

Second-Party Opinion

Banco Bradesco S.A. Sustainable Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Banco Bradesco S.A. Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Sustainable Crops, Sustainable Transportation, Green Buildings, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Financial Inclusion, and Digital Inclusion – are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to contribute to the transition to a low-carbon economy and support the socio-economic development of Brazil and to advance the UN Sustainable Development Goals, specifically SDGs 2, 6, 7, 8, 9, 11, 12, and 15.



PROJECT EVALUATION / SELECTION Banco Bradesco S.A.'s Corporate Sustainability department will be responsible for the project evaluation and selection process. Banco Bradesco S.A. has adopted an internal Social and Environmental Risks Standard which is applicable to all allocation decisions made under the Framework. Sustainalytics considers this process to be in line with market practice.



MANAGEMENT OF PROCEEDS Banco Bradesco S.A.'s Treasury Department will be responsible for the allocation and management of bond proceeds. Banco Bradesco S.A. intends to allocate the bond proceeds within 36 months after each issuance. The unallocated proceeds will be temporarily held or invested in cash or cash equivalents. This is in line with market practice.



REPORTING Banco Bradesco S.A. intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include project-level allocation details for project financing and category-level allocation details for corporate financing, period of reporting, total disbursements made in that period, and the balance and temporary use of unallocated proceeds. Banco Bradesco S.A. is also committed to reporting on relevant quantitative impact and has provided indicative metrics within the Framework. Sustainalytics views Banco Bradesco S.A.'s allocation and impact reporting as aligned with market practice.

Evaluation date January 7, 2022

Issuer Location São Paulo, Brazil

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Introduction

Banco Bradesco S.A. (“Bradesco”, or the “Bank”) is a Brazilian financial institution headquartered in São Paulo, Brazil. The Bank provides various banking services and products to SMEs and personal, corporate and institutional clients. Bradesco employs over 89,000 workforce and operates in Brazil and Argentina, the United States, the Cayman Islands, and the United Kingdom.¹ Banco Bradesco S.A. Grand Cayman (the “Issuer”) is a wholly owned subsidiary of Bradesco.

Bradesco has developed the Banco Bradesco S.A. Sustainable Finance Framework (the “Framework”) under which the Issuer intends to issue green, social and sustainability bonds, the proceeds of which will be used by the Bank to finance or refinance, in whole or in part, existing or future projects that are expected to create positive environmental and social impacts in Brazil.

The Framework defines eligibility criteria in seven green areas:

1. Renewable Energy
2. Energy Efficiency
3. Sustainable Crops
4. Sustainable Transportation
5. Green Buildings
6. Sustainable Water and Wastewater Management
7. Pollution Prevention and Control

The Framework defines eligibility criteria in two social areas:

1. Financial Inclusion
2. Digital Inclusion

Bradesco engaged Sustainalytics to review the Framework, dated January 2022, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2021 (SBP).² This Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Bradesco’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Bradesco representatives have confirmed (1) they understand it is the sole responsibility of Bradesco to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all

¹ Banco Bradesco, “Integrated Report”, (2020), at: <http://www.bradesco.com.br/wp-content/uploads/sites/541/2021/03/2020-Integrated-Report-1.pdf>

² The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

³ The Banco Bradesco S.A. Sustainable Finance Framework is available on Banco Bradesco S.A.’s website at: [Sustainable Business - Bradesco RI](#)

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Bradesco.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Bradesco has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Banco Bradesco S.A. Sustainable Finance Framework

Sustainalytics is of the opinion that the Framework is credible, impactful and aligns with the four core components of the GBP and the SBP, Sustainalytics highlights the following elements of Bradesco's Sustainability Finance Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Energy Efficiency, Sustainable Crops, Sustainable Transportation, Green Buildings, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Financial Inclusion, and Digital Inclusion – are aligned with those recognized by the GBP and the SBP.
 - Bradesco has defined a three-year lookback period for refinancing activities which Sustainalytics considers to be aligned with market practice.
 - Under the Framework, Bradesco intends to use part of the proceeds for project-based lending and part for general purpose loans for pure-play businesses that derive at least 90% of revenues from activities identified in the eligible categories. While Sustainalytics recognizes that the GBP, SBP and SBG prefer project-based lending and financing, and that there is, in general less transparency with non-project-based lending, nevertheless, Sustainalytics notes that the financing of pure-play companies through green/social bonds is commonly accepted as an approach which can generate positive impact.
 - Under the Renewable Energy category, Bradesco intends to finance renewable energy projects, in particular, solar, wind, biomass, biofuel, and hydropower projects. Sustainalytics considers the criteria for financing renewable energy projects to be aligned with market practice and notes the following:
 - The Framework allows financing of just those concentrated solar power projects, that generate at least 85% electricity from solar power.
 - For biomass electricity generation projects, the Framework limits financing to just those projects that have lifecycle emissions below 16gCO_{2e}/MJ (57.6gCO_{2e}/kWh) with feedstock certified with Forest Stewardship Council (FSC). For biofuel projects, the

- Bank intends to finance projects that produce biofuel with FSC-certified biomass and have lifecycle emissions up to 18.8gCO₂e/MJ for the production of transportation biofuel and 16gCO₂e/MJ for other biofuels. Sustainalytics notes that the Framework excludes feedstock produced on land with high biodiversity and a high amount of carbon. (See Appendix 1 for Sustainalytics' assessment of the FSC scheme.)
- New or existing hydroelectric projects are acceptable if the lifecycle carbon intensity is less than 50g CO₂/kWh or power density is greater than 10W/m². Sustainalytics further notes that the Framework mandates environmental and social impact assessment by a credible body for all potentially eligible hydropower projects.
 - Under the Energy Efficiency category, the Bank intends to invest in (i) energy efficient lighting, (ii) building management systems, (iii) smart thermostats, (iv) hardware and software upgrades, including artificial intelligence applications, that are aimed at reducing power consumption.
 - The Framework limits financing to just those upgrades that achieve at least 20% improvement in energy efficiency.
 - Sustainalytics notes that the Framework excludes financing to fossil fuel-related projects and views positively the inclusion of a defined energy efficiency threshold for the installation of energy efficiency systems, equipment and technologies; Sustainalytics considers the criteria for financing energy efficiency upgrades to be aligned with market practice.
 - Under the Sustainable Crops category, Bradesco intends to finance sustainable agriculture and forestry projects, including:
 - Agricultural operations certified with Rainforest Alliance scheme, which Sustainalytics considers to be in alignment with market practice. Please refer to Appendix 2 for Sustainalytics' assessment of this certification scheme.
 - Integrated Forest-Crop-Livestock (ILPF) systems for smallholder operations⁵ with sustainable forest management plan.⁶ Sustainalytics recognizes that ILPF and agroforestry projects encompass a diversified production strategy that aims to enhance agricultural productivity and have been demonstrated to reduce vulnerability of farmers (particularly smallholder farmers) to environmental shocks, including climate change. However, such integrated projects could face certain barriers,⁷ especially related to their effective adoption on a farm-level, as well as their overall potential for achieving a net reduction in methane emissions resulting from livestock production.⁸ Sustainalytics considers investments in ILPF projects in Brazil to be aligned with market expectations.
 - FSC-certified wood extraction projects, which Sustainalytics considers to be aligned with market expectations. For Sustainalytics' assessment of FSC, please refer to Appendix 1.
 - For the Sustainable Transportation category, Bradesco intends to finance low-carbon private and public vehicles and associated infrastructure, including electric or hydrogen-powered vehicles, hybrid vehicles, rail, and Bus Rapid Transportation (BRT) infrastructure systems in Brazil. Sustainalytics considers the criteria for financing low-carbon transportation and associated infrastructure to be aligned with market practice and notes the following:
 - Private hybrid vehicles are acceptable with an emission threshold of 75gCO₂/km; the emission threshold for hybrid buses is 50gCO₂e/p-km.⁹
 - The Framework allows investments in just those passenger rail and freight rail that individually meet the 50gCO₂e/p-km and 25gCO₂/t-km thresholds respectively.

⁵ The Framework defines smallholder operations as those with less than 7 hectares of land.

⁶ For ILPF systems, the Bank requires forestry projects to be accompanied by a sustainable forest management plan, enabling family producers to comply with requirements that would have otherwise been met through FSC or Programme for the Endorsement of Forest Certification (PEFC) certification. Sustainalytics highlights that forestry related assets or projects certified with either FSC or PEFC integrate appropriate management plan related to soil health, water and fire management, riparian area protection, biodiversity management, species selection, as well as chemical use.

⁷ The adoption of integrated crop-livestock systems is influenced by several factors, including the costs of adoption versus non-adoption, supply chain infrastructure, biophysical suitability, availability of skilled labor, access to information and know-how, as well as the willingness to diversify production. Land Use Policy, "Determinants of crop-livestock integration in Brazil: Evidence from the household and regional levels", at:

https://www.bu.edu/gdp/files/2018/02/Gil_Garrett_et_al_2016_Determinants-of-ICLS.pdf

⁸ IPCC, "Land-Climate Interactions", at: https://www.ipcc.ch/site/assets/uploads/2019/08/2c.-Chapter-2_FINAL.pdf

⁹ Based on Worldwide Harmonized Light Vehicle Test Procedure (WLTP).

- For BRT infrastructure, Sustainalytics recognizes that some BRT systems may deploy fossil fuel-powered vehicles. Although electrified transit provides the greatest environmental benefits, the expansion of mass transit more broadly has an overall positive impact regardless of fuel source. The Framework states that components of eligible BRT systems will be certified under the Institute for Transportation & Development Policy's BRT Standard¹⁰ at the level of Silver or Gold and will meet the direct emission threshold of <math><50\text{gCO}_2\text{e/p-km}</math>. ¹¹ Sustainalytics is of the opinion that these qualifications will ensure effective transit infrastructure and maximize the environmental benefits of the projects developed. For Sustainalytics' assessment of the BRT Standard certification scheme, please refer to Appendix 3.
- Under the Green Buildings category, Bradesco intends to invest in commercial and residential buildings that have either achieved a specified green building certification or achieve at least 30% carbon emissions reduction over a baseline that is comparable with the ASHRAE 90.1 2010 code. Sustainalytics views the schemes and the levels specified by the Framework – LEED (“Gold” or above) and Living Building Challenge – to be credible and the emission reduction threshold for energy efficiency improvements to be indicative of positive impact and aligned with market practice. Please see Appendix 4 for overview of these certifications.
- Under the Sustainable Water and Wastewater Management category, Bradesco intends to finance water treatment and water loss management projects, and public water distribution and sewage system expansion projects. Sustainalytics notes the exclusion of wastewater from fossil fuel operations in the Framework and considers the criteria for financing water management and infrastructure projects to be aligned with market practice.
- Under the Pollution Prevention and Control category, Bradesco intends to finance waste recycling projects, in particular, the processing of recyclable waste fractions into steel, aluminum, glass or plastic.¹² Sustainalytics notes that the Framework excludes waste from fossil fuel operations and limits financing to just those recycling facilities that have robust waste management processes to manage electronic waste and considers the criteria for financing recycling projects to be aligned with market practice.
- Under the Financial Inclusion category, Bradesco intends to finance micro, small, and medium enterprises (MSMEs) that are based in Brazil.¹³ Sustainalytics considers the intent to increase access to financial services for MSMEs in a developing economy, such as Brazil, to be impactful and aligned with market practice.¹⁴
- Under the Digital Inclusion category, Bradesco intends to invest in telecommunication infrastructure to improve connectivity in municipalities with a Human Development Index (HDI) below the Brazilian average.¹⁵ Sustainalytics considers investments in telecommunication infrastructure for disconnected or underserved areas in a developing economy to be aligned with market practice.
- Sustainalytics notes that Bradesco excludes the financing of projects associated with fossil fuel, hard-to-abate industries, child labor, poor working conditions, negative-impact activities such as palm oil, production or trading of weapons, munition, radioactive materials, use of asbestos fibers, tobacco, wastewater from fossil fuel operations, and chemical recycling of plastic.
- Project Evaluation and Selection:
 - Bradesco's Corporate Sustainability department will be responsible for the project evaluation and selection process per the criteria defined in the Framework.

¹⁰ The Bus Rapid Transit Standard assesses BRT systems on a number of metrics which have been established to demonstrate international best practice and is recognized by the Climate Bonds Initiative as part of the Low-Carbon Transport Criteria. More information can be found at: <https://www.itdp.org/library/standards-and-guides/the-bus-rapid-transit-standard>

¹¹ Based on WLTP.

¹² Sustainalytics notes that the Framework excludes financing of operations associated with fossil fuel and chemical recycling of plastic.

¹³ The Framework defines MSMEs as organizations with annual revenues of up to R\$ 300 million (~USD 53 million).

¹⁴ Sustainalytics further notes that the Framework excludes financing to MSMEs in controversial sectors including those associated with child labor, tobacco, and the exploration, production and dedicated transportation of fossil fuels.

¹⁵ The HDI measures key dimensions of development: long and healthy life, knowledge, and decent standard of living. The final score, which varies from 0 to 1, is an average of indicators in the three dimensions: life expectation index, education index and GNI index. The eligibility criteria in the Framework are based on the comparison with the Brazilian average, using the most recent HDI data available for Brazil and its municipalities at the time. The most recent Brazilian HDI, calculated for 2020, is 0.761 (<http://hdr.undp.org/en/countries/profiles/BRA>).

- Bradesco has adopted an internal Social and Environmental Risks Standard¹⁶ (the “S&E Standard”) which is applicable to all allocation decisions made under the Framework. The Bank’s Social and Environmental Risk Analysis & Control department will be responsible for formulating a social and environmental risk rating for potentially eligible projects, based on the S&E Standard and the requirements established by the Brazilian laws and regulations. For additional detail, see Section 2.
- Based on the clear delineation of responsibility, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Bradesco’s Treasury Department will be responsible for the allocation and management of bond proceeds.
 - The Bank intends to achieve full allocation of bond proceeds within 36 months of each issuance. The unallocated proceeds will be held or invested in cash or cash equivalents.
 - Based on the management of the bond proceeds and the disclosure on the temporary use of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Bradesco intends to report on the allocation and impact of proceeds on its website, on an annual basis, until full allocation.
 - Allocation reporting will include project-level allocation details for project financing and category-level allocation details for corporate financing, period of reporting, total disbursements made in that period, and the balance and temporary use of unallocated proceeds.
 - The impact reporting is expected to provide category-wide impact of the projects against respective key performance indicators, including (i) avoided carbon emissions in tCO₂, (ii) percentage of certified (agricultural) production, and (iii) number of impacted MSMEs, along with the impact calculation methodology.
 - Based on the Bank’s commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 5: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Bradesco

Contribution of the Framework to Bradesco’s sustainability strategy

In line with its mission to “contribute to the development of people and sustainable development”, Bradesco has demonstrated a commitment to integrating sustainability considerations through its operations across the following six pillars: (i) sustainable business, (ii) climate change, (iii) relationship with customers, (iv) diversity and inclusion, (v) innovation, and (vi) private social investment.¹⁷ In terms of “sustainable business”, the Bank intends to expand its offering of products and services that contribute to a more inclusive society and support customers in the transition to a cleaner and more sustainable economy. In 2020, the Bank raised BRL 1.2 billion (USD 0.21 billion) to finance assets across the areas of renewable energy, clean transportation, energy and operational efficiency, and green buildings. In 2021, the Bank became a member of United Nations Net-Zero Banking Alliance and aims to decarbonize its loan and investment portfolios, to achieve net-zero emissions by 2050.¹⁸ By 2025, Bradesco further targets mobilizing BRL 250 billion (USD 44 billion) for sectors and activities with socio-environmental benefits, including corporate credit for selected sectors, advisory services through investment banking, and products with a socio-environmental purpose or label.¹⁹ As part of its operational climate targets, the Bank has neutralized its carbon emissions from 2019 onwards and as of 2020, the Bank’s operations are fully powered by renewable energy sources.²⁰

¹⁶ Banco Bradesco S.A., “Social and Environmental Risks Standard”, at: <https://banco.bradesco/html/classic/sobre/sustentabilidade/index.shtm>

¹⁷ Banco Bradesco, “Governance and sustainability strategy”, (2020), at:

<https://banco.bradesco/html/classic/sobre/sustentabilidade/en/internas/governance-strategy-sustainability.shtm>

¹⁸ Banco Bradesco, “Net-Zero Banking Alliance”, (2021), at: <https://www.unepfi.org/net-zero-banking/members/>

¹⁹ Banco Bradesco, “Sustainable Business”, (2020), at: <https://www.bradesco.com.br/en/corporate-sustainability/sustainable-business/>

²⁰ Banco Bradesco, “Integrated Report”, (2020), at: <http://www.bradesco.com.br/wp-content/uploads/sites/541/2021/03/2020-Integrated-Report-1.pdf>

Bradesco is a member of the Integration of Crop-Livestock-Forest network that aims to reduce GHG emissions, soil degradation and loss of fertility for the rural producers in Brazil.^{21,22} Furthermore, Bradesco has formulated “Amazon Plan” in partnership with two other private banks to promote sustainable development in the Amazon region.²³ The key areas of intervention are: (i) environmental conservation, (ii) development of a bio-economy, (iii) investment in sustainable infrastructure, and (iv) guarantee of basic human rights in the Amazon.

The Bank further substantiates its support for sustainability through participation in international initiatives, such as the UN Global Compact principles,²⁴ the UNEP Finance Initiative,²⁵ and the Partnership for Carbon Accounting Financials.²⁶ In 2021, the Bank was included in the Dow Jones Sustainability World Index and received A- rating by CDP for its Climate Management initiatives.²⁷ Bradesco’s Integrated Reporting is in line with the recommendations of Task Force on Climate-related Financial Disclosures’ four key elements: governance, strategy, risk management and metrics, and targets.

Sustainalytics is of the opinion that the Framework is aligned with the Bank’s overall approach to sustainability and will further the Bank’s action on its key environmental and social priorities.

Approach to managing environmental and social risks associated with the financed projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. While Bradesco plays a limited role in the development of the projects financed under the Framework, by offering lending and financial services, it is exposed to risks associated with controversial companies and/or projects that it may finance. Some key environmental and social risks associated with the eligible projects, could include land use and biodiversity issues associated with large-scale infrastructure development, emissions, effluents, and waste generated in construction, predatory lending, occupational health and safety, community relations, and business ethics.

Sustainalytics is of the opinion that Bradesco is able to manage or mitigate potential risks through implementation of the following:

- Bradesco has adopted Social and Environmental Risk Standard,²⁸ (in accordance with the Central Bank of Brazil’s Resolution CMN 4327/2014) and Environmental and Social Responsibility Standard²⁹ through which it assesses environmental and social risks associated with its lending and business operations. In addition, the Bank’s Social and Environmental Risk Analysis & Control department formulates a social and environmental risk rating for all projects financed, in line with Bradesco’s Social and Environmental Risks Standard and Corporate Sustainability Policies.³⁰ Bradesco has confirmed that these standards and practices address all the identified risks related to the projects financed under the Framework, including the land use and biodiversity, emissions, effluents, and waste generated in construction, predatory lending, occupational health and safety, and community relations.
- Bradesco has enacted corporate-wide standards and processes mandating ethical behavior through its Code of Ethical Conduct.³¹

²¹ Embrapa, “Integrated Crop-Livestock-Forestry Systems – ICLFS”, at: <https://www.embrapa.br/en/tema-integracao-lavoura-pecuaria-floresta-ilpf/nota-tecnica>

²² Banco Bradesco, “Practices of ESG Management and Engagement”, (2020), at:

https://banco.bradesco/assets/classic/pdf/sustentabilidade/ESG%20Management%20and%20Engagement_1.pdf

²³ Oliver, M. (2020), “Bradesco, Itaú, and Santander Launch Plan Promoting Sustainable Development in Amazon”, The Rio Times, at: <https://www.riotimesonline.com/brazil-news/brazil/business-brazil/bradesco-itaú-and-santander-launch-plan-to-promote-sustainable-development-in-the-amazon/>

²⁴ United Nations, “Participants of United Nations Global Compact”, at: <https://www.unglobalcompact.org/what-is-gc/participants/1111>

²⁵ United Nations, “Members of United Nations Environment Programme finance initiative” at: <https://www.unepfi.org/member/banco-bradesco-s-a/>

²⁶ Partnership for Carbon Accounting Financials, “Financial Institutions Taking Action”, (2021), at: <https://carbonaccountingfinancials.com/financial-institutions-taking-action#overview-of-financial-institutions>

²⁷ Banco Bradesco, “ESG Indexes and ratings”, at: <https://www.bradescori.com.br/en/corporate-sustainability/esg-indexes-and-ratings/>

²⁸ Banco Bradesco, “Social and Environmental Risk Standard”, (2020), at:

https://banco.bradesco/assets/classic/pdf/sustentabilidade/en/2020_Bradesco_Social&Environmental-Risks_Standard.pdf

²⁹ developed in conformity with Brazilian Federation of Banks (FEBRABAN) standard SARB 14/2014. More information: Banco Bradesco, “Bradesco Organization’s Social and Environmental Responsibility Standard”, (2021), at:

https://banco.bradesco/assets/classic/pdf/sustentabilidade/2021_Bradesco_Social-and-Environmental-Responsibility_Standard.pdf

³⁰ Banco Bradesco, “Bradesco Organization’s Sustainability Corporate Policy”, (2020), at:

https://banco.bradesco/assets/classic/pdf/sustentabilidade/en/2020_Bradesco_Corporate-Sustainability_Policy.pdf

³¹ Banco Bradesco, “Code of Ethical Conduct of the Bradesco Organization”, (2021), at: https://www.bradescori.com.br/wp-content/uploads/sites/541/2021/10/Code_of_Ehtical_Conduct_of_The_Bradesco_Organization_September2021-1.pdf

- Bradesco is a signatory to the Equator Principles and follows IFC's Performance Standards and the World Bank's Health, Safety and Environment Guidelines to inform its lending decisions.
- Bradesco has instated the Sustainability and Diversity Committee chaired by its Board of Directors and Sustainability Commission comprising executive officers and managers from various departments to overlook this process.³² The Bank's Integrated Risk Management and Capital Allocation Committee and Executive Risk Management Committee are responsible for the overall risk management of its lending activities.³³
- The Bank further mitigates socio-environmental risks by consulting external databases, including the Brazilian Environmental Institute's List of Embargoes and Renewable Natural Resources (Ibama) and Contaminated Areas registered by state environmental agencies before granting credit to potential projects.³⁴

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Bradesco has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All nine use of proceed categories are aligned with those recognized by GBP and SBP. Sustainalytics has focused on five below where the impact is specifically relevant in the local context.

Importance of promoting renewable energy in Brazil

Being one of the BRICS³⁵ countries with an emerging economy, Brazil has the world's sixth-largest GHG emissions.³⁶ This is because around 52% of the country's energy comes from oil, coal and natural gas.³⁷ As of 2019, Brazil's carbon emissions have risen from 184.76 MtCO_{2e} in 1990 to 410.99 MtCO_{2e} in 2019, with an increase of 122.45%.³⁸ Following the Paris Agreement, the country committed to achieving a 37% reduction in GHG emission by 2025 and 43% by 2030, relative to 2005 levels.³⁹ To achieve these emission reduction targets, Brazil aims to expand the use of non-fossil fuel energy sources and increase the share of renewable energy, other than hydropower, to 28-33% by 2030. In addition, Brazil aims to achieve 10% added energy efficiency by the same year.⁴⁰

In this context, Sustainalytics recognizes the potential of the financed renewable energy projects under the Framework to create positive environmental impact.

Importance of low-carbon transportation in Brazil

As of 2019, the transportation sector contributed to approximately 47% of Brazil's energy-related emissions.⁴¹ Within the transport emissions, trucks (40%) and automobiles (31%) were the two main sources due to the use of fossil fuels in Brazil, especially gasoline and diesel.⁴² This creates a clear case for Brazil to switch to low-carbon alternatives such as higher adoption of electromobility in passenger and freight transport. According to a McKinsey report, it is estimated that road transportation in Brazil can help decrease annual emissions by 280 MtCO_{2e} in 2030 either by implementing targeted initiatives such as the use of hybrids and electric vehicles or improving technology in heavy and commercial vehicles.⁴³ In addition, enhancement in infrastructure, particularly in urban transport networks, has been shown to reduce emissions while increasing worker productivity and leisure time across populations.⁴⁴ In a 2017 OECD paper on low-carbon infrastructure

³² Banco Bradesco, "Sustainability Governance", at: <https://www.bradesco.com.br/en/corporate-sustainability/sustainable-governance/>

³³ Banco Bradesco, "Bradesco Organization's Social and Environmental Responsibility Standard", (2021), at: https://banco.bradesco/assets/classic/pdf/sustentabilidade/2021_Bradesco_Social-and-Environmental-Responsibility_Standard.pdf

³⁴ Banco Bradesco, "Practices of ESG Management and Engagement", (2020), at: https://banco.bradesco/assets/classic/pdf/sustentabilidade/ESG%20Management%20and%20Engagement_1.pdf

³⁵ The BRICS countries— Brazil, Russia, India, China and South Africa

³⁶ As of 2018. Carbon Brief, "The Carbon Brief Profile: Brazil", (2018), at: <https://www.carbonbrief.org/the-carbon-brief-profile-brazil>

³⁷ IEA, "Brazil", (2019), at: <https://www.iea.org/countries/brazil>

³⁸ Ibid.

³⁹ UFGCC, "Federative Republic of Brazil- Intended Nationally Determined Contribution", at: <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Brazil%20First/BRAZIL%20iNDC%20english%20FINAL.pdf>

⁴⁰ Clean Energy Ministerial, "Brazil", at: <http://www.cleanenergyministerial.org/countries-clean-energy-ministerial/brazil>

⁴¹ Climate Observatory, "Análise Das Emissões Brasileiras De: Gases De Efeito Estufa - E Suas Implicações Para As Metas De Clima Do Brasil 1970-2019", (2020) at: https://seeg-br.s3.amazonaws.com/Documentos%20Analiticos/SEEG_8/SEEG8_DOC_ANALITICO_SINTESE_1990-2019.pdf

⁴² Ibid.

⁴³ McKinsey&Company, "Pathways to a Low-Carbon Economy for Brazil", (2009), at: https://www.mckinsey.com/~media/mckinsey/dotcom/client_service/infrastructure/pdfs/pathways_low_carbon_economy_brazil.ashx

⁴⁴ Inter-American Development Bank, "InfraLog: A route for the decarbonization of the transport sector in Brazil", (2021), at: <https://blogs.iadb.org/sostenibilidad/en/infra-log-a-route-for-the-decarbonization-of-the-transport-sector-in-brazil/>

in Brazil, a collection of transit-related investments, including BRT systems, public rail, subways, tramways and electrified buses, were estimated to avoid 475.7 MtCO_{2e} emissions by 2030.⁴⁵

Promoting low-carbon transportation methods, including electromobility and resilient infrastructure has the potential to help Brazil achieve its goal of achieving a 37% reduction in GHG emissions from 2005 levels by 2025.⁴⁶ In this context, Sustainalytics is of the opinion that the investments in low-carbon transportation under the Framework are expected to yield positive environmental outcomes and support Brazil in meeting its environmental targets.

Importance of wastewater management and sanitation infrastructure projects in Brazil

As of 2020, more than 40 million Brazilians had limited or no access to safe drinking water, and more than 100 million (nearly 50% of the population) lacked access to sewage collection.^{47,48} Most Brazilian cities struggle with the issue of water pollution caused by untreated sewage discharge to water bodies and poorly maintained water and drainage infrastructure. Barely more than one-third (an estimated 34%) of the 5,570 municipalities in Brazil have wastewater treatment plants.⁴⁹ Studies suggest that the primary driver of the decrease in water quality in Brazil is the rapid urbanization the country experienced between 1960 and 2000, when the country's urban population increased from 45% to 80% without a proportional expansion of water infrastructure.⁵⁰ Brazil aims to reach 93% coverage in terms of wastewater treatment by 2033, and universal access to sanitation in urban areas by the same year.⁵¹

Based on the above context, Sustainalytics is of the opinion that the investments in wastewater management and sanitation infrastructure projects under the Framework have the potential to contribute to the achievement of Brazil's water and sanitation infrastructure targets.

Importance of financing sustainable agriculture in Brazil

While the agriculture and agribusiness industry accounts for approximately 25% of Brazil's GDP,^{52,53} the industry also contributes a substantial proportion of Brazil's environmental footprint, representing 34% of the nation's total GHG emissions.⁵⁴ In Brazil's Nationally Determined Contributions, the country recognizes agriculture as one of its major focal areas for achieving climate targets.⁵⁵ Towards this, in April 2021, the Brazilian government established a sectoral plan for Climate Change Adaption and Low Carbon Emission in Agriculture Seeking Sustainable Development (2020-2030), aiming at reducing 1.1 billion tons of GHG emissions by 2030.^{56,57} The plan acts as an instrument that promotes sustainable agriculture and contributes to the mitigation of climate change either through a reduction of GHG emissions or through carbon sequestration.⁵⁸ By far, Brazil has applied various sustainable agricultural and livestock practices such as the development of the Integrated Crop-Livestock-Forestry Systems, no-tillage system, and biological nitrogen fixation.⁵⁹ In addition, the country has adopted several national and international sustainability standards and certification schemes, including Rainforest Alliance, across its agriculture supply chain.⁶⁰

⁴⁵ Centro-Clima: Center for Integrated Studies on Climate Change and the Environment, "Low Carbon infrastructure priorities in the Brazilian context", at: <https://www.oecd.org/env/cc/g20-climate/Brazil-Low-carbon-infrastructure-priorities.pdf>

⁴⁶ Ibid.

⁴⁷ The World Bank, "Children and Youth—Brazil's Invisible Victims of Inequitable Access to Water and Sanitation", (2020), at: <https://www.worldbank.org/en/news/feature/2020/08/25/brasil-ninos-jovenes-desigualdades-acceso-sanea-miento-covid-19>

⁴⁸ Government of Canada, "New legal framework creates water and sanitation opportunities in Brazil", at: <https://www.tradecommissioner.gc.ca/canadexport/0005688.aspx?lang=eng>

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ UN Water, "Case study: Brazil National Water Agency Capacity Development", (2015), at: https://www.un.org/waterforlifedecade/waterandsustainabledevelopment2015/pdf/Ant_Doming_Brazil_Capacity_Development_case_finalGDG.pdf

⁵² Statista, Contribution of the agribusiness to the gross domestic product (GDP) in Brazil from 2010 to 2019, by segment, (2021), at: <https://www.statista.com/statistics/1104407/agribusiness-share-gdp-brazil-segment/>

⁵³ Statista, Share of value added by the agricultural sector to the gross domestic product (GDP) in Brazil from 2010 to 2019, (2021), at: <https://www.statista.com/statistics/1075019/brazil-agriculture-share-gdp/>

⁵⁴ The Carbon Brief, "The Carbon Brief Profile: Brazil", (2018), at: <https://www.carbonbrief.org/the-carbon-brief-profile-brazil>

⁵⁵ UNFCCC, Brazil's Nationally Determined Contribution, (2021), at:

[https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Brazil%20First/Brazil%20First%20NDC%20\(Updated%20submission\).pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Brazil%20First/Brazil%20First%20NDC%20(Updated%20submission).pdf)

⁵⁶ Brazilian Ministry of Agriculture, Livestock, and Supply (MAPA), "Plan For Adaptation and Low Carbon Emission in Agriculture – Strategy Vision For a New Cycle", (2021), at: <https://www.gov.br/agricultura/pt-br/assuntos/sustentabilidade/plano-abc/arquivo-publicacoes-plano-abc/abc-english.pdf>

⁵⁷ AFN, "Brief: Brazil pledges to cut 1.1bn tons of ag-related carbon emissions by 2030", (2021), at: <https://agfundernews.com/brazil-pledges-to-cut-1-1bn-tons-of-ag-related-carbon-emissions-by-2030.html>

⁵⁸ Ibid.

⁵⁹ Climate Bonds, "Unlocking Brazil's Green Investment – Potential for Agriculture", (2020), at: https://www.climatebonds.net/files/reports/brazil_agri_roadmap_english.pdf

⁶⁰ Ibid.

Sustainalytics is of the opinion that investments in low-carbon agriculture projects in Brazil are expected to support the country's GHG emissions reduction targets.

Importance of supporting MSMEs in Brazil

According to a 2020 OECD report, MSMEs in Brazil account for 98.5% of all legally constituted companies and 27% of the nation's GDP.^{61,62} Despite the important role MSMEs play in supporting Brazil's citizenry and economy, these businesses face a number of challenges given the conditions of the economic environment in which they operate. For instance, Brazil's insufficient integration into the global supply chain makes it impossible for many local MSMEs to participate in international trade and successfully scale their businesses.⁶³ The OECD cites a stark productivity gap between MSMEs and large companies in Brazil, much of which has been attributed to limited innovation and export propensity amongst Brazilian MSMEs.⁶⁴

Meanwhile, Brazil's federal government has used mostly loan subsidies as the main direct policy instruments to encourage MSME development.⁶⁵ However, despite the efforts made, the share of SME loans in total business loans decreased from 55% in 2007 to 36% in 2018, underscoring the financial gap Brazilian SMEs face.⁶⁶ This gap can be attributed to a number of challenges such as receiving little public and private sector credit for long-term viability credit, primarily because of high-interest rates, short loan maturities, lack of property collateral or credit history, highlighting the unfavorable market conditions for such businesses in Brazil.⁶⁷

Given the above-mentioned context, Sustainalytics is of the view that Bradesco's provision of financing to M(SME)s in Brazil is expected to play an important role in fostering economic and social development and contribute to reducing social inequalities in the country.

⁶¹ OECD, "Financing SMEs and Entrepreneurs 2020: An OECD Scoreboard", at: <https://www.oecd-ilibrary.org/sites/8153da8den/index.html?itemId=/content/component/8153da8d-en>

⁶² Complementary Law 123 of 2006 defines micro-enterprises as companies with a gross annual revenues of up to USD 66,000, while small enterprises are those with gross annual revenues ranging from USD 66,000 to USD 880,000.

⁶³ OECD, "SME and Entrepreneurship Policy in Brazil 2020", at: <https://www.oecd-ilibrary.org/sites/cc5feb81-en/index.html?itemId=/content/publication/cc5feb81-en>

⁶⁴ Ibid.

⁶⁵ OECD Library, SME and Entrepreneurship Policy in Brazil 2020: <https://www.oecd-ilibrary.org/sites/cc5feb81-en/index.html?itemId=/content/publication/cc5feb81-en>

⁶⁶ Ibid.

⁶⁷ Ibid.

Alignment with/contribution to SDGs

The SDGs were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency		7.3 By 2030, double the global rate of improvement in energy efficiency
Sustainable Crops	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
	15. Life and Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Sustainable Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Green Buildings	9. Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Sustainable Water and Wastewater Management	6. Clean Water and sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Financial Inclusion	8. Decent work and economic growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
Digital Inclusion	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Conclusion

Bradesco has developed the Banco Bradesco S.A. Sustainable Finance Framework under which it intends to issue green, social and sustainability bonds, and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to deliver positive environmental and social outcomes in Brazil.

The Framework outlines a process by which proceeds are intended to be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceed categories contribute to the advancement of the UN SDGs 2, 6, 7, 8, 9, 11, 12, and 15. Additionally, Sustainalytics is of the opinion that Bradesco has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Bradesco is well-positioned to issue green, social, and sustainability bonds and that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021) and the Social Bond Principles (2021).

Appendices


Appendix 1: Summary and Assessment of the Referenced Feedstock and Forestry Certification Scheme

	FSC ⁶⁸
Background	Founded in 1993 after the 1992 Earth Summit in Rio failed to produce any international agreements to fight against deforestation, FSC aims to promote sustainable forest management practice.
Basic Principles	<ul style="list-style-type: none"> • Compliance with laws and FSC principles • Tenure and use rights and responsibilities • Indigenous peoples' rights • Community relations and workers' rights • Benefits from the forests • Environmental impact • Management plans • Monitoring and assessment • Special sites – high conservation value forests (HCVF) • Plantations
Governance	<p>The General Assembly, consisting of all FSC members, constitutes the highest decision-making body.</p> <p>At the General Assembly, motions are proposed by one member, seconded by two more, and deliberated and voted on by all members. Members are entitled to vote to amend the bylaws, initiate new policies, and clarify, amend or overturn a policy decision by the board.</p> <p>Members apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers.</p> <p>Each chamber holds 33.3% of the weight in votes, and within each chamber the votes are weighted so that the North and South hold an equal portion of authority, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.</p> <p>The votes of all individual members in each sub-chamber represent 10% of the total vote of the sub-chamber, while the votes of organizational members make up the other 90%.</p> <p>The members vote for the board of directors, which is accountable to the members. There is an international board elected by all members and a US board, elected by the US-based members.</p>
Scope	FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.
Chain-of-Custody	<ul style="list-style-type: none"> • The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards. • CoC standard includes procedures for tracking wood origin. • CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products. • CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC.
Non-certified wood sources	FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:


⁶⁸ Forest Stewardship Council, FSC: <https://ca.fsc.org/en-ca>

	<ul style="list-style-type: none"> a. Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others, b. Wood harvested in violation of traditional and civil rights, c. Wood harvested in forests where high conservation values are threatened by management activities, d. Wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses, e. Wood from management units in which genetically modified trees are planted.
<p>Accreditation/verification</p>	<p>FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit every year and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.</p>



Appendix 2: Overview and Assessment of the Referenced Agricultural Certification

	Rainforest Alliance^a
Background	The Rainforest Alliance Seal is a global certification system for Agriculture, Forestry and Tourism. The Rainforest Alliance certification indicates compliance with the organization's standards for environmental, social and economic sustainability. Rainforest Alliance merged with UTZ in January 2018.
Clear positive impact	Promoting sustainable practices in agriculture, forestry and tourism.
Minimum standards	Rainforest alliance establishes a minimum threshold for impact through critical criteria and requires farmers to go beyond by demonstrating improved sustainability on 14 continuous improvement criteria.
Scope of certification or programme	Rainforest alliance addresses key risks such as human rights, child labour, pesticide use and biodiversity use through its criteria.
Verification of standards and risk mitigation	Certified entities undergo third party verification to ensure compliance with criteria and continuous improvement.
Third party expertise and multi-stakeholder process	Standard setting is aligned with the ISEAL Standard Setting Code.
Performance Display	
Third-party verified	<ul style="list-style-type: none"> • Africert • Conservacion y Desarrollo Certified S.A. • Imafloa • IMO India • CERES • IBD • Indocert • NaturaCert • Productos y Procesos Sostenibles, A.C. • NEPCon
Qualitative considerations	Global recognition across 76 countries around the world. There are 763 Rainforest Alliance certified products and more than 1,354,057 people which have conducted training, certification and verification under the Rainforest Alliance standard. Rigorous on the enforcement of minimum standards and strong governance over the implementation of social and environmental mitigation processes.

Appendix 3: Sustainalytics' assessment of ITDP's Bus Rapid Transit Standard

Overview	<p>The BRT Standard is a certification scheme under which bus rapid transit projects are evaluated against international best practice. First implemented in 2014, and later updated in 2016, the Standard strives to promote BRT systems that uniformly deliver world-class passenger experience.</p> <p>Administered by the Institute for Transportation & Development Policy (ITDP), a global non-profit which works to provide technical expertise in the areas of sustainable transport and urban development, the BRT Standard is further supported by a technical committee with representatives from organizations including the World Resources Institute, the World Bank, the Asian Development Bank, and the University of Washington. The Technical Committee provides advice to project proponents as well as issuing certifications.</p>
Levels of Certification	<ul style="list-style-type: none"> • Basic BRT • Bronze (55-69.9 points) • Silver (70-84.9 points) • Gold (>85 points) 
Areas Assessed	<ul style="list-style-type: none"> • BRT Basics • Service Planning • Infrastructure • Stations • Communications • Access and Integrations • Operations Deductions
Requirements & Scoring	<ul style="list-style-type: none"> • Minimum prerequisites in Basics category in order to be eligible for certification • Points accumulated over six categories, with operational deductions subtracted to give final score
Qualitative Considerations	<p>The BRT Standard is internationally recognized and has as a stated goal the expansion of transportation best practices. Certification to the standard helps guarantee the projects are “true” BRT and not simply enhanced bus operations.</p>
Sustainalytics' Opinion	<p>Sustainalytics views positively the areas assessed and considers that they lead to better-performing systems. The certification process is also considered to be rigorous and transparent. Silver and Gold-level certifications are viewed as best practice, while Basics and Bronze-level projects should be assessed on a case-by-case basis with consideration for local conditions.</p>

Appendix 4: Referenced Green Building Certification Schemes

	LEED ⁶⁹	Living Building Challenge ⁷⁰
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	The Living Building Challenge is an international green building certification program and sustainable design framework run by the International Living Future Institute, a US non-profit organization seeking to tackle climate change by pushing for a built urban environment free of fossil fuels.
Certification levels	Certified Silver Gold Platinum	Zero Energy Certification Petal Certification Living Building Certification
Areas of Assessment	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority 	<ul style="list-style-type: none"> • Place • Water • Energy • Health and Happiness • Materials • Equity • Beauty
Requirements	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>The Living Building Challenge is organized into seven performance areas called Petals. Each Petal is further sub-divided into Imperatives, which address specific issues through detailed requirements.</p> <p>All Imperatives assigned to a Typology are mandatory.</p> <p>Living Building Challenge certification requires actual, rather than anticipated, performance demonstrated over twelve consecutive months.</p>
Performance display		

⁶⁹ USGBC, LEED: www.usgbc.org/LEED

⁷⁰ International Living Future Institute, Living Building Challenge Certification: <https://living-future.org/lbc/certification/>

Appendix 5: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Banco Bradesco S.A. Grand Cayman
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Banco Bradesco S.A. Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 7, 2022
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Sustainable Crops, Sustainable Transportation, Green Buildings, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Financial Inclusion, and Digital Inclusion – are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to contribute to the transition to a low-carbon economy and support the socio-economic development of Brazil and to advance the UN Sustainable Development Goals, specifically SDGs 2, 6, 7, 8, 9, 11, 12, and 15.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Banco Bradesco S.A.'s Corporate Sustainability department will be responsible for the project evaluation and selection process. Banco Bradesco S.A. has adopted an internal Social and Environmental Risks Standard which is applicable to all allocation decisions made under the Framework. Sustainalytics considers this process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Banco Bradesco S.A.'s Treasury Department will be responsible for the allocation and management of bond proceeds. Banco Bradesco S.A. intends to allocate the bond proceeds within 36 months after each issuance. The unallocated proceeds will be temporarily held or invested in cash or cash equivalents. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |

- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Banco Bradesco S.A. intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include project-level allocation details for project financing and category-level allocation details for corporate financing, period of reporting, total disbursements made in that period, and the balance and temporary use of unallocated proceeds. Banco Bradesco S.A. is also committed to reporting on relevant quantitative impact and has provided indicative metrics within the Framework. Sustainalytics views Banco Bradesco S.A.'s allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported:

- Allocated amounts
- Sustainability Bond financed share of total investment
- Other (please specify): Period of reporting, total disbursements made in that period, and the balance and temporary use of unallocated proceeds

Frequency:

- Annual
- Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings
- Energy Savings
- Decrease in water use
- Number of beneficiaries
- Target populations
- Other ESG indicators (please specify): Percentage of certified (agricultural) production

Frequency:

- Annual
 Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
 Information published in ad hoc documents
 Other (please specify): Bank's website
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- Consultancy (incl. 2nd opinion)
 Certification
 Verification / Audit
 Rating
 Other (please specify):

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

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- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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