, under legal provisions and limits.

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The members of the Board of Directors who are part of the Executive Board or the Audit Committee shall only receive compensation for the positions held in these bodies and not for the position as members of the Board of Directors.

The global and annual compensation for the members of the Executive Board is set by the Shareholders' Meeting, and the Board of Directors is responsible for regulating its use and allocation. The compensation is comprised of remuneration and representation fees. The Officers who were former employees of Banrisul shall be protected by the prerogatives established in the Bank's Personnel Regulations and may continue to receive their functional compensation, if so desired, an option that shall also be offered to Officers who were assigned by public bodies, and this compensation shall also be increased by a representation fee.

A benefit package consisting of a 30-day paid vacation every 12 months is available to the Officers of the Company and its subsidiaries, without prejudice to receiving the overall monthly compensation plus 1/3 of the amount, meal allowance, food basket, health care plan, supplementary private pension, and insurance coverages.

Detailed information on Banrisul's Management compensation policy is available in section 8 of the Reference Form, which can be accessed on BANRISUL's Investor Relations website (<a href="http://ri.banrisul.com.br">http://ri.banrisul.com.br</a>) and the CVM website (<a href="http://ri.banrisul.com.br">www.cvm.gov.br</a>).

#### OTHER INFORMATION

#### **TRAINING**

The Company provides annual training for Management, Fiscal Council members, and

Annual
training offered to
managers, Fiscal
Council members,
and statutory
committees

13,303/16. During the 2022 fiscal year, attendance level was higher than 99%. In 2023, the Company will offer specific training sessions regarding corporate and capital market legislation, disclosure of information, internal control, code of conduct and integrity, Law 12,846, of August 1, 2013 (Anti-Corruption Law), and other matters related to public companies or government controlled companies.

members of Statutory Committees, in compliance with Law

#### **EVALUATION**

Evaluations of the Management bodies are a fundamental step to assess the effectiveness of their performance and contribute to improving the Company's governance, which is part of the accountability of its statutory bodies.

Based on article 13, item III, of Law 13,303, of June 30, 2016, the Board of Directors evaluated the Management bodies for 2022, which, upon conclusion, was forwarded to the Bank's Eligibility and Compensation Committee, as established by article 4, item II,

of State Decree RS 54,110/18, which is the body responsible for compiling the information.

Therefore, the Eligibility and Compensation Committee, according to Law 13,303/16 and

The evaluation of the management bodies is a key stage to measure performance

its attributions, validated the conformity of the evaluation process for the members of the Board of Directors, the Chief Executive Officer, the members of the Executive Board, and the members of the Statutory Committees for the year of 2023 (base year 2022) and carried out a comparative analysis with the previous evaluation concluded at the beginning of 2022 (base year 2021).

The results of the evaluations were made available to the Board of Directors and discussed at a meeting held on July 12, 2023, which under its attributions and for the purposes of article 23, paragraph 2, item II, of Law 13,303/2016, declared that it carried out an annual evaluation of the management bodies, and after the conformity of the process was verified by the Eligibility and Compensation Committee, concluded that the Management met the Company's business plan and long-term strategy in the execution and search of results.

This Annual Corporate Governance Letter for the Year 2022 was approved by the Board of Directors at a meeting held on August 8, 2023.

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