

Human Rights

Bradesco has undertaken a public commitment to human rights that is aligned with nationally and internationally accepted principles, including:

- **Universal Declaration of Human Rights**
- **UN's Framework on Business and Human Rights**, and
- Applicable **International Labor Organization (ILO)** conventions ratified by Brazil.

As part of our commitment to respecting and protecting fundamental rights, incorporating industry best practice and complying with regulatory guidance on social responsibility, since 2018 Bradesco has published relevant guidelines through our **Corporate Human Rights Policy**.

Human rights are also addressed in other internal policies and standards, such as our:

- **Code of Ethical Conduct**,
- **Sustainability Policy**,
- **Social and Environmental Risk Standard**,
- **Diversity & Inclusion Policy**,
- **Human Resources Management Policy**.

We also have specific human rights policies in place to prevent the risks to which we are exposed in our relations with **employees, customers, suppliers, partners and communities**.

Within our **Corporate Social Responsibility Management System**, we have communication channels through which direct and third-party employees can report concerns about potential human rights violations.

In addition, we have a structured process for **handling reports and monitoring related indicators**. In addition, we regularly publish content and provide **training** on human rights.

In relation to suppliers, the **Bradesco Supply Chain Social Responsibility Program (PBRSA CS)** promotes adherence to ethical, integrity and sustainability principles, with a focus on human rights and social and environmental management.

For **customers and business partners**, and especially in our **lending activities**, we monitor for potential human rights violations as part of our social and environmental risk management efforts.

In our **card business**, all correspondent-banking agreements for credit card sales, lending and factoring linked to the BradesCard and Bradesco S. A. joint ventures contain provisions on fighting child and slave labor, environmental protection and other matters. These provisions are

drafted in accordance with best practices recommended by Bradesco's legal departments.

Although the parties to the **joint ventures** are independent, and their employees are typically subject to separate codes of ethics, Bradesco also distributes its own Code of Ethical Conduct for information and improving workplace conditions and minimizing social and environmental impacts.

Periodic oversight visits are conducted and any identified misconduct or issues are escalated to the highest governance bodies of the relevant partners to ensure that action is taken.

In **asset management**, as a signatory of the Principles for Responsible Investment (PRI), Bradesco Asset Management S.A. (BRAM) has responsible investment standards that address social and environmental aspects, including human rights, in assessing assets.

Our social responsibility performance is also enhanced by **voluntary commitments** to which we have subscribed.

Summary of our Socioenvironmental Risk Norm

The scope of analysis reflects the Organization's Socioenvironmental Risk Norm.

Credit and Loans Operations

I - Projects subject to Equator Principles

It is a voluntary commitment adopted by financial institutions for

determining, assessing and managing environmental and social risk in projects.

As a signatory of the Equator Principles, in addition to the Brazilian legislation the Organization requires the application of International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability and the World Bank Group Environmental, Health and Safety Guidelines, which include natural resources, impacts on biodiversity, waste, wastewater discharge, air emissions, local communities and other aspects.

In order to comply with Equator Principles, the scope includes the following financial operations supporting new projects, expansions or upgrades of an existing enterprise that results in a material change in output or function:

- Project Finance Advisory Services where total project capital costs are US\$ 10 million or more.
- Project Finance with total project capital costs of US\$ 10 million or more.
- Project-Related Corporate Loans where all four of the following criteria are met:

- The majority of the loan is related to a single project over which the client has Effective Operational Control.
- The total aggregate loan amount is at least US\$ 100 million.
- Bradesco's individual commitment (before syndication or sell down) is at least US\$ 50 million.
- The loan tenor is at least two years.
- Bridge Loans with a tenor of less than two years that are intended to be refinanced by Project Finance or a Project-Related Corporate Loan related to a project.

II - Projects Finance

It is the socioenvironmental risk assessment applied to loans related to new projects, expansions or upgrades of an existing enterprise, where loan amount is at least R\$ 150 million.

In real estate projects where loan amount is above R\$ 30 million, a socioenvironmental risk assessment is also conducted.

III - Sectorial Projects

It is the socioenvironmental risk assessment applied to loans related to Mining and Pig Iron new projects, expansions or upgrades, where loan amount is at least R\$25 million.

IV - Assessment of Pre-existing Risks

It is the socioenvironmental risk assessment applied to credit operations where customers are registered by environmental authorities in its embargoed areas or contaminated sites lists and the proposed credit limit is at least R\$15 million.

Additionally, socioenvironmental risk assessment is required for all credit operations where signs of customers' involvement with forced or slave labour are identified.

V - Economic Activities exposed to Socioenvironmental Risk

It is the socioenvironmental risk assessment applied to credit operations related to economic activities with higher exposure to Socioenvironmental Risk. These activities are classified in two groups:

Group 1:

- Arms and ammunition manufacturing and commercialization;
- Radioactive materials manufacturing and commercialization;
- Wood logging and processing, sawmilling, management of forest plantations, furniture manufacturing and forestry harvesters manufacturing;
- Asbestos manufacturing, commercialization and end use;
- Tobacco.

Group 2:

- Airports, railroads, ports and roads;

- Agriculture and cattle ranching;
- Tannery;
- Construction materials manufacturing;
- Energy;
- Hospitals and laboratories;
- Industries (steel, pharmaceuticals, fertilizers, iron, electroplating, dairy products, pulp & paper, pesticides, petrochemicals, textiles and glass);
- Waste management facilities;
- Fishery and aquaculture;
- Oil & gas prospection, exploration, production and transportation;
- Water and wastewater services.

Credit operations related to Group 1 are subject to socioenvironmental risk assessment, where proposed credit limit is at least R\$25 million.

Additionally, where proposed credit limit is below R\$25 million and potential socioenvironmental risks are identified by commercial areas, credit operations can be sent for socioenvironmental risk assessment.

For Group 2, the same rationale applies. For any proposed credit limit, when potential socioenvironmental risks are identified, credit operations can be sent for assessment.

In case of any credit operation, where signs of illegal activities are identified by commercial areas, a socioenvironmental risk assessment must be requested. Illegal activities include but are not limited to child

labor, sexual exploitation and animal trafficking.

VI - Contracting and Monitoring

It is the inclusion of specific environmental and social clauses in the loan documentation of applicable operations. These operations can be incorporated in the socio-environmental risk monitoring portfolio.

Real estate guarantees operations

It is the socioenvironmental risk assessment applied to urban and rural real estate guarantees as described in the Credit and Loans Operations item.

Additionally, rural property with value from R\$10 million (liquidity value) and real estate collateral associated with industrial sites, barns containing hazardous materials, urban properties and sites with fuel tanks, regardless of its value, must count with a socioenvironmental risk assessment. When potential socioenvironmental risks are identified in guarantees below R\$10 million, a socio-environmental risk assessment can be requested.

Investment operations

It is the socioenvironmental risk assessment applied to Private Equity operations, which involves sectors and amounts as described in the item V - Economic Activities exposed to Socioenvironmental Risk.

Donations and Sponsorship

Given it presents a potential image and reputational risk, transactions involving donations and sponsorship

should have a social-environmental risk analysis, according to norm 05.1206- Donations and Sponsorship.

Suppliers

I - Suppliers marked with Pre-existent Risks

It is the socioenvironmental risk assessment applied for suppliers subject to approval process or with active contracts.

It includes suppliers registered by environmental authorities in its embargoed areas or contaminated sites lists and/or where indications of suppliers' involvement with forced or slave labour are identified.

II - Suppliers with Potential Socioenvironmental Risk

It is the socioenvironmental risk assessment applied for suppliers subject to approval process with BRL 30 MM annual turnover or with active contracts above R\$ 30 MM. It includes suppliers performing in the following sectors: construction, printing materials, clothing, wood products, communications, infrastructure equipment, plastic cards manufacturing, information technology equipment, transportation services, surveillance, call center and aircraft and vehicles maintenance.

This document is adapted from the internal Socioenvironmental Risk Norm (05.403) that establishes the socioenvironmental risk management. The norm was updated on 2nd January 2020.

Socioenvironmental Risk Cases

The Organization continuously strengthens its socioenvironmental risk assessment processes, improving methodologies and initiatives, highlighting and disseminating the importance of assessing socioenvironmental risks derived from relations with customers and suppliers, aiming to foster business continuity.

In the course of the analysis process for credit proposals and/or contracting of suppliers, the Organization contributes to anticipate risks and to the adoption of actions to mitigate potential socioenvironmental impacts, in collaboration with its business partners. The following case studies demonstrate the Organization's proactive action as a supporter of sustainable businesses:

I - Hydroelectric Power Plants and Small Hydroelectric Power Plants.

The flooding of agricultural areas is one of the main negative impacts during a hydroelectric power plant project implementation. These areas are key to guarantee communities living conditions and economic activity. In many cases, the one-off financial compensation to each individual dweller is the proposed solution offered by project owners. Eventually this remuneration will not guarantee dwellers' standard of living overtime, which might represent a threat to the human rights, as described in the article 25 of the Universal Declaration of Human Rights.

Case 1:

During the assessment of a credit loan related to a hydro power plant installation, the Organization verified the existence of small producers that would have had part of their land flooded by the project's reservoir. In the engagement process with customer to verify project's socioenvironmental impacts and mitigation measures, we identified an innovative solution that will contribute to maintain dweller's income generation. Project's owner proposed that landowners participated in the project as shareholders through a specific purpose society. In this way, landowners with flooded areas will be benefited by project's profits during the entire lifecycle. By the time of socioenvironmental risk assessment, the Organization certified that the majority of affected dwellers had accepted the proposal. As a result, also by checking mitigation to other risks, the Organization decided to proceed with the credit operation.

Case 2:

In assessing a credit proposal for another hydroelectric power plant, the Organization verified the ongoing support to resettled communities and the regularization of land ownership, among other environmental aspects associated to the project. According to the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability, the Organization and bank's syndicate visited the project, and acknowledged actions to provide drinking water and improvements on the new houses earmarked for the resettlement. It was

confirmed that environmental authorities' requests were fulfilled, contributing to reduce socioenvironmental risks. As a result, the credit was approved.

Case 3:

In 2010, the Organization appraised a loan to a hydroelectric power plant to be constructed in the Brazilian North region. Significant socioenvironmental negative impacts were identified such as siltation of rivers, interferences in indigenous lands, local communities and fauna, as well as degradation of preserved areas. Environmental studies, plans and reports about the project were analyzed, however the Organization did not grant the loan because of the irreversible negative socioenvironmental impacts.

Case 4:

In assessing a loan for a group of small hydroelectric power plants, it was verified that the installation environmental license was expired, the existence of a public civil action against the licensing process, irreversible damages to natural cavities without a permit and the conclusion of environmental studies, as well as the unauthorized vegetation suppression of preserved areas. Based on the identified risks and the weakness of mitigation plans, the Organization did not proceed with the loan.

II - Transmission Power Line Project.

Socioenvironmental risks associated to a transmission line are directed linked to its route. Interferences might occur in communities, cultural or

archeological heritage. If impact are not properly managed by the application of socioenvironmental best practices, human rights might be put under threat, as described in the article 27 of the Universal Declaration of Human Rights.

Case 1:

In 2017, the Organization assessed a loan for a 1000 km long transmission line, projected to cross 3 states in Brazil's Northeast region and integrate to the national grid several renewable energy projects under construction. Several risks were identified, such as the presence of traditional former slaves' communities, numerous archeological sites close to the route and crossing of conservation priority areas under Caatinga, Cerrado and Amazon biomes. During the engagement with customer, we could verify the free, prior and informed consent (FPIC) of the traditional communities during the environmental licensing process. Also, we could appraise the first steps towards a Former Slave's Communities Environmental Plan which is oriented to actively involve local communities in the planning and implementation measures aimed at recognize and give value to their local culture. Besides, we verified that Human Rights subject had been incorporated in several programs in articulation with municipalities' initiatives. Considering a robust planning and already developed initial activities related to traditional communities, as well as practical mitigation measures related to other socioenvironmental impacts, the

Organization approved the credit operation.

III - Wind Power Project

Although it is considered a low carbon energy, a wind farm construction poses potential risks to the biodiversity. Possible impacts in flying fauna (birds and bats) are already known, mainly when the wind farm is located close to critical habitats. Considering the current high levels of biodiversity loss and species extinction, possible impacts have gained attention from media and society.

Case 1:

When assessing a credit proposal for a new wind farm, the Organization identified risks to the biodiversity generated by its proximity to the ocean. During the engagement process with customer in order to analyze available environmental studies and reports, we found out that the wind farm was not located close to migratory routes or below tide line. Therefore, we evaluated that impacts in flying fauna and in marine turtle's reproduction were properly identified and monitoring, control and mitigation measures were coherently designed. Moreover, it was identified a degraded areas recovery plan to compensate vegetation suppression needed to the project installation. As a result, the Organization identified project's compliance with environmental authorities and considered biodiversity impacts as medium severity with adequate mitigation measures, consequently proceeding with the financial operation.

IV - Armaments

The economic activity related to the production and trading of armaments is a challenge. On one hand, to guarantee its citizen's well-being, governments acquire arms and ammunition, among other defense equipment. On the other hand, if armament companies do not count with rigid controls and registration processes, their products might end up associated with crime, terrorism and civil conflict areas. These uses are directly linked to the violation of Human Rights.

Case 1:

In 2016, the Organization analyzed a credit limit for a local company operating in the armament sector. During the due diligence process, it was identified media accusing the use of drones produced by the parent company in bomb attacks targeting civilians in a conflict zone. We asked the company to provide a statement related to the negative media and details of its selling controlling processes. However, we did not receive satisfactory responses. In light of the identified risk of possible linkage of customer with human rights violations and the unclarity of existent controls, the Organization did not provide the credit line.

V - Other cases.

Case 1:

In assessing a loan for a new port in Brazil under Equator Principles framework, the Organization identified relevant socioenvironmental risks such as a large-scale resettlement,

regularization of land ownership and negative impact in the fishery activity. According to the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability, the Organization and bank's syndicate visited the project, and required a new risk mitigation plan, as well as an improvement in the risk management processes. The entrepreneur fulfilled the request, contributing to reduce socioenvironmental risks and, as a result, the loan was granted.

Case 2:

During the assessment for a loan to be applied in a large shopping center expansion in the Brazilian Northeast region, the Organization identified signs that its site was contaminated. Entrepreneur was required to conduct a study on environmental liabilities. The study was prepared by a specialized consultancy firm and overseen by the Organization. The conclusion indicated a high risk of explosion in several portions of the expansion area. Therefore, decontamination actions were implemented by the entrepreneur and employees and customers' exposition to contamination was avoided. After decontamination the loan was granted by The Organization.

Case 3:

Regarding the socioenvironmental risk assessment of the supply chain, a highlight is the Organization approach in relation to a strategic supplier that provides document storage services. It was recommended the development of an environmental management system which should include



greenhouse gas emissions inventory, reduction plan, utilization of certified paper and water & energy eco efficiency measures. In order to follow the recommendations, the supplier developed an action plan which is overseen by the Organization. These actions contribute to the alignment between suppliers and the Organization's socioenvironmental practices.

For more information, please visit the latest version of our Annual Integrated Report available at www.BradescoRI.com.br.