

Materiality disclosure



Materiality review

As one of Brazil's leading financial institutions, we have a major impact on society, playing a key role in the country's economic development.

From our inherent function as financial intermediaries, we can direct resources to businesses with a positive impact and drive the transition to a more sustainable, fair and inclusive economy.

In order for us to direct our efforts towards the topics in which we have the greatest impact on society, it is necessary to know the priorities of our stakeholders. This knowledge is also important for identifying the issues that have the greatest potential to affect our operations and ability to generate value for all stakeholders.

Bradesco periodically evaluates the materiality, that is, the relevance of sustainability issues. To this end, representatives of all our stakeholders are engaged in a structured listening process, which results in the updating of the materiality matrix, based on the perceptions and expectations of these audiences regarding the issues they consider to be most relevant.

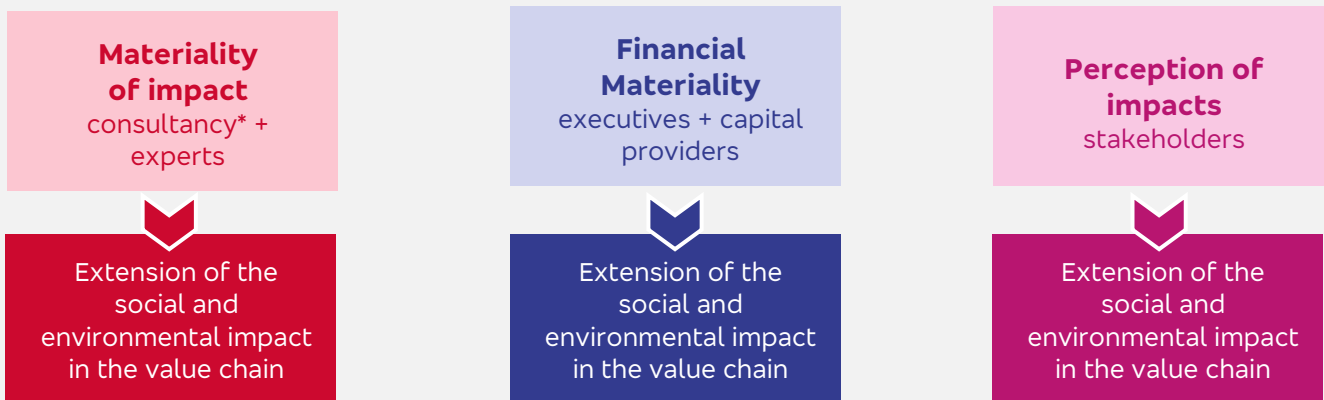
This matrix allows us to outline a more effective ESG strategy, as well as supporting more assertive communication, guiding the reporting of the strategy, indicators, targets and performance.

In 2022, we reviewed our materiality. This process occurred in 5 steps:

1. Definition	Purpose of the process, scope of work and tools to be used
2. Identification	Mapping stakeholders and refining the list of topics
3. Prioritization	Survey of impact and financial perspectives of executives, stakeholders, specialists and capital providers
4. Analysis	Analysis of results, elaboration of the materiality matrix and recommendations (report and strategy)
5. Validation	Validation of topics and recommendations with the Sustainability Committee, of which Board Members and Executives are members

Methodology

For the 2022 cycle, the concept of “double materiality” was adopted, which consists of analyzing a list of sustainability-related topics in three axes: (i) materiality of social and environmental impact (analysis of impacts from inside Bradesco to outside society and environment); (ii) financial materiality (analysis of social and environmental risks and the significance of the financial impacts linked to them in a term perspective); and (iii) perception of relevance of stakeholders.



* In 2022, the consultancy that supported us in the process was Report.

Stakeholders

The process of building the matrix was based on the guidelines of the Stakeholder Engagement Standard (AA1000) and Bradesco's Stakeholder Engagement Policy, which defines as a stakeholder any or all public that may exert or be influenced of the Organization's businesses and operations. The policy provides for the classification of stakeholders as priority or important, depending on their degree of involvement with the institution and level of relevance of influence.

Thus, around 800 representatives of the following priority publics took part in the review process: Board of Directors, executive management, employees, customers, vendors, investors, market analysts and regulatory bodies.

List of topics

To survey the list of topics and respective subtopics focused on Bradesco's business, the following were considered: the organization's strategic pillars; analysis of national and international peers; sector studies and standards such as the Dow Jones Sustainability Index of the S&P; Sustainability Accounting Standard for Commercial Banks and Investment (SASB); The Global Risks Report (World Economic Forum); and the 2030 Agenda (UN).

Consultation Process

Consultation with prioritized stakeholders was carried out in three formats:

- (i) interviews with directors, senior leadership and external experts;
- (ii) focus groups with internal experts; and
- (iii) online consultation.

ANALYSIS	PUBLIC INVOLVED	CONSULTATION METHOD		
Financial Materiality (x axis)	Member of the Board of Directors (8)			
	Member of the Executive Board (3)			
	Market analyst and investors (15)			
	Representative of a controller (1)			
	Managers (27)			
54 participations	24 answers to the online consultation • 11 interviews • 05 work meetings			
Materiality of Impact (y axis)	Internal experts (17)			
	External experts (6)			
23 participations	23 answers to the online consultation • 05 interviews • 02 focus groups			
Perception of relevance (z axis)	Individuals and Legal Entities (60)			
	Employees (636)			
	Vendors (22)			
	Regulatory Agencies (3)			
721 attendants	721 responses to the online survey			



Interview



Online consultation



Working meeting / focus group

These consultations represent the main source of collection of perceptions and concerns identified during the stakeholder engagement process. However, they are not the only source of information. Other resources, such as the Reference Form, the Risk Management Report (Pillar 3), the Compliance and Integrity Program, the Annual Governance Letter and our Investor Relations website were also considered, albeit in a qualitative manner.

Result

From a list of social and environmental issues taken to the consultation, seven stood out in relevance and impact (alphabetical order):

Climate risk and opportunity management
Data privacy and security
Ethics, integrity and transparency
Innovation and technology
Management of human capital
Relationship, inclusion and financial health of clients
Sustainable business

Material topics 2022

The process result was recorded in the graphic representation on the side, comprising the topics identified as material, both for Bradesco and for its stakeholders.



Correlated prioritized SDGs

- ④ Quality education
- ⑤ Gender equality
- ⑧ Decent work and economic growth
- ⑨ Industry, innovation and infrastructure
- ⑩ Reduction of Inequalities
- ⑬ Action against global climate change






Aware that this process must be revisited periodically, we remain committed with generating a positive impact through our operations and our businesses.

ANNEX - MEASUREMENT AND VALUATION OF THE IMPACT OF BRADESCO'S BUSINESSES

Report to meet the transparency requirements of Dow Jones Sustainability Index (Economic Dimension – Materiality – Questions 1.3.4 and 1.3.5)

Regardless of what is identified as a priority for our stakeholders, there are impacts resulting from our business on society and the environment that are inherent to our operations as a financial institution.

Table 1. Examples of generation of impacts resulting from the performance of financial institutions

		Positive (+)	Negative (-)
DIRECT IMPACTS	 > 	<ul style="list-style-type: none"> • Direct job generation • Employee training • Clean Energy consumption 	<ul style="list-style-type: none"> • Consumption of water, energy and materials in branches and buildings • Carbon emissions from employee travel
INDIRECT IMPACTS	 >  > 	<ul style="list-style-type: none"> • Job creation and income for customers and their surroundings • Clean energy generation made possible by financing 	<ul style="list-style-type: none"> • Damage generated to the community around financed projects • Carbon emissions from financed operations

We understand that it is increasingly necessary to identify, report and manage these impacts, expanding positive contributions and mitigating risks and negative indirect results of our Business Throughout 2022, we have updated the studies on the indirect impacts of our loan portfolio products, considering the dual materiality and alignment with the strategic pillars of Sustainability.

Impact valuation methodology

Using the methodology, we developed with NINT (formerly SITAWI) in 2019, we sought to follow the recommendations of UNEP-FI's Principles for Responsible Banking (PRB), apply different processes to assess and value impact, and combine the Sustainable Development Goals (SDGs), especially those prioritized by Bradesco, and the Theory of Change.

Method

1. Portfolio analysis

2. Survey of material issues

3. Prioritization of impacts

4. Qualitative valuation

5. Quantitative valuation

Guidelines recommended by PRB to prioritize impacts

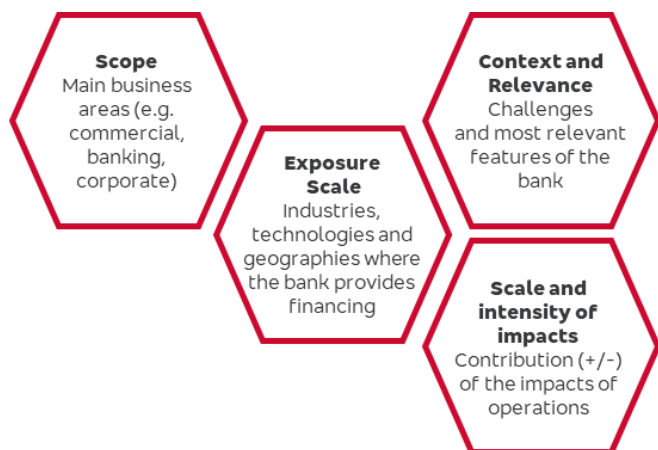
- **Scope** – the main business areas (example: retail operation)
- **Scale and exposure** – the main business areas (example: retail operation)
- **Scale and intensity of impacts** – contribution (+/-) of impacts arising from operations
- **Context and relevance** – most relevant challenges and priorities where the bank operates

We use the Theory of Change to draw a map of a product or service, diagnose the initial scenario and define the inputs and tools required to generate impact and transform the social and economic reality experienced by the target audience. This result is summarized in a logical framework that expresses the main qualitative impacts achieved.



This entire process was guided by principle 2 – definition of impacts and objectives of PRB, Principles for Responsible Banking, managed by UNEP-FI and adhered to by Bradesco in 2019.

GUIDELINES FOR PRIORITIZING IMPACTS



PRINCIPLES 2: DEFINITION OF IMPACTS AND GOALS

We will continuously increase our positive impacts, reduce adverse impacts and manage the risks to people and the environment resulting from our activities, products and services. For that purpose, we will define and publish goals where we can have the most significant impacts.

Main themes of the impact study

Sustainable Business

At Bradesco, we are following a path to promote sustainable development with our clients, leveraging our commitment to generating sustainable business, allocating resources to activities and sectors that generate positive impact, and supporting the transition to business models with less negative impact.

One of our products that generates positive impacts on society is Targeted Productive Microcredit (MPO, in its acronym in Portuguese), an important instrument for financial inclusion in the country. Established by Law 11,110 of April 25, 2005, the main purposes of MPO are: to encourage the creation of work and income among low-income micro-entrepreneurs; to provide resources for targeted productive microcredit; and to offer technical support to earmarked productive microcredit institutions, with a view to its institutional strengthening to provide services to low-income entrepreneurs.

By promoting the creation of jobs and income, microcredit fosters an increase in the well-being and self-esteem of clients, for example by enabling improvements in education. However, at the same time it can lead to negative impacts¹ if clients do not receive the necessary guidance and financial management, potentially causing an increase in defaults and indebtedness.

¹ Fonte: [Serasa e SEBRAE, 2024](#) (in Portuguese only)

Management of climate risks and opportunities

As the climate crisis is the result of greenhouse gas emissions, Bradesco's negative impact occurs both through its operational emissions and through its financed emissions. Likewise, we generate positive impacts by offering financial resources for our clients' climate transition or low-carbon operational solutions.

We have advanced in the management of climate risks and opportunities, initially focusing on managing our operations and, in recent years, focusing on transforming our business to support the development of a low-carbon economy with our clients. To gain an understanding of the sectors we finance, we measure CO₂ emissions from our loan portfolio, in line with PCAF methodology. We joined the Net-Zero Banking Alliance, with the commitment of having a carbon-neutral credit portfolio by 2050, in line with scientific scenarios and the targets of Paris Agreement.

Among the solutions offered is the Photovoltaic CDC product, our financing facility for the purchase and installation of photovoltaic equipment. For the purpose of monitoring the positive social and environmental impact of this product line, we measure annual avoided emissions and the annual Social Cost of Avoided Carbon.

Get to know some of the results of measuring and valuing impacts:

Activity	Financing for purchase and installation of photovoltaic equipment		Oriented Productive Microcredit	
Data	R\$ 754 million ¹ (credit granted)		R\$ 926 million ² (credit granted)	
Information about the product	Credit for the purchase and installation of solar energy equipment in properties		The main goal is encouraging the creation jobs and income among low-income micro-entrepreneurs	
Impacted stakeholders	<ul style="list-style-type: none"> - Environment Increasing energy generation from clean and renewable sources and contributing to the reduction of GHG emissions) -Society: Reducing the social costs of carbon, associated with changes in net agricultural productivity, human health, material damage due to increased risk of flooding and the value of ecosystem services due to climate change. - Consumers/End Users 		<ul style="list-style-type: none"> - Society/Economy: Microcredit offer triggers a chain reaction within the beneficiary community. By promoting the creation of jobs, microcredit enables additional income gains. As a result of this income generation, it also promotes an increase in tax revenue, which can contribute to increasing the State's capacity to provide basic services to the population. - Consumers/End Users 	
Type of impact	Positive		Positive	
Impact generated	225 thousand tons of carbon avoided	R\$ 47 million ³ in social costs avoided	330 thousand jobs	R\$ 1.2 billion in income generated
SDGs				

¹ 2022 data

² 2021 data

³ Translated amount: U\$1.00 = R\$5.00 (average USD/BRL exchange rate in 2023)