

Sustainable Finance

Framework

07.01.2022



Introduction

At Bradesco, sustainability is one of the Organization's strategic drivers. The management of environmental, social and governance aspects ("ESG") is pivotal for Bradesco's perpetuity and growth in an increasingly dynamic and challenging context. By seeking to generate shared and long-term value for investors, employees, suppliers, customers and society, we also contribute to the country's sustainable development.

We incorporate this vision into our management, mainly through robust governance with an effective set of corporate policies and standards, ongoing management of social and environmental risks and opportunities, in addition to engagement with our various stakeholders.

Bradesco Sustainability Strategy considers the major global challenges and macro trends, the aspects pointed out in the Materiality Matrix, the Organization's business goals, as well as the national and international sustainable development agendas - especially the Sustainable Development Goals (SDGs) and the Paris Agreement.¹

The pillars of our Strategy underpin Bradesco's goal of expanding the offer of financial solutions with positive social and environmental impacts, and supporting our customers in the transition to a less carbon-intensive economy, which is more resilient to the impacts of climate change. Such solutions aim at serving individuals, micro and small entrepreneurs and large corporations.

Sustainable Finance Framework

Aligned with its Sustainability Strategy, Bradesco seeks to raise funds from the market to reinforce support for (i) projects and (ii) corporate loans² that contribute to prevent or mitigate the impacts resulting from climate change, social and environmental issues.

This document establishes the criteria and processes that will be used by Bradesco for issuing Green, Social and Sustainable bonds to address this initiative by defining a Framework according to the pillars of the Green and Social Bonds Principles and Sustainability Bonds Guidelines, issued by the International Capital Market Association (ICMA), in its 2021 version:

- Use of Proceeds;
- Selection and assessment of projects;
- Resource management; and
- Reporting.

¹ Additional information is available in Bradesco Organization's 2019 Integrated Report that can be found on www.BradescoRI.com.br.

² Only companies (including SME loans) that earn > 90% from the activities mentioned in the eligibility table will be accepted

1. Use of proceeds

Table 1, below, describes the categories and types of projects and assets that will be eligible to receive proceeds raised by bonds adhering to this Framework.

Such categories are in line with the requirements of the ICMA's Green and Social Bonds Principles and Sustainability Bonds Guidelines (version 2021). We also use the recommendations from the Climate Bonds Standard and Certification Scheme of the Climate Bonds initiative (CBI) as references.

Additionally, we list the indicators that, within the limits of feasibility, will be considered and accounted for in the reporting of results, which will follow two modalities:

- a) **Operating indicators:** These show the direct results of financed projects and assets, according to their type.
- b) **Impact indicators:** They present the benefits produced by the financed projects, considering the sustainable approach - mainly in terms of greenhouse gases (or carbon, by conversion) avoided or sequestered and/or individuals or companies impacted.

The indicators may be provided directly by the project executors, or will be calculated based on estimates and references of similar projects or carbon emission factors indicated in sector and academic studies and research. Irrespective of the case, sources of information will be referenced in periodic reports - as described in the "Reporting" section.

Framework-level of exclusion

Any activity, product, project, corporate (including MSMEs) or loans that are associated with fossil fuel and its operations, hard-to-abate industries, child labour and poor working conditions, negative-impact activities such as tobacco, firearms/weapons, 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.

Table 1 - Use of Proceeds

Eligible categories	Project description	Operating indicators	Impact indicators
Renewable Energy SDG 13 Climate action	Financing or refinancing of projects in the generation and infrastructure for source energy within Brazil. <ul style="list-style-type: none"> ◆ Solar Concentrated solar power projects acceptable if they generate at least 85% electricity from solar power. <ul style="list-style-type: none"> ◆ Wind; ◆ Biomass projects, provided that they <ul style="list-style-type: none"> ↳ Release less than 16.0gCO₂e/MJ in all lifecycle; 	Electricity generated (MW)	Carbon avoided (tCO ₂)

Eligible categories	Project description	Operating indicators	Impact indicators
	<ul style="list-style-type: none"> ↳ Have certification, or third-party verification, regarding low indirect impact on land use, indicating production without expansion of areas or use of previously degraded land in their production chain – only projects with FSC production certification will be accepted. ↳ Excludes feedstock produced on land with high biodiversity and a high amount of carbon. <ul style="list-style-type: none"> ◆ Biofuel projects, provided that they: <ul style="list-style-type: none"> ↳ Release up to 16.0gCO₂e/MJ in all lifecycle; ↳ Release up to 18.8gCO₂e/MJ, for the production of liquid fuels for transportation in all lifecycle; ↳ Have certification, or third party verification, regarding low indirect impact on land use, indicating production without expansion of areas or use of previously degraded land in their production chain – only projects with FSC production certification will be accepted; ↳ Excludes feedstock produced on land with high biodiversity and a high amount of carbon. ◆ Hydropower, provided that they; <ul style="list-style-type: none"> ↳ Have energy density greater than 10 W/m² of flooded area or release less than 50gCO₂/kWh in all lifecycle emissions of generated energy. ↳ Only projects that have an environmental and social impact assessment by a credible body will be accepted. 		
Energy Efficiency SDG 13 Climate action	Financing or refinancing: <ul style="list-style-type: none"> ◆ Projects to energy efficiency retrofits (including LEDs, building management systems, smart thermostats, hardware or software applications that reduce power consumption, artificial intelligence applications). 	Energy consumption reduction (MW)	Avoided carbon (tCO ₂ e)

Eligible categories	Project description	Operating indicators	Impact indicators
	<ul style="list-style-type: none"> Eligible projects must bring efficiency gains equal to or higher than 20%. Projects using fossil fuels will not be accepted. 		
Sustainable Crops SDG 13 Climate action	Financing or refinancing of: <ul style="list-style-type: none"> Planting, cultivation or management of crops, as long as the production system is certified by Rainforest Alliance, following the requirements of the Sustainable Agriculture Standard version 2020. Only livestock projects that are part of ILPF – “Forest-Crop-Livestock Integration” systems that have sustainable forest management plans, to smallholders operations (operations with less than 7 hectares of land) will be accepted. Native wood extraction projects will only be accepted if certified by FSC. 	Planted area (hectares) Fulfillment of certification purposes	Avoided carbon (tCO ₂ e) (%) certified production
Sustainable Transportation³ SDG 13 Climate action	Financing or refinancing of: <ul style="list-style-type: none"> Purchase of new passenger vehicles or mass transport vehicles that are electric or powered by hydrogen; Private hybrid vehicles are limited to those with an emissions threshold of 75gCO₂/km, while the emission threshold for hybrid buses is 50gCO₂e/km. Passenger rail and freight rail to individually meet the 50gCO₂e/ km and 25gCO₂/km thresholds respectively. BRT (Bus Rapid Transit) systems that do not exceed the limit of 50gCO₂e/km, as long as they obtain either Silver or Gold level rating certifications. 	Reduction in fuel consumption ⁴ (liters) and/or People impacted (mass transport projects and vehicles)	Avoided carbon (tCO ₂ e)
Green Buildings SDG 13 Climate action	Financing or refinancing commercial and residential buildings: <ul style="list-style-type: none"> Building construction projects certified with LEED Gold, LEED Platinum or Living Building Challenge. 	Energy consumption reduction (MW) or Emission reduction (tCO ₂ e)	Avoided carbon (tCO ₂ e)

³ The limits are based on Worldwide Harmonized Light Vehicle Test Procedure (WLTP)

⁴ The average fuel consumed per kilometer traveled by Brazilian vehicles will be used as a reference. For hybrid vehicles, the average fuel consumption per kilometer traveled by hybrid vehicles available in the Brazilian market will be considered.

Eligible categories	Project description	Operating indicators	Impact indicators
	<ul style="list-style-type: none"> Building retrofit energy related projects for which results show at least a 30%⁵ reduction in the generation of carbon emissions. 		
Sustainable Water and Wastewater Management	<p>Financing or refinancing:</p> <ul style="list-style-type: none"> Sustainable water treatment and supply: <ul style="list-style-type: none"> Expansion of public access to water supply. Reduction in water losses, in water transfer and/or distribution. Sustainable sewerage: <ul style="list-style-type: none"> Expansion of sewage systems <p>Wastewater from fossil fuel operations will not be accepted.</p>	<p>m³ potable water</p> <p>M³ of avoided waste</p> <p>of treated sewage</p>	<p>Number of people served/ impacted</p>
Pollution Prevention and Control	<p>Financing or refinancing:</p> <ul style="list-style-type: none"> Recycling projects include the processing of recyclable waste fractions into steel, aluminum, glass or plastic. Recycling facilities that have robust waste management processes to manage electronic waste <p>Waste from fossil fuel operations will not be accepted.</p>	<p>Materials sourced sustainably or recycled (Tons/ Kg)</p>	<p>Avoided resource waste (Tons/Kg).</p>
Financial Inclusion SDG 8 Decent Work and Economic Growth SDG 10 Reduced Inequalities	<p>Financing or refinancing:</p> <ul style="list-style-type: none"> Micro, small or medium enterprises (MSMEs), as long as they meet the following criteria: <ul style="list-style-type: none"> MSMEs with annual revenues of up to R\$ 300 million (~USD 53 million). <p>Excludes MSMEs in controversial sectors, including those associated with child labor, tobacco, and the exploration, production and transportation of fossil fuels.</p>	<p>Affordable credit granted to individuals and legal entities, along with financial services</p>	<p>Number of MSMEs served/ impacted</p>
Digital Inclusion	<p>Financing of Telecommunications Infrastructure projects in areas of digital divide:</p> <ul style="list-style-type: none"> Areas at risk of digital inclusion are defined as areas that are disconnected or underserved. Projects in municipalities with a Human Development Index (HDI) below the 	<p>Service coverage area</p>	<p>Number of people served/ impacted</p>

⁵ Over a baseline that is comparable with ASHRAE 90.1 2010

Eligible categories	Project description	Operating indicators	Impact indicators
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Brazilian average will be considered underserved areas.

Bradesco reserves the right to apply Sustainable Bonds proceeds in one or more of the eligible categories and, not necessarily, in all the categories listed in this framework.

2. Project selection and evaluation

Projects or assets financed and/or refinanced through funds from Climate Bond will undergo a process of analysis in order to ensure eligibility according to the criteria described in Section "1. Use of funds". The analysis will be based on the conditions and processes described as follows:

Definition of eligibility – will take place in:

- 1) The Corporate Sustainability Department, that will analyze the operations to identify those that are eligible according to the established criteria.

Eligibility period – the following will be eligible:

- 1) Active balance of operations entered into within 36 months prior to the date of issue of the bond; and
- 2) The amounts of the eligible operations contracted after the date of issue of the sustainable bond.

Social and environmental risk management and monitoring:

The process has a robust governance structure composed of committees, policies, standards and procedures that allows social and environmental risks to be properly identified, measured, mitigated, monitored and reported.

Following the guidelines of the Bradesco Organization's Corporate Sustainability Policies⁶, the social and environmental Risk Analysis & Control area conducts processes to evaluate operations and customers, formulating a social and environmental risk rating as well as monitoring activities, according to the scope and criteria indicated in the [Social and Environmental Risks Standard](#), in addition to the requirements and obligations established by Brazilian laws and regulations.

As a signatory to the Equator Principles, Bradesco observes its guidelines on financing for new projects and those involving expansions or refurbishments that include substantial change in results or function. The performance standards of the International Finance Corporation ("IFC") and the World Bank Group's Environmental, Safety and Health Guidelines and matters are covered regarding natural resources, impact on diversity, solid waste, liquid effluents and atmospheric emissions, neighboring communities, among other.

As long as they are within the requirements of the Standard, the projects and assets that will receive funds from the Sustainable Bonds will be evaluated and monitored from the standpoint of social and environmental risk.

List of excluded operations:

Irrespective of the potential eligibility and compliance with the other requirements presented above, the following assets and projects will be excluded from receiving funds from the Sustainable Bonds.

- 1) Projects in sectors considered controversial, such as, but not limited to:
 - a. Production or trading of weapons and munition;
 - b. Production or trading of radioactive materials;
 - c. Production, trading or use of asbestos fibers;
 - d. Production or trading of tobacco;
 - e. Operations related to fossil fuel industry;
 - f. Wastewater from fossil fuel operations; and

- g. Chemical recycling of plastic.
- 2) Operations generated from transfers of funds from government agencies and multilateral banks/development banks, to avoid double counting of the benefits generated;
 - 3) Operations without definition regarding the allocation of funds, such as (for example) working capital. Except in the case of Special Purpose Entities (SPEs) focused exclusively on eligible projects and assets.

3. Resource Management

Internal instruments and procedures will be used to account for and monitor contracts and disbursements of funds obtained from this Framework.

Funds from this framework will be issued by Banco Bradesco S.A and/or its subsidiaries, including Bradesco Grand Cayman Branch (branch of Banco Bradesco S.A.) and managed and monitored by Bradesco's Treasury Department.

The management process will ensure that the total amount of funding is less than or equal to the active balance of the eligible operations. In the event of any mismatch (such as, for example, in anticipation of payments by customers) or in the event of pending full allocation, the balance will be maintained and/or invested in cash or cash equivalents.

The aim is that funds raised through eligible operations following the criteria of this framework will be allocated in accordance with the Framework within 36 months of subscription.

The Corporate Sustainability Department will verify the eligibility of projects and assets, and will report the results at least once a year to the Organization's Sustainability Governance forums.

4. Reporting

The disbursements and results of projects and assets that will receive funds from the Green, Social and Sustainable Bonds will be published at least once a year, and will be available on Bradesco's Investor Relations and Sustainability websites.

Within the limits of viability and confidentiality, each report will present the following information:

- 1) Period of reporting;
- 2) Description of financial solutions with automatic eligibility (as described in the "Project selection and evaluation" section);
- 3) Number of contracts and consolidated total disbursements for financial solutions with automatic eligibility;
- 4) Description of other operations per eligible category and indication of compliance with eligibility criteria;
- 5) Operation indicators per disbursement line (as described in the "Use of funds" section);
- 6) Sum of operation indicators per eligible category;
- 7) Impact indicators per disbursement line (as described in the "Use of funds" section);
- 8) Sum of impact indicators
- 9) Information and data sources, and calculation methods;
- 10) Sum of disbursements in the reporting period;
- 11) Remaining balance;
- 12) Temporary investment of funds;

The reports on results will be reviewed by a third party, observing not only the disbursement of the funds raised, but also the process of calculating the social and environmental impact indicators. The opinion (or similar) of the company and/or independent body will be part of each published report.

For further information and questions:

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