



Report on Social, Environmental, and Climate Risks and Opportunities

March 2024

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Governance of Social, Environmental, and Climate Risk Management

GVR Table

Purpose: To describe the governance of social, environmental and climate risk management.

Content: Qualitative information.

Frequency: Yearly.

Must describe the role of the Board of Directors (BoD), the Institution's Executive Office, the Chief Risk Officer (CRO), and the risk committee in the process of governance to identify, measure, assess, monitor, report, control and mitigate socio-environmental and climate risks, under Resolution 4,557, of February 23, 2017.

A. Identification of the institution's governance bodies responsible for managing social, environmental and climate risks.

The main roles in the Social, Environmental, and Climate (SEC) Risk Management structure at Banrisul are assigned to the following authorities: Board of Directors; Risk Committee; Social, Environmental, and Climate Responsibility Committee; Audit Committee; Executive Board; Risk Director; Corporate Risk and SEC Risk Committee; Sustainability Committee; Corporate Risk Unit; Administrative Areas of the General Board and Subsidiaries of Grupo Banrisul; Social, Environmental, and Climate Risk Management of the Corporate Risk Unit; Controls, Compliance, and Inspection Unit; and Internal Audit. The main responsibilities assigned to each authority are described in item "B" of this Table.

B. Description of responsibilities assigned to the authorities identified in item "A", and the relationship among them.

Board of Directors – (BoD)

The Board of Directors (BoD) is the general body that guides the business, guidelines and institutional objectives. For the purposes of managing capital and corporate risks, its main duties are to define the Institution's risk appetite levels in the Risk Appetite Statement (RAS) and revise them with the support of the Risk Committee, the Executive Board, and the Risk Director.

Risk Committee – RC

The Risk Committee's duties include proposing recommendations to the Board of Directors concerning policies, strategies, and limits on capital and risk management, assessing the risk appetite levels defined in the RAS and the actions to manage such risks individually and collectively.

The Risk Committee shall also coordinate its activities together with the Audit Committee to facilitate the exchange of information, the necessary adjustments to the risk governance framework, and the effective handling of risks to which the Institution is exposed.

Social, Environmental, and Climate Responsibility Committee - CRSAC

The activities of the CRSAC are coordinated together with the Risk Committee, and it is responsible for proposing recommendations to the Board of Directors regarding the establishment, revision, and improvement of the Social, Environmental, and Climate Responsibility Policy, in addition to assessing adherence of the actions implemented to this Policy.

Audit Committee - AC

The Audit Committee is a permanent statutory collegiate body reporting directly to the Board of Directors to advise audit, supervision, and inspection-related activities within the scope of Banrisul and its Subsidiaries. It is also responsible for, among others, contributing to the activities performed by the Risk Committee, facilitating the exchange of information to make the necessary adjustments to the risk governance framework and the effective handling of risks to which the Institution is exposed.

Executive Board

The Executive Board is responsible for conducting, in accordance with the Institution's policies and strategies, activities involving risk assumption. The Executive Board must also actively participate in the stress testing program, indicating the guidelines to be followed and approving the scenarios when using the scenario analysis methodology.

Risk Director – RD

The RD is in charge of ensuring that the policies, processes, reports, systems, and models used to manage risks are in line with the RAS and the Institution's strategic objectives. The RD is also responsible for coordinating the process of defining the Institution's risk appetite.

Corporate and SEC Risk Committee - CRC

The Corporate Risk Committee is a proactive and advisory body that is part of the Institutional Capital and Risk Management Framework, aimed at ensuring its correct application. It is within its competence, in the scope of the Integrated Capital and Corporate Risk Committee, to approve methodologies applied in the measurement of Corporate Risks and to assess and monitor the Institution's risks against strategic objectives, ensuring alignment between them.

Sustainability Committee – SC

The purpose of the Sustainability Committee is to be an analytical, advisory, and proactive body, whose assumption will be to ensure the cross-cutting nature of sustainability, encompassing economic-financial, socio-environmental, climate, and governance aspects related to the business strategy.

Corporate Risk Unit – CRU

The Corporate Risk Unit is responsible for coordinating the capital and credit risk management process, market risk, IRRBB, liquidity risk, operational, socio-environmental and climate risk, covering all institutions within the Prudential Conglomerate. It also considers the potential impacts of risks associated with other companies controlled by entities of the Conglomerate and other relevant identified risks.

Administrative Areas of the General Management and Subsidiaries of Grupo Banrisul

As a first line of defense, the areas shall monitor the processes and activities performed under their responsibility to identify and manage their risks.

Social, Environmental, and Climate Risk Management of the Corporate Risk Unit

As a second line of defense, it has a duty to manage socio-environmental and climate risks within the Subsidiaries of Grupo Banrisul, providing methodologies and tools so that the business areas can work as a first line of defense to manage social, environmental, and climate risks inherent in their frameworks.

Controls, Compliance, and Inspection Unit

It is the responsibility of the Controls, Compliance, and Inspection Unit to monitor the definition of internal controls and oversee their adherence to compliance with corporate policies, as well as monitor the implementation of proposed actions by the first line of defense for addressing socio-environmental and climate risks.

Internal Audit

The Internal Audit performs third line of defense activities, managing socio-environmental and climate risks, in compliance with the provisions of CMN Resolutions 4,557/17 and 4,879/20.

C. Process and frequency of receiving information regarding social risk, environmental risk, and climate risk by the Board of Directors, and in its absence, by the Executive Board, considering what is described in item "B".

The Annual Social, Environmental, and Climate Risks Report aims to inform the Corporate Risk and SEC Risk Committee, the Executive Board, the Risk Committee, and the Board of Directors

about the management of these risks within the Institution, addressing the risk management context and relating the main activities performed in the period by the Social, Environmental, and Climate Risk Management Department of the Corporate Risk Unit.

The annual report of the Internal Capital Adjustment Assessment Process (Icaap), which encompasses risk identification, management and measurement, including measurement of capital needs to cover losses amid severe crisis scenarios, is submitted to the Corporate Risk Committee, the Executive Board, the Risk Committee and the Board of Directors for approval, together with the results of the Stress Testing Program.

Risk exposures are monitored on a monthly basis through the RAS indicators, being reported to the Chief Risk Officer, the Risk Committee and the Board of Directors.

The Board of Directors addresses the matter on a quarterly basis with the CRSAC.

D. Description of the criteria used by the Board of Directors and, in its absence, by the executive board, to ensure that social, environmental and climate risks, when relevant, will be considered in the approval and revision processes:

Risk appetite levels of the Institution

Banrisul has developed a series of indicators and flags to monitor its risk appetite, which are periodically monitored and reported to higher bodies through reports and a dashboard. The purpose is to maintain indicators in accordance with the established appetites and identify potential and necessary corrective actions, according to the existing scenario, in relation to the Institution's pursued strategy.

Risk and capital management policies, strategies and limits

The Board of Directors revises and approves the Capital and Corporate Risk Management Frameworks and Policies, considering socio-environmental and climate risks that are relevant to the Institution, with specific policies for their management, thereby ensuring alignment with other institutional policies.

Stress testing program

The Stress Testing Program is yearly revised and approved by the Board of Directors, considering socio-environmental and climate risks, based on two stress approaches – sensitivity and scenario. Sensitivity stress testing for Environmental and Climate Risks consists of increasing provision through the depreciation of the collateral in client operations classified as “high climate and/or environmental exposure”. When analyzing risk scenarios, we have the ad hoc scenario with downgraded risk levels for all operations classified as “high risk exposure,” thereby increasing provision.

Business continuity management policies

The integrated management framework enables the adequate identification of socio-environmental and climate risks associated with the Institution's processes, considering such aspects when managing business continuity.

Liquidity contingency plan

Banrisul adopts the Liquidity Contingency Plan with the purpose of identifying, in advance, and adjusting its capacity to face internal and/or external liquidity crises, including those arising from stress events associated with possible socio-environmental and climate risks, minimizing potential effects on the Company's business continuity, its capacity to produce results and its image.

Capital plan and capital contingency plan

The Institution considers that SEC Risks are covered by the Pilar I risks, being covered by the Capital Plan.

Compensation policy

The Institution adopts an instrument for monitoring the delivery of results and valuing the performance of the Bank's employees, consisting of Performance Indicators (goals) and Skills Indicators (skills assessment). The Performance Indicators also measures results relating to sustainability.

E. Methods employed by the Board of Directors – and in the absence of said body, by the executive board – to monitor strategic objectives and, if applicable, the Institution's goals related to social, environmental and climate aspects.

At the start of each calendar year, the Board of Directors adopts its thematic agenda which includes socio-environmental and climate aspects. Since 2023, quarterly reports on the main activities pending before the Social, Environmental and Climate Responsibility Committee have been included at the Board of Directors' meetings. As a result, the climate agenda has been increasingly supervised by the Board of Directors, with major remarks and greater relevance to resolutions and advances in Banrisul's projects.

As the highest body at the Institution in relation to the Risk Appetite Statement (RAS), the Board of Directors defines the risk appetite levels and revises them on an annual basis, with the support of the Chief Risk Officer, the Executive Board, and the Risk Committee. The RAS reflects Banrisul's operational environment, strategy and business objectives. It defines the different and acceptable levels of all risks taken by the Institution and guides their rigorous monitoring and control in order for them to be in line with the pursued strategy. As a result, each level of operation within the organization plays a role in identifying, measuring, assessing, monitoring, reporting, controlling and mitigating risks. The Board of Directors is

responsible for yearly revising and approving risk management policies, strategies, and limits to maintain the exposure levels defined in the RAS.

Strategies to Handle Social, Environmental and Climate Risks

EST Table

Purpose: To identify and describe real and potential impacts, when considered relevant, of socio-environmental and climate risks on the Institution's business, strategies, and risk and capital management.
Content: Qualitative information.
Frequency: Yearly.
Must describe socio-environmental and climate risks with potential impacts, when considered relevant, on the business, strategies, and risk and capital management, pursuant to Resolution 4,557, of February 23, 2017.

A. Identification of social, environmental and climate risks that could generate relevant losses for the Institution over different time horizons.

Social, environmental and climate risk events identified over short-, medium- and long-term horizons and their respective sources of information are listed below. Operational risks falling into the scope of SEC Risks have an integrated management process, being duly flagged in the Operational Loss Database.

(a.1) Social

Short Term:

- Possible violations of fundamental rights and guarantees, or acts that are harmful to the common interest carried out by clients and suppliers (slave-like work and child labor).
 - Source of information: Monitoring the registries of employers who have subjected workers to slave-like conditions. Form used for Social, Environmental and Climate Analysis.
- Labor irregularities performed by outsourced suppliers or service providers, especially under employee transfer agreements.
 - Source of information: Inspection of contracts and monitoring of lawsuits.

Medium term:

- Inadequate lawsuits referring to labor practices.
 - Source of information: Monitoring of labor lawsuits.
- Possible occurrence of non-compliance with the Brazilian General Data Protection Law (LGPD), with leakage of sensitive employee and/or client data over different time horizons.

- Source of information: Monitoring of civil lawsuits and fraud in the Operational Loss Database.

(a.2) Environmental

Short Term:

- Operational, financial and image impact as a result of response time during critical events.
 - Source of information: Identification of fines, judicial and administrative proceedings and other occurrences in the Operational Loss Database. Form used for Social, Environmental and Climate Analysis.

Medium term:

- Financial or image impacts arising from environmental irregularities carried out by clients.
 - Source of information: Identification of fines, judicial and administrative proceedings and other occurrences in the Operational Loss Database, a socio-environmental compliance tool to identify beneficiaries, and areas with restrictions for rural credit.

Long term:

- Commercial relationship with sensitive sectors.
 - Source of information: Monitoring of environmental risk exposure in the legal entity loan portfolio.

(a.3) Climate

(a.3.1) Physical - Climate:

Short Term:

- Financial impacts arising from damages to physical assets due to extreme weather events.
 - Source of information: Operational Loss Database related to damages to physical assets.
- Possibility of financial losses arising from changes in a client's payment capacity due to the occurrence of extreme weather events, including risks related to climate vulnerability in agricultural loan operations.
 - Source of information: Monitoring and socio-environmental compliance of agricultural loan operations.

Medium term:

- Loan portfolio concentrated in economic sectors with increased likelihood of suffering impacts related to extreme climate events.

- Source of information: Monitoring of climate risk exposures in the legal entity loan portfolio.

(a.3.2) Climate Transition:

Long term:

- Commercial relationship with sensitive and carbon-intensive sectors
 - Source of information: Monitoring of climate risk exposures in the legal entity's loan portfolio; monitoring of regulatory and self-regulatory trends, and stakeholder perception.

- Indicate the percentage of losses from the loan portfolio and other financial intermediation activities, considering the economic sector, geographic region and average term of exposures.

When we identify events that enable the root cause of the SEC Risk to be classified, they are monitored, and their losses consolidated. In the period, no SEC Risk losses have been identified in the loan portfolio and other financial intermediation activities.

- Indicate the criteria adopted to define different geographic regions and the criteria adopted to define different time horizons (short, medium and long term).

The time horizon criteria adopted to identify Social, Environmental and Climate Risk events are:

- Short term: up to 12 months
- Medium term: 12-36 months
- Long term: over 36 months

Geographic regions are segregated at the municipal level and cover the entire geographic areas of our clients. Therefore, there is no prioritization or exclusion of regions.

We highlight that the Institution's clients are concentrated in Southern Brazil, particularly in the state of Rio Grande do Sul.

B. Identification of significant risk concentrations mentioned in item "A" regarding the Institution's credit exposures, pursuant to article 38-D, item V, of Resolution 4,557, of 2017.

Based on the application of the Febraban Green Taxonomy in the legal entity credit portfolio and considering the exposure of the Institution's agricultural credit portfolio, no significant exposures have been identified.

No significant concentrations have been identified for the geographic regions segregated by municipalities.

C. Description of how the events mentioned in item “A” are considered in the Institution’s business, strategies, and capital management, detailing the time horizon and criteria adopted to prioritize the assessed risks.

The events are considered in the business, strategies and capital management in a manner that is integrated with the other risks, and we observe time horizons that could generate relevant losses for the Institution, including mitigation actions in different time horizons.

The business strategy aims to minimize the risks to which Banrisul is exposed, thus protecting the assets and interests of its clients, shareholders, employees, and other stakeholders. The Risk Appetite Statement (RAS) is the instrument that defines the level of risks the Institution is willing to accept to achieve its objectives, and it monitors and periodically reports to higher authorities the status its socio-environmental and climate risks indicators.

Capital management is treated as an ongoing process, compatible with the nature of the operations, the complexity of the products and services offered, and the dimension of risk exposure.

When implementing material changes or developing new products and services, the SEC Risk analysis is carried out based on information provided by the requesting business area. When necessary, we recommend improvements in order to mitigate potential socio-environmental and climate risks.

Within the context of loan operations, SEC Risk criteria are analyzed, when applicable, through specific questionnaires to evaluate sectoral, locational, legal and managerial characteristics of the counterparty and the operation.

Business opportunities are being developed through the expansion of supply of sustainable products, such as the CDC Sustentabilidade line, which finances renewable energy projects, electrical recharging stations, energy efficiency projects, electric scooters, among others.

When applicable, the credit risk analysis includes an assessment of socio-environmental and climate risks in the set of variables that defines a client’s credit limits.

D. Description of the hypotheses for climate change and low-carbon economy transition utilized to analyze scenarios, within the scope of the stress testing program referred to in item VII of article 7 of Resolution 4,557, of 2017.

The Climate Risk scenarios are now included in the Stress Test Program, considering the hypothesis of changes in climate patterns and transition to a low-carbon economy.

Just as in credit risks, the socio-environmental and climate risks have two stress approaches – sensitivity, which involves the sufficiency of collateral, and scenarios.

Sensitivity stress testing for Environmental and Climate Risks consists of increasing provision through the depreciation of the collateral in client operations classified as “high climate and/or environmental exposure”.

When analyzing risk scenarios, we have the ad hoc scenario with downgraded risk levels for all operations classified as “high risk exposure,” thereby increasing provision.

Additionally, Banrisul has sought to improve the Social, Environmental and Climate Risk management process, highlighting the study of other climate scenarios in the Stress Test Program.

E. Description of the Institution’s adaptation capacity, considering the hypotheses mentioned in item “D”.

Through the stress test, we verified that the Institution could support regulatory requirements for the Core Capital Ratio, Basel Ratio and Broad Basel Ratio in the event of the scenarios proposed in item “D”.

We also understand the importance of including other scenarios in the Stress Test, which may identify future impacts to Banrisul's business.

Social, Environmental and Climate Risk Management Processes

GER Table

Purpose: To describe the social, environmental and climate risk management framework.

Content: Qualitative information.

Frequency: Yearly.

Must describe the processes of identifying, measuring, assessing, monitoring, reporting, controlling and mitigating socio-environmental and climate risks, pursuant to Resolution 4,557, of February 23, 2017.

A. Description of the process of identifying, measuring and assessing social, environmental and climate risks.

Barrisul applies a process for identifying, measuring and evaluating the SEC Risk for all its products and credit granting services, activities and internal processes, activities performed by its relevant counterparties, subsidiaries, and suppliers and outsourced service providers, considering the principles of relevance and proportionality. The methodology is based on consistent and verifiable criteria, including public information, when available.

In relation to loan operations, the process of identifying, classifying, measuring, and evaluating socio-environmental and climate risks follows the credit granting flow, using processes and tools, such as:

- Assessing, when applicable, the client's legal compliance by analyzing information provided in public lists and revising the need for environmental licenses and clearance certificates required for the client to carry out activities and offer products and services subject to environmental and social regulations;
- Assessing the exposure of the corporate credit portfolio based on the client's SEC Risk classification according to its sector and considering the National Classification of Economic Activities (CNAE) code;
- Using a questionnaire to analyze sustainability aspects, whose result is included in the set of variables that defines a client's credit limits.
- Consulting and monitoring, for agricultural operations, the regularization of clients and areas through socio-environmental compliance and georeferencing tools;
- Analyzing the sectoral, locational, legal characteristics and management practices of the client and its activities through a Social, Environmental and Climate Analysis form, which is used to support the decision-making processes of the credit committees, when applicable.

When **evaluating collateral**, Barrisul adopts internal rules that prohibit the acceptance of properties located in flooded and contaminated areas. Prior to accepting urban properties as collateral, the Bank carries out an on-site verification of compliance with the established

requirements, such as the Contamination Evidence Survey (LIC) form provided in Febraban SARB Regulation 14/2014. Rural properties undergo a technical analysis on their registration status to confirm if they are included in Permanent Protection Areas (APPs), Legal Reserves (RLs) and other restrictions provided in current legislation.

In relation to **relevant suppliers and outsourced service providers**, all bidding processes require proof of conformity with labor and social security requirements, including specific clauses that reinforce the prohibition of child and slave-like labor. Furthermore, there is a process for evaluating the supplier's compliance with applicable legislation for the products being purchased or service being provided. The sustainability criteria in call notices for purchases and bidding processes are guided by Banrisul's Supplier Manual.

In relation to the Bank's **internal activities**, we identify the root cause of the SEC Risk scope in other risks, as described in item "D" of the GER Table.

B. Description of the criteria used to classify exposures concerning social, environmental and climate risks, considering the economic sector, geographic region and average term of the exposures.

Banrisul adopts clear and verifiable criteria to classify exposures for SEC Risk in three dimensions: economic sector, geographic region, and medium term.

Economic sector

The corporate loan portfolio's exposure is classified through the application of Febraban's Green Taxonomy, which considers three dimensions: Green Economy, Exposure to Climate Change, and Exposure to Environmental Risk. This categorization allows clients to be evaluated according to their sector based on an analysis of the CNAE code.

Operations are also classified according to socio-environmental and climate risks based on the analysis of publicly available information. Pursuant to the requirements of article 38-D, item II, of CMN Resolution 4,557/17, we assess the following criteria: slave-like labor, child labor, health and safety, population and communities, weather conditions, long-term climate change, public policies and related legislation, technologies for transitioning to a low-carbon economy, perception of markets/consumers, water and air pollution, waste management and disposal, biodiversity, use and conservation of water, energy and natural resources, and disasters involving hazardous materials.

Geographic region

Geographic regions are segregated at the municipal level and cover our clients' entire geographic areas. We highlight that the Institution's clients are concentrated in Southern Brazil, particularly in the state of Rio Grande do Sul.

We use tools to analyze the exposure of operations to SEC Risk according to the purpose of the financing, in which we highlight:

- For the agricultural portfolio, we analyze the geographic region, on an individual basis, through socio-environmental compliance and georeferencing tools to identify relevant characteristics, also considering public data sources and certificates from the benefited areas. These tools allow us to identify areas that are restricted from accessing rural credit due to legal or infra-legal provisions relating to socio-environmental and climate issues. This assessment includes analysis on areas subject to flooding, inconsistencies in the CAR registry, embargoes by IBAMA or ICMBio, areas with wildfires and deforestation, areas located in protection conservation units, areas allocated for sustainable use, and buffer zones, among others.
- The Social, Environmental and Climate Analysis survey is used for relevant operations to analyze the locational characteristics of the project and identifying risks, such as: flooding, inundation, erosion, landslides and variations in sea level, among others.
- Properties accepted as collateral must comply with internal policies and its evaluation process includes, as applicable: Survey of Evidence of Contamination – LIC, compliance with protection areas (APP and APA) and Legal Reserves (RLs), indications of fractional flooding and frequent floods.

Average time horizon for the exposures

In terms of credit risk, exposures are classified according to the following time horizon:

- Short term: up to 12 months
- Medium term: 12-36 months
- Long term: over 36 months

If significant concentrations are identified, SEC Risk can be analyzed according to this time horizon criteria so sufficient controls can be adopted.

C. Description of the mechanisms utilized to timely identify political, legal and regulatory changes that could impact transition climate risks taken by the Institution.

The Institution, through its Regulatory Compliance tool, monitors legal and regulatory publications, analyzing changes in legislation to guide and monitor actions with managers through a specific system. The “Regulatory Information” report is periodically provided to management, indicating the Institution's compliance status with the rules established by the National Monetary Council and the Central Bank.

D. Within the scope of integrated risk management, description of the mechanisms utilized to handle interactions between social, environmental and climate risks and between these and other risks taken by the Institution, pursuant to article 38-E of Resolution 4,557, of 2017.

SEC Risk management is integrated with other corporate risks that are relevant for the Institution, pursuant to the provisions of CMN Resolution 4,557 of 2017.

We highlight the following mechanisms used to treat interactions among social risk, environmental risk and climate change risk, as well as among other risks incurred by the Institution:

Identification and marking of SEC Risk scope in operational risks

Seeking to improve the identification of SEC Risk at Banrisul, the social, environmental and/or climate scope is marked in the Operational Loss Database according to the characteristics of the identified risks. This process allows us to monitor the assessment of these risks, as well as related controls and losses, including for relevant suppliers and third-party service providers.

Periodic review of SEC Risk clauses contained in administrative and commercial contracts:

Banrisul and the controlled companies of the Prudential Conglomerate adopt, as necessary, contractual clauses to demonstrate compliance, by the counterparty, with applicable legislation, as well as clauses that provide for the early maturity of operations or unilateral termination in the event of irregularities relating to socio-environmental or climate matters. These clauses are periodically reviewed to ensure they are adequate and effective in managing SEC Risk.

Monthly monitoring of the Institution's loan portfolio exposure

A monthly monitoring is carried out to assess the corporate loan exposure to Environmental Risk, Climate Risk, and Contribution to the Green Economy through the application of Febraban's Green Taxonomy, as described in item "B" of the GER Table.

SEC Risk analysis in large operations

Banrisul adopts procedures to identify, monitor, mitigate, and control SEC Risk in loan operations. This process is carried out by a questionnaire to assess sectoral, locational, legal and managerial characteristics of the client and the operation.

Assessment of SEC Risk for relevant suppliers and third-party service providers

With the purpose of guiding the purchase and supply managers, the Bank enables access to Banrisul's Supplier Manual. This document, which has a specific chapter on Social, Environmental, and Climate Responsibility, consolidates best practices for purchasing and supplying goods and services. Banrisul has advanced on the matter related to supplier engagement, identifying sustainability criteria in purchase and bidding contracts, as applicable.

Continuous improvement of SEC Risk aspects in the Stress Test Program (STP)

Analysis of Adverse Climate Scenarios include the hypothesis of changes in climate patterns and transition to a low-carbon economy. The Sensitivity Analysis considers the degree of sufficiency in collateral according to SEC Risk criteria.

Continuous improvement of SEC Risk indicators in the Risk Appetite Statement (RAS)

The Risk Appetite Statement (RAS) consolidates the level of risk, aggregate and individual, that the Bank is willing to accept, or avoid, to achieve its strategic objectives. The RAS is monitored on a monthly basis, and the Bank aims to monitor the indicators that give rise to the risk appetite or that require monitoring.

Compliance with SEC Risk aspects when revising the Treasury Policy and the Liquidity Contingency Plan.

The Treasury policy requires compliance with socio-environmental impacts in investment decisions, as provided for in the PRSAC guidelines.

Assessment of products and services

The identification of risks inherent to Bannrisul's products and services is carried out on demand by the business units and includes verifying if the proposed characteristics: have the potential to violate fundamental rights and guarantees; constitute as acts that are harmful to the common interest; degrade the environment; or contribute significantly to changes in weather patterns. If the assessment identifies any characteristics that can potentially cause a negative impact, recommendations are issued for correction/adaptation measures.

E. Description of social, environmental and climate risk management processes, highlighting monitoring, control and mitigation of such risks.

SEC Risk is monitored through the following actions, among others:

- Monitoring of operational losses within the scope of the SEC Risk;
- Monitoring of the indicators identified in the Risk Appetite Statement (RAS);
- Monitoring of the Institution's GHG emissions; and
- Exposure analysis of the active corporate loan portfolio.

Bannrisul adopts several mitigation and control measures relating to potential impacts, particularly for the exposure of its loan operations, as applicable, including:

- Verifying the validity of environmental licenses and certificates;
- Monitoring the relationship level of clients included in the registry of employers with slave-like labor conditions.
- Requiring the Biosafety Quality Certificate (CQB), issued by the National Biosafety Technical Commission (CTNBio);
- Applying the Evidence of Contamination in Urban Properties (LIC) form;
- Applying the Social, Environmental and Climate Analysis form for operations with high exposure to SEC Risk;
- Monitoring compliance of agricultural loan operations with socio-environmental and georeferencing systems;
- Assessing collateral in accordance with corporate policies;
- Assessing SEC Risk for relevant suppliers and third-party service providers;
- Inserting SEC Risk clauses in administrative and commercial contracts;
- Adopting a Deforestation Risk protocol;
- Disseminating the risk and sustainability culture.

F. Description of the mechanisms utilized to monitor concentrations in economic sectors, geographic regions or product and service segments that are more susceptible to suffer or cause social, environmental and climate impacts.

The monitoring of exposure concentrations in economic sectors is carried out through risk exposure indicators and contributions from the operations toward a greener economy, in accordance with Febraban's Green Taxonomy. The assessment is based on the borrower's

classification according to the considering the National Classification of Economic Activities (CNAE) code.

The indicators aim to assess the composition of the legal entity's loan portfolio, measuring presence in economic sectors with higher probability of suffering financial impacts related to climate change, environmental aspects, or that may have a certain degree of environmental and/or social contribution.

Monitoring consists of keeping track of monthly percentage variations, reflecting the active balance of financing to sectors that are sensitive to climate or environmental risks, representing the Institution's lower exposure. As for the green economy, the active balance of financing to sectors with positive social and/or environmental impact is monitored, representing the Institution's largest contribution.

Based on the mechanisms adopted by the Institution to monitor exposures, no significant concentrations have been identified.

To enable the monitoring of concentrations in economic sectors, we are carrying out tests to adopt the classification already used in operations, as shown in item "B" of the GER Table.

Monitoring concentration is part of the monitoring activity for the indicators of the Risk Appetite Statement (RAS), as shown in item "C" of the EST Table.

