

# Net-Zero Transition Plan

Power generation and coal

# TRANSITION PLAN – Net-Zero Targets

## Power Generation and Coal



*This document covers the transition plan for our first round of Net Zero targets.  
For more information about our approach visit: [Climate Change Report](#)*

The role of financial institutions will be fundamental in encouraging the capital allocation in business models that encourage the reduction of greenhouse gases emissions, in line with the Paris Agreement and sustainable development goals.

### **Our Approach:**

With more than 80 years of history and a relevant presence in various segments of the financial industry, we are committed to engaging and supporting our clients in the transition process to a more resilient and inclusive low-carbon economy. Formally, we are committed to pursuing net zero emissions in line with the "NZBA - Net Zero Banking Alliance" of UNEP-FI (UN agency). Find out more about our journey on the climate agenda at [bradesco-mudancas-climaticas.pdf](#) (banco.bradesco)

For the purposes of the first phase of our transition plan, we focus on the power generation and coal sectors.

### **Targets**

Our target in the Power Generation sector is to reduce our emissions intensity by 59% compared to our 2021 baseline, including scopes 1 and 2, based on the IPCC SSP1-1.9 (Brazil) scenario. The target reduction in emissions intensity is from 56 kgCO<sub>2</sub>e/MWh to 23 kgCO<sub>2</sub>e/MWh.

Both the target and the baseline will be subject to periodic reviews depending on the availability of new regional scenarios from recognized agencies, better availability of internal and external data and refinement of the methodology for calculating emission intensity.

For the coal sector, we intend to gradually reduce our exposure by aiming to have no direct loans or financing to the mining and power generation sectors from thermal coal by 2030.

## **Action Plan**

The decarbonization of the Power Generation portfolio will be based on joint action with companies to enable and boost the agenda, mainly through the following actions<sup>1</sup>:

- i) Financing investment to promote the growth of renewable energy production in the country;
- ii) Fostering the transition of the sector's main clients by engaging in and financing projects that encourage them to reduce their emissions;
- iii) Supporting companies that have plants that use thermal coal for energy production in the transition to renewable sources, preferably, or at least with lower emissions, with phase out complete by 2030;
- iv) Supporting investments in efficient energy security solutions, preferably renewable or with low carbon intensity.

In order to achieve the target of decarbonizing the mineral coal sector, we will gradually reduce the financing related to mining and power generation from thermal coal, using as the main instrument our social, environmental and climate risk policy, which establishes restrictive measures for these activities.

Following the recommendations of the Guidelines for Climate Target Setting<sup>2</sup> from the Net-Zero Banking Alliance (NZBA), we present below a summary of the initiatives that will support us in implementing this first Transition Plan for the Power Generation and Coal sectors:


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<sup>1</sup> In order to analyze and establish the foundations and actions required to build the transition plan for the power generation and coal sectors, we had the support of the Oliver & Wyman consultancy.


<sup>2</sup> Guidelines for Climate Target Setting – Supporting Notes (UNEP FI, 2022)

<b>Engagement and Capacity Building</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>...2030</b>
<p><b>Train and engage commercial and technical teams</b> that support the implementation of the NZBA Transition Plan</p> 				

*In 2023, we held workshops focused on the transition of the power generation sector, providing training, with support from the consultancy Oliver & Wyman to 80 relationship managers serving companies in the sector. We also provided training for more than 86 commercial managers on labeled transactions and NetZero targets.*



<b>Client engagement</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>...2030</b>
<p>Continue <b>supporting and engaging our clients</b> in climate transition and adaptation in line with the NZBA commitment.</p> 				

*Throughout 2023, through our sustainable business team, we dialogued and engaged with important clients in the power generation and transmission sector, aiming to understand and support their decarbonization strategies. Through our Innovation Ecosystem, we promoted 6 events to discuss ESG topics, including climate change.*

<b>Policy monitoring and review</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>...2030</b>
<p><b>Constantly review the scope of the Risk and Credit Policies</b> in line with the targets and transition plans, following the guidelines of the NZBA commitment</p> 				

*Learn more about the preventive and restrictive measures for coal in our Social, Environmental and Climate Risk Policy at: <https://banco.bradesco/assets/classic/pdf/sustentabilidade/en/bradesco-social-environmental-climatic-risk-standard.pdf>*

*Learn more about Climate Risk Management in our Climate Change Report - page 26, available at: <bradesco-climate-report.pdf> ([banco.bradesco](https://banco.bradesco))*

<b>Portfolio monitoring</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>...2030</b>
Continue monitoring <b>transition commitments</b> of our clients				
<b>Tracking our progress against</b> the decarbonization curves adopted, revising when necessary				

We monitor our portfolio by tracking our absolute financed emissions, which has a more robust process as it is based on the PCAF standard, and in physical intensity, the latter at a less mature stage and subject to changes to include improvements. Learn more about our financed emissions calculations in our Climate Change Report - page 34, available at:


<https://banco.bradesco/html/classic/sobre/sustentabilidade/internas/resultados-publicacoes.shtm>

<b>Low-carbon financial solutions</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>...2030</b>
<b>Enhancing the offer of financial solutions that promote the energy transition</b> and that are resilient to the impacts of climate change				

We made several structured transactions with a positive impact on the power generation sector. Learn more about our performance in Sustainable Business:

<https://api.mziq.com/mzfilemanager/v2/d/80f2e993-0a30-421a-9470-a4d5c8ad5e9f/5a878306-1f11-92ad-e1c2-c1706aee734b?origin=2> p.163 to 167

We have an ongoing process of reviewing our products and services, which includes, among other aspects, the analysis of environmental, social and governance (ESG) factors. We have several solutions for individuals and companies, with emphasis on financing solar energy, structuring renewable energy projects and financing hybrid and electric vehicles as part of our business strategy. We also work on structuring customized credit and debt solutions focusing on our clients' environmental challenges. Learn more about our performance in Sustainable Business in our 2022 Integrated Report, page. 163, available at: <https://api.mziq.com/mzfilemanager/v2/d/80f2e993-0a30-421a-9470-a4d5c8ad5e9f/5a878306-1f11-92ad-e1c2-c1706aee734b?origin=2>

<b>Assessment of portfolio's risk exposure</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>...2030</b>
<p><b>Continue improving climate risk management</b>, in line with the requirements of the Central Bank of Brazil, integrating the assessment of climate risks and opportunities</p> 				

Learn more about our performance in social, environmental and climate-related risk in our 2022 Integrated Report, page. 61, available at: <https://api.mziq.com/mzfilemanager/v2/d/80f2e993-0a30-421a-9470-a4d5c8ad5e9f/5a878306-1f11-92ad-e1c2-c1706aee734b?origin=2>

<b>Advocacy</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>...2030</b>
<p>Continue, in partnership with trade associations, <b>advocacy actions in defense of government and regulatory actions</b> that support the <b>decarbonization</b> agenda</p> 				

*Bradesco participates in several groups that are at the center of the climate discussion. We highlight our participation in UNEP FI working groups. We were selected to join the GFANZ's Financial Institution Net Zero Transition Plan Task Force in 2022.*

*Every year we participate in international meetings, such as the Conference of the Parties (COP) and the Climate Week, in addition to committees, working groups, squads and national forums, such as those of the Global Compact, the Brazilian Business Council for Sustainable Development (CEBDS) and Febraban. In the groups dedicated to the climate agenda, we take our stance regarding the transition to a sustainable economy, mitigation of climate risks and establishment of Brazilian Sustainable Taxonomy and an internal carbon market in line with the Paris Agreement, analyzing and discussing the proposals presented by the public authorities.*

We know that the paths to decarbonization, the regulatory agenda, data availability, available technologies, our clients' commitments and emissions measurement methodologies are constantly evolving. For this reason, we understand that our targets and actions must be frequently updated, so that they remain in line with the latest climate agenda, always in attention to the economic context and Brazilian social and environmental challenges.