

# Climate Report

Task Force on Climate-Related Financial Disclosures Report

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## About the report

As part of our commitment to transparency, we present our Climate Report, built in line with the recommendations of the Task Force on Climate-Related Financial Disclosures - TCFD.

This report presents our progress on the journey to support our customers in transitioning to a cleaner economy, help adapt and mitigate the consequences of climate change, and decarbonize our operations.

We provide our audiences with information on our governance, climate strategy, climate risk management, calculation of our emissions and decarbonization targets, including the first round of Net Zero targets for the coal and power generation sectors.

## CEO's Letter

We are a bank with 80 years of history, committed to the purpose of creating opportunities for personal fulfillment and the sustainable development of companies and society.

We believe in our potential to direct resources to activities and projects that promote sustainable development and we understand that it is our duty to contribute to mitigating the effects arising from climate change in our businesses and operations, engaging and supporting our customers in the transition to a more sustainable, green and inclusive economy.

For this reason, we have brought the topic of Climate Change to the center of our strategy and established robust governance, following the recommendations established by the TCFD (Task Force on Climate-Related Financial Disclosures).

For over 10 years we have neutralized 100% of our direct emissions (scopes 1 and 2) and, since 2019, we have also neutralized the indirect carbon emitted by our own operations. Since 2020, we have supplied 100% of our operations with energy from renewable sources. We understand the importance of deepening our knowledge of the sectors we finance, and we were the first financial institution in the country to measure and publish CO2 emissions arising from corporate loans and financing in our portfolio, in line with the PCAF methodology - Partnership for Carbon Accounting Financials.

This trajectory, with sustainability as part of our corporate strategy, allowed us to be the first Brazilian bank to join the Net-Zero Banking Alliance (NZBA), committing to have a carbon neutral credit portfolio by 2050, in line with the Paris Agreement.

By developing our Net Zero path, we are further strengthening our strategy and reaffirming our eight-decade purpose having established goals and commitments to support the transition, including our role in the sustainable businesses agenda, where we are committed to directing resources to positive impact businesses. As we continue to fund cleaner, more impactful solutions, we are realigning our business models with our customers. We know we cannot do this alone, this is a collective agenda towards a common goal. Tackling climate change will require collaboration from everyone – our customers, suppliers, peers, investors, NGOs and, in particular, governments around the world. There is a need for strong public policies to accelerate the world's transition to a Net Zero economy.

Following the requirements established by the Net Zero commitment, throughout this report we present our first exercise of targets for 2030, considering the current Brazilian and international macroeconomic context and our sectoral performance, including the performance of our customers and the climate commitments assumed.

Our emissions targets for 2030 include Power Generation (59% reduction in intensity (kgCO<sub>2</sub>e/MWh)), divestment in coal and reinforcement of our commitment to supporting the fight against illegal deforestation, considering a relevant part of our customers' value chain.

As part of this journey, we will work ever closer to customers, deepening our activity and understanding of the industry and building together the paths to decarbonization, considering the specificities of each industry in Brazil. Thus, we ensure a responsible transition that includes the environmental and social aspects that are essential for the development of our country.

All of our actions and the structuring of our first target exercise were supported by a specialized third party and were reviewed by our governance, including our Board of Directors. As we continue to build on our plan to achieve Net Zero, we will remain transparent and accountable, sharing our evolution, strategy and progress together with our customers.

**Octavio de Lazari Junior**

CEO

## Introduction

Climate change, caused by greenhouse gas emissions, is one of the most pressing issues facing the world. The transition to a low-carbon economy is key to avoid irreparable losses and damages resulting from global warming and requires collaborative efforts from multiple fronts of the economy.

Studies conducted by the Intergovernmental Panel on Climate Change, the IPCC, demonstrate that the greenhouse gases emitting activities have already led to an average increase of 1.1°C in global temperature, when compared to the pre-1900 horizon<sup>1</sup>. In addition to the changes already made, the survey on the perception of global risks of the World Economic Forum<sup>2</sup> continues to point out the climate crisis as the generator of relevant risks according to likelihood of occurrence and potential impact in the short (2 years) and long term (10 years).

Given the context, achieving the Paris Agreement goals of limiting global temperature rise well below 2°C and striving for 1.5°C in relation to pre-industrial levels will require changes in the way of production, investments in technologies and ambitious actions from all aspects of the economy, involving governments, companies and financial institutions. Brazil has important comparative advantages in the climate transition and this new course of the economy may represent a field of opportunity for job generation, productivity and environmental quality increase in the country.

Bradesco acknowledges its reach and takes an active role in these actions, believing in its key role in supporting the different sectors in this trajectory. We are one of the vectors for mobilizing the financial resources required for the transition to a low-carbon economy, for adapting and mitigating the adverse effects of climate change.

Our efforts include reducing emissions from our operations, integrating risks and opportunities into business decision-making, engaging with our stakeholders and offering financial solutions that promote low-carbon practices that are resilient to the impacts of climate change.

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<sup>1</sup> Source: [ipcc.ch/report/ar6/syr/downloads/report/IPCC\\_AR6\\_SYR\\_LongerReport.pdf](https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf)

<sup>2</sup> Source: <https://www.weforum.org/reports/global-risks-report-2023/>



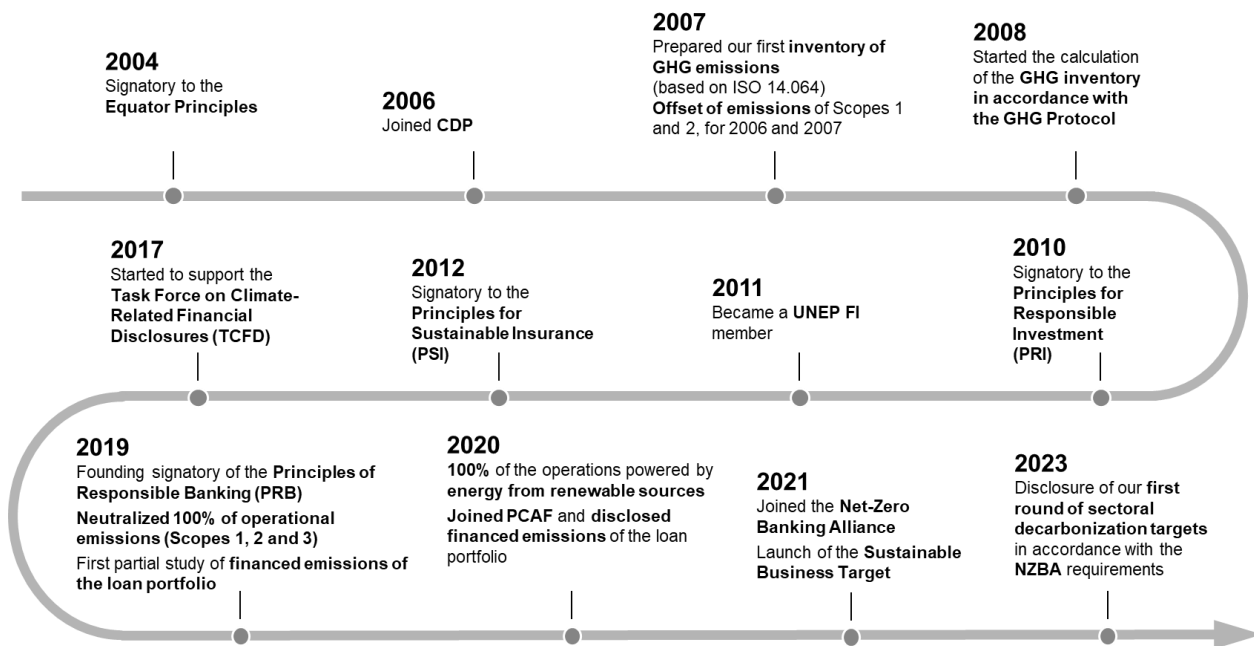
### Our journey on the climate agenda

We started our climate journey over 15 years ago and have made progress in managing risks and opportunities, initially focusing on managing our operations and more recently on transforming our businesses to support the development of a low-carbon economy.

As pioneers in this agenda, we were the first Brazilian bank to commit to the Net-Zero Banking Alliance (NZBA), joining international efforts to mitigate global warming. We seek to support our customers in the transition and decarbonize our credit portfolios, in line with scientific scenarios and with the climate goals of the Paris Agreement.

The move is an evolution of Bradesco's climate strategy which, understanding the importance of deepening knowledge in financed sectors, was also the first bank in the country to measure and publish CO2 emissions arising from corporate loans and financing in its credit portfolio, in line with the PCAF methodology - Partnership for Carbon Accounting Financials (scope 3, category 15).

Since 2008, we have also measured our operational emissions and for over 10 years, we neutralized 100% of our direct emissions (scopes 1 and 2). Since 2019, we have also neutralized the indirect carbon emitted by our own operations and since 2020, we have supplied 100% of our operations with energy from renewable sources.





## Governance

The climate agenda is supported by the Sustainability governance structure, corporate guidelines, support and commitment to the voluntary commitments undertaken by the Organization. Climate governance is integrated into the business areas and governance of social, environmental and climate risks, which is under the Management of Social, Environmental and Climate Risk Areas. We integrate the climate change governance into social, environmental, climate and sustainability risk management frameworks in three levels:



### Board of Directors Climate Change Oversight - strategic level

The Sustainability and Diversity Committee is in charge of overseeing the performance of our Climate Strategy. The forum meets every two months and deliberates on proposals and actions aimed at implementing sustainability initiatives with potential impact on business and monitors the advancement of the organization's objectives and targets on the topic. Among the participants, we highlight the presence of an independent member who also serves as vice-chair of the Task Force on Climate-Related Financial Disclosures (TCFD).

In 2022 and 2023, among the agendas addressed is the analysis, discussion and approval, by the members of the Committee, of our first round of sectoral decarbonization targets, in compliance with the requirements of the Net-Zero Banking Alliance (NZBA).

Within the scope of administrative operations, the Committee also approved the new ecoefficiency master plan, which has operational emission reduction targets in line with science and the scenario of a global temperature increase limited to 1.5°C.

The Committee advises the Board of Directors in the performance of its attributions related to the promotion of the sustainability strategy. In addition to this Committee's agenda, the Board of Directors meets every six months to address issues related to the pillars of Bradesco's sustainability strategy and define guidelines for climate and sustainability actions.

### **Responsibility for management – executive level**

The Sustainability Commission is the forum responsible for proposing initiatives and advising the Committee on decisions, operationalizing the implementation of the social, environmental and governance strategy in the areas.

The commission meets every month and is composed of executive officers and managers from various departments, allowing wide dissemination of the topic throughout the Organization. It is also attended by our Chief Sustainability Officer (CSO) and reports its activities to the Sustainability Committee.

It is responsible for establishing initiatives and promoting the management of risks and opportunities related to climate change, in addition to proposing solutions that promote the application of the best corporate sustainability practices to the Organization's activities and businesses.

As a member of the Risk Management Committee, our CSO is also in charge of assessing and resolving on the management structure and its suitability to the Organization's strategic goals, including the review of policies, processes, systems and reports. And as a member of the Products, Services and Partnerships Committee, also influences the management of opportunities in financial solutions.

Matters related to the monitoring of climate risks are reported to the Monitoring Committee and those related to regulatory compliance are also reported to the Audit Committee. In

addition, information on exposure to physical and transitional climate risks are components of the social and environmental opinions of operations presented to the Credit Committee.

Climate risk management also has a governance structure composed of committees, policies, standards and procedures, which enable identification, classification, and monitoring, according to the Central Bank Resolutions and in line with the principles of relevance and proportionality, necessary given the complexity of financial products and the profile of the Organization's activities.

It should be noted that it is also up to the strategic management, at the level of the Sustainability Committee and Commission, to ensure the dissemination of the organizational culture, reinforcing our values, principles and respecting the corporate governance and formalized sustainability guidelines, respectively, in our Corporate Governance and Social, Environmental and Climate Responsibility (PRSAC) Policies.

More information about our policies can be found on our Investor Relations website, available at: [Policies and Standards - Bradesco RI](#)

### **Operational Level**

The Sustainability and Integrated Risk Control Areas translate climate opportunities and risks to the Organization's other structures, supporting the integration of the topic into the business and the development of controls and financial solutions.

The Sustainability Area manages various environmental, social, climate and governance aspects, monitoring the evolution of these themes that are cross-sectional and key to the Organization to enable our active agency in transformation, promoting sustainability and prosperity through our businesses and operations. It advises the Commission and the Sustainability Committee. It is also responsible for communicating Sustainability information in a strategic way that is integrated with financial information, for ensuring the development and dissemination of a culture of sustainability in the Organization and for promoting relationships with the different stakeholders.

Read more about our [Governance and Sustainability Strategy | Bradesco Sustainability \(banco.bradesco\)](#)

The integration and coordination of actions to identify, assess, control, monitor and report the Organization's social and environmental and climate risks are the responsibility of the Risk

Department (DCIR), which carries out social and environmental risk analyzes in credit operations and project financing, applying the guidelines of the Social and Environmental Risk Standard and the Manual of Procedures for Social and Environmental Risks. The Social and Environmental Risk Standard also deals with restriction and exclusion measures due to aspects of social, environmental or climatic nature.

## Strategy

We implement social, environmental and climate responsibility based on our strategy, in line with the laws and standards that govern the subject and voluntary commitments undertaken.

### Sustainability Strategy

We seek to continuously improve our management of sustainability-related factors to quickly reflect the changes that occur in our surroundings. Considering the main challenges and global trends on the agenda, we have structured a Strategic Sustainability Plan to enhance our work on topics that require transformation in our business, listing 3 main pillars: Climate Agenda, Sustainable Businesses and Financial Citizenship.

#### STRATEGIC SUSTAINABILITY PILLARS

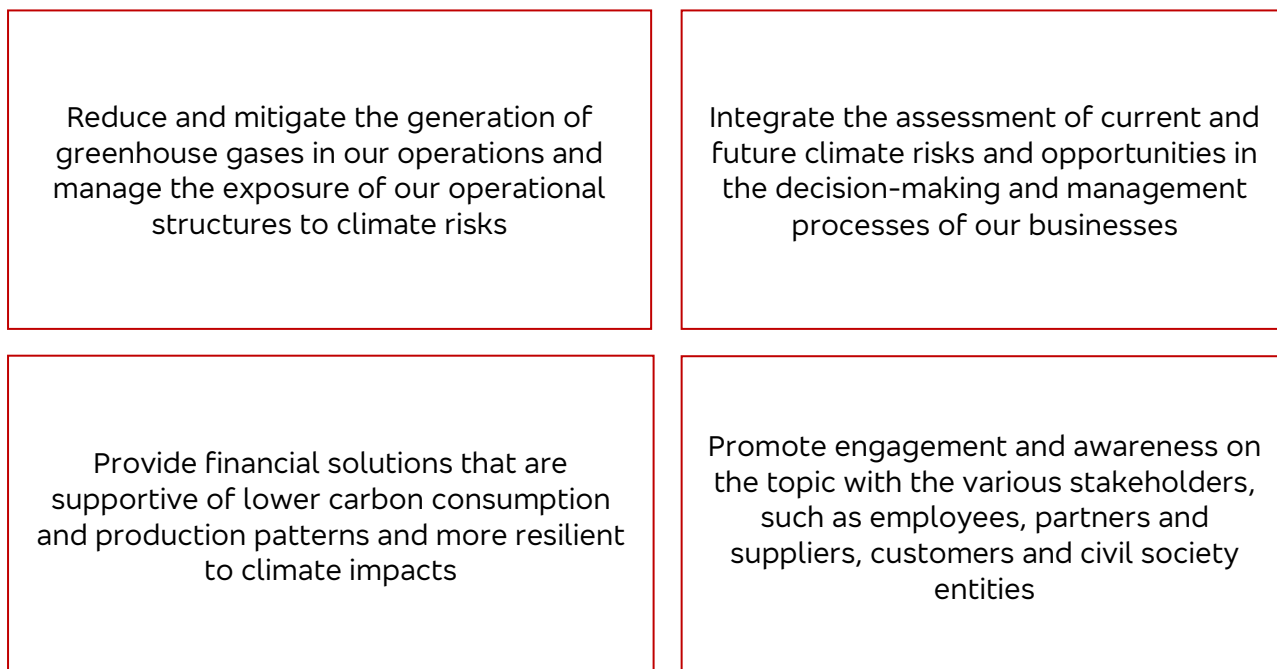


Our Sustainability Strategy is strengthened through adherence to industry and multi-industry voluntary commitments. We assume and integrate voluntary commitments into our internal processes, aiming to include ESG aspects in our practices and business.

More information about our sustainability strategy can be found in our [2022 Integrated Report, "Sustainability Strategy", p. 158](#)

### Climate Strategy

Our climate strategy is sustained by four pillars that support the way we deal with the main issues related to climate change. With focus on identifying risks and opportunities, we seek to reduce our operational and business impacts while developing products and services that play a relevant role in supporting the transition to a low-carbon economy and addressing the impacts of climate change, directing resources and bringing us ever closer to our customers.



All of our activities are accompanied by an active governance aligned with the guidelines established by the TCFD (Task Force on Climate-Related Financial Disclosures). The orientation of our climate strategy is guided by the voluntary commitments we have made throughout our journey on the subject.

#### Our voluntary commitments

In 2006, directing efforts towards transparency in climate change management practices, Bradesco adhered to the Carbon Disclosure Project (CDP), an international non-profit

organization that provides a globally recognized system for companies to measure, disclose, manage and report relevant environmental information.

In 2017, as signatories to the programs, we started formal support of the Task Force on Climate-Related Financial Disclosures (TCFD), a task force whose purpose is to improve and increase the disclosure of climate-related financial information, promoting risk and opportunity management that ensures stability in financial systems. The TCFD was commissioned by the G20 to Financial Stability Board (FSB), which organized the task force that generated substantial changes in disclosures and legislation in several countries, including Brazil. TCFD enable us to manage risks and opportunities and disclose our practices to the market.

In 2020, we were the first bank in the country to measure and publish CO2 emissions arising from corporate loans and financing in our credit portfolio, in line with the PCAF methodology - Partnership for Carbon Accounting Financials.

And in 2021 we were also the first Brazilian bank to join the Net-Zero Banking Alliance (NZBA), committing ourselves to a carbon neutral credit portfolio by 2050, in line with scientific scenarios and the goals of the Paris Agreement.



**Climate risks and opportunities**

Considering short (2025), medium (2030) and long-term (2050) horizons, our goal is to identify possible events and contexts that are distributed among the types of physical and transitional risks and opportunities categorized by the TCFD.

Although the measurement process is evolving and it is necessary to deepen the mechanisms for measuring its potential impacts, recent events in Brazil suggest that there is a concentration

of short-term risks in acute physical events, which may directly or indirectly affect multiple sectors.

Given the complex configuration of global productive structures, the potential spillover effect of international regulation related to environmental and climate issues may bring market consequences to Brazil in the short term. For the medium and long term, deepening of market trends, technologies and regulation is foreseen, aiming the transition to a low-carbon economy and compliance with the Paris Agreement, which now has greater prominence in corporate debates over the years. This trend is reinforced by the aggravation of physical events that have caused increasing damage to structures and assets in Brazil and worldwide.

The potential risks and opportunities climate agenda brings various inputs to guide the Organization's strategy, both through the measurement of possible climate impacts on economic sectors and portfolios to which we are exposed, and through the creation of business strategies aligned with the decarbonization journey that our customers must follow in the coming years. Based on in-depth industry studies and mapping of market trends, decarbonization technologies and scientific projections, we identified ways to promote the Net Zero agenda with our customers, guiding Bradesco's business strategy.

### **Opportunities in Climate Change**

We have increasingly explored the offer of environmental products, with the purpose of directing resources to assets or projects that contribute to the environmental, climate and/or the transition agenda, including solar energy financing, structuring renewable energy projects, financing hybrid and electric vehicles, among other products both for individuals and companies through own resources or BNDES onlending.

As for personalized credit and debt solutions focused on the ESG performance of customers, we have entire teams dedicated to structuring operations both in the capital and credit markets, providing the necessary assistance for identifying opportunities, preparing documents and supporting the process of operations evaluation.



More information on Social and Environmental Products and ESG Operations can be found in our [2022 Integrated Report, p. 166](#) and in the [Sustainable Businesses Report](#).

From the resource efficiency point of view, we promote efficiency gains in our operations through our Eco-Efficiency Master Plan, which establishes and monitors indicators related to resource consumption such as water, energy and greenhouse gas emissions, among others. Reducing the consumption of these resources increases our resilience to possible impacts related to changes in water regime patterns.

The choice of renewable energy sources also proved to be an opportunity and was faced as a commitment by the Organization, which in 2020 defined that all energy acquired by Bradesco would come from renewable sources. Therefore, since that same year, all of our operations have been supplied through Free Energy Market projects, distributed generation (photovoltaic plants) and acquisition of certified renewable energy (I-REC).

More information about our actions towards the reduction of energy consumption can be found in our [2022 Integrated Report, p. 203](#).

## Engagement in Climate Change

We have intensified engagement and action with our commercial team, with our customers, suppliers and decision makers on environmental and climate issues, as we know that only through partnership and teamwork we will be able to lead the economy transition.

### Customers

In the relationship with our customers, in the opportunity agenda, we integrate ESG criteria, including aspects of climate change, in all business segments we operate in (wholesale, retail, investment banking, asset management and others), aligned with the sustainability strategy.

Learn more about our policies and standards in [Governance and Sustainability Strategy | Bradesco Sustainability \(banco.bradesco\)](#).

More information on Social and Environmental Products and ESG Operations can be found in our [2022 Integrated Report, p. 166](#) and in the [Sustainable Businesses Report](#).

### **Associations and Public Authorities**

We highlight our participation in the UNEP FI working groups, covering the Net Zero agenda and risk programs. Bradesco was the Brazilian bank selected to integrate, in 2022, the Financial Institution Net Zero Transition Plan Task Force, one of the task forces created by GFANZ. In addition, we are part of working groups together with other NZBA member banks, in order to support the establishment of industry targets and support for implementation of the guidelines published in the Guidelines for Climate Target Setting for Banks of UNEP FI.

Every year we take part in the UNFCCC Conference of the Parties (COP), in addition to committees, working groups, Global Compact squads and forums, the Brazilian Business Council for Sustainable Development (CEBDS) and Febraban, in addition to the Amazon Plan.

By working with institutions, we reinforce our role as transformers and promoters of socioeconomic development, which also allows us to talk to different players and take part in the construction of public policies, self-regulation and the structuring of joint actions.

In the groups dedicated to the climate agenda, we take our stance regarding the transition to a sustainable economy, mitigation of climate risks and establishment of an internal carbon market in line with the Paris Agreement, analyzing and discussing the proposals presented by the public authorities.

### **Suppliers**

We promote the engagement of our suppliers, carrying out advisory audits guided by environmental, social, governance and climate change issues. The purpose of these audits is to identify, assess, monitor and mitigate social and environmental and climate risks inherent to the services and products provided.

Every year, our strategic suppliers are also invited to respond to the CDP Supply Chain and, through a targeted event, we encourage them to disclose and manage their greenhouse gas (GHG) emissions, in a movement to raise awareness about the risks and opportunities generated by climate change.

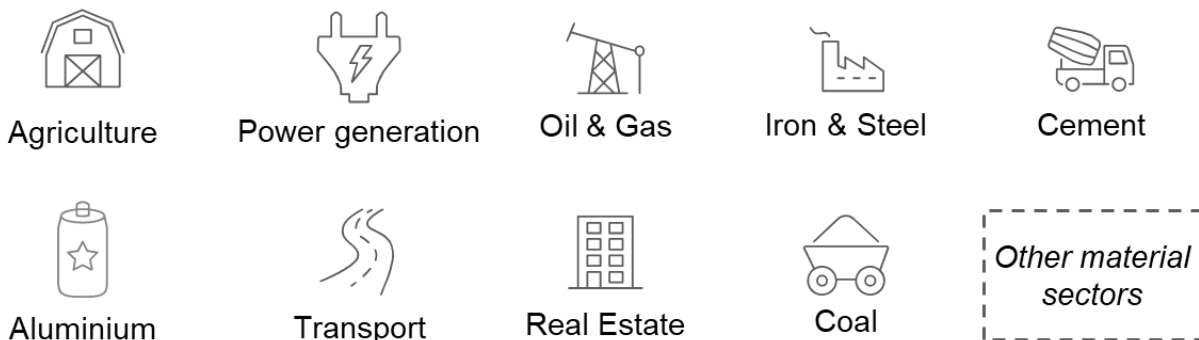
In 2022, 52% of our selected suppliers took part in the program and we achieved grade A- (Leadership) in the CDP Supplier Engagement Rating.

### Net Zero Commitment

In July 2021, we joined the NZBA, a specific alliance for banks committed to aligning their loan and investment portfolios with net zero paths by 2050. It is the first and only Net Zero forum for banks worldwide and acts as the banking element of the Glasgow Financial Alliance for Net Zero (GFANZ).

Since its launch in April 2021, a significant and growing section of the banking industry (comprising, as of this report’s release, over 129 banks representing around 40% of total global banking assets) has committed to the Alliance and is reorienting its loans and investments towards economy decarbonization.

It is a voluntary commitment, which requires the establishment of science-based emission reduction targets, that is, in scenarios from reliable and recognized sources, such as the IPCC and IEA, which do not exceed or very little exceed the target temperature of 1.5° C. These targets can be both intensity and absolute for 9 sectors of the real economy, in addition to other sectors that are particularly material for each bank. The 9 sectors pre-established by the NZBA are:



In addition to the targets, the Alliance also requests that members establish action plans and timelines related to the established targets. Lastly, the NZBA has set a two-phase schedule for target disclosure:

- First Round: 18 months after joining the Alliance.
- Second Round: 36 months after joining the Alliance.
- Action Plans: 12 months after disclosure of goals for each round.

We are committed to working with the 9 most carbon intensive sectors as defined by the NZBA and following the requirements set out in the commitment. In early 2023, we published our first round of sector decarbonization targets. At the time, we established targets for the coal and power generation industries.

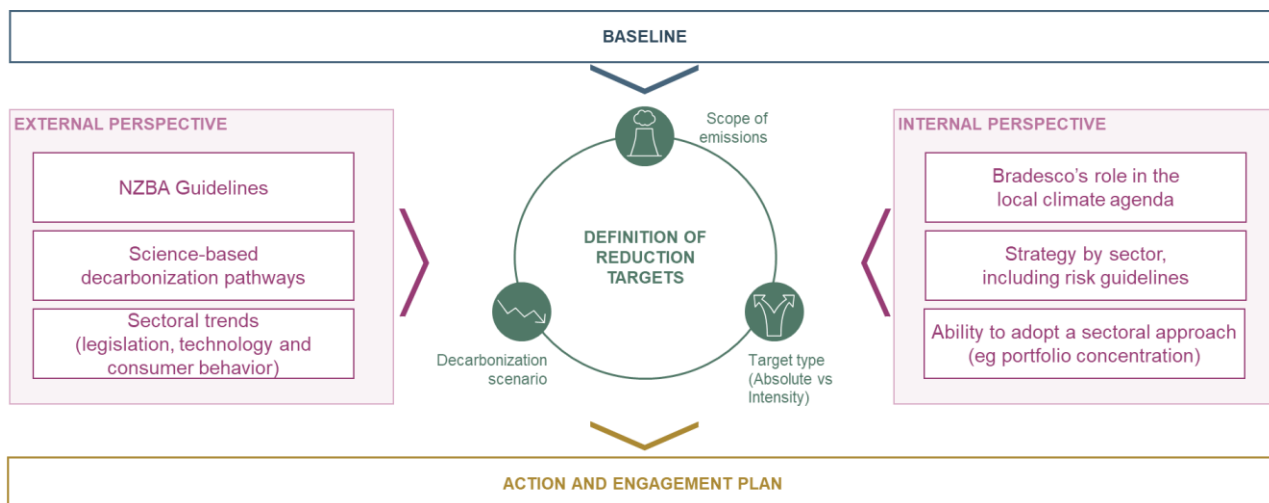
For the agriculture sector (including agriculture and livestock), we are committed to supporting our customers in analyzing and obtaining data for reporting greenhouse gas emissions from their activities and we reinforce our stance on eradicating illegal deforestation.

Within the scope of the selected sectors: i) Coal, with an absolute reduction target by 2030, given that alternatives already exist for electricity generation that are much less emissive, mainly with the availability of renewable energies in our country. ii) For the power generation sector, we have set targets to reduce the intensity of emissions, in order to finance technologies and solutions to achieve the low-carbon energy transition. After 12 months of disclosing targets, we must release a transition plan demonstrating the required actions.

For this, we consider the relevance of emissions (materiality) in our portfolio, the macroeconomic context in Brazil and in the world, the existing technological possibilities for replacing or decarbonizing production and consumption of products, in addition to the impact of decarbonization of these industries on the overall economy.

### Our approach to sector target setting

We have taken a robust approach going forward on our portfolio's decarbonization journey.



As a signatory to the NZBA and a member of GFANZ, our targets were science-based and followed the guidelines provided by the commitment.

### External perspective

The main driver of the process are the NZBA guidelines listed in the UNEP FI Guidelines for Climate Target Setting for Banks. In line with the requirements, our purpose is to identify science-based decarbonization curves to align our portfolio with the Net Zero trajectory. The decarbonization scenarios used are forecasts made by renowned scientific entities, such as the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), which make use of various assumptions on population, economics, regulation and technological development to determine the reduction needs for carbon emissions by 2050, for a given temperature increase by 2100.

When available, specific trajectories are used for Brazil, since the country has a different emissions structure from the global average. For example, the less intense electrical matrix in terms of emissions accounts for energy mostly generated from renewable sources, which make up 83% of the matrix compared to 29% on the global average, in 2021<sup>34</sup>.

The agriculture sector (including agriculture and livestock) is very particular because it is a productive, representative and important industry for the Brazilian economy and decarbonization, in which we want to invest. The implementation of low-carbon agriculture, for example, is an opportunity that can place us at the worldwide forefront of the decarbonization and bring even more income to the sector, with productivity gains and potential generation of carbon credits. Emission reduction targets are not presented in this first round for two main reasons: (i) the methodologies for calculating emissions, removals and setting targets are still very recent - for instance, the SBTi recommendations, a reference in setting science-based targets, were launched for the industry only in September 2022 and there was not enough time for our customers to implement them and report results, which will serve as basis<sup>5</sup> and; (ii) the

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<sup>3</sup> Source: Statistical Review of World Energy 2022 - BP

<sup>4</sup> Source: Ten-Year Energy Expansion Plan 2031 - EPE

<sup>5</sup> Source: SBTi FLAG Guidelines 2022

sector is quite diverse in terms of crops and agricultural products, which complicates data consolidation on production, GHG emission and removal.

This is why we chose to work with this industry in rounds. Our first focus will be on customer engagement, providing support in analyzing and obtaining emission and removal data to refine the sector baseline and identify reduction opportunities. We will also continue to support our customers in combating illegal deforestation in their production chains. Some efforts were identified as being made by the industry and we want to support our customers in the investments and actions required to adopt control technologies and meet their commitments to combat deforestation.

It should be highlighted that these decarbonization paths and the emission measurement methodologies are constantly evolving. For this reason, we understand that our targets must be frequently updated, so that they remain in line with the state of the art of recent climate science, always in attention to the economic context and Brazilian social and environmental challenges.

It should be noted that our targets considered the most relevant emission scopes for each sector. We designed the first round focused on our responsibility to allocate resources for financing the transition and assisting in the adaptation and mitigation of the consequences of global warming.

We acknowledge that major efforts are required from the Bank, resulting in the review of policies, strategies and approaches. Structural changes will be needed for monitoring our customers' progress, supporting them with their needs and ensuring resources are actually being allocated towards decarbonization. It is a great challenge that we intend to overcome together with our customers.

### **Internal perspective**

After this analysis, the coal and electricity generation sector were selected for establishment of reduction targets. We are also committed to supporting our agribusiness customers in analyzing and obtaining data for reporting greenhouse gas emissions from their activities and we reinforce our stance on eradicating illegal deforestation.

## Baseline

In order to identify the most carbon intensive sectors in our portfolio, we calculate our financed emissions and, for that, we rely on the Partnership for Carbon Accounting Financials (PCAF) methodology, the global standard in accounting for financed emissions.

*Learn more about our [financed emissions in this Report](#), under the financed emissions section.*

In order to establish decarbonization targets, the metric to be used for calculating the baseline (starting point) must be defined, which can be of physical or financial intensity, such as CO<sub>2</sub>e/kg of product and CO<sub>2</sub>e/R\$, respectively, or in absolute value (CO<sub>2</sub>e). While the baseline of absolute emissions targets is calculated using the PCAF methodology, the physical intensity is calculated using other methodologies not yet standardized.

As recommended by the NZBA, our targets were science-based. Thus, the main premise adopted is the analysis of sectoral decarbonization scenarios from recognized sources, which forecast emission reductions limiting the global temperature increase limit of 1.5°C by 2100, with little to no overshoot of this limit, prioritizing specific scenarios for Brazil, whenever available.

The reduction target in the power generation sector was calculated based on proprietary methodology. To define our targets we considered science-based decarbonization curves recommended by the NZBA (IPCC or IEA with low or no overshoot) and customer reduction targets, in order to ensure a vision that is compatible with the Bradesco portfolio.

In order to understand the challenges and implications of each of the possible scenarios to be adopted, the sectors were analyzed from three main perspectives: (1) evolution of legislation and regulation to encourage climate transition; (2) availability of technologies for decarbonization, as well as expected investments and implementation period; (3) consumer behavior trend towards the adoption of green alternatives, driving the growth or reduction of each sector in the coming years.

Added to these factors, our targets reflect the position sought by Bradesco in Brazil's climate agenda, being a catalyst for local change, recognizing and acting on the specific challenges for the country's decarbonization, generating a structural and permanent transition.



### Methodology for Emission Intensity

The intensity was calculated based on physical emissions intensity by production unit for the Power Generation sector, as detailed below:

Sector	Emission intensity metric
Power Generation	tonCO2e/MWh (ton of CO2 equivalent per Mega Watt hour produced)

After collecting the reported data, we calculated the sector's average emission intensity for 2021 and extrapolated it to the rest of the portfolio in a weighted manner. A few steps were followed to achieve this result:

Firstly, the EVIC (Enterprise Value Including Cash) of each of our customers is obtained and then used to calculate the attribution factor according to the PCAF methodology, which is the company's outstanding amount in Bradesco's portfolio divided by its EVIC. This attribution factor enables us to assess which share of the company's emissions should be assigned to the bank's financed emissions.

Next, we multiplied the attribution factor by the company's total production, which yields the financed production by Bradesco in each of the companies in its portfolio (financed production, in the formula description).

Finally, the average emission intensities was calculated, resulting in the sectoral intensity. This was done by weighing the emission intensities of each company, by the production financed by Bradesco.

The summary of what is described above is in the following equation:

$$\text{Sector intensity} = \sum \% \text{ financed production of the company in the portfolio} \times \text{company emission intensity},$$
 Where  $\text{Financed Production} = \text{Company attribution factor} \times \text{Total company production}$   
 And  $\text{Company Attribution Factor} = \text{Company Debt Balance} / \text{EVIC}$

## Considerations and lessons learned

The process of defining our targets was supported by Bain & Company consultancy in a pioneering move in Brazil, as we were the first bank to carry out this exercise to promote decarbonization in line with the Net Zero commitment. In this process, significant lessons were learned and taken into account in each of the commitments we signed.

Firstly, an extensive study and understanding of the reports of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) was required to understand the different decarbonization curves, the possible scenarios and the interrelationship between the sectors. Therefore, we understand that even in the most robust and science-based decarbonization routes, each country and each industry have different roles.

We understand that Brazil's decarbonization expectations, as a developing country with a particularly cleaner energy grid, are different from the rest of the world. For developing countries, decarbonization targets are seen as an additional challenge, given the expectation of economic growth with increased energy demand. To provide for this growth, efficient management is required so that the transition does not place even greater pressure on the population's living costs.

In addition, each economy sector has a specific decarbonization trajectory, which consider the sector's market structure and have a set of premises for growth and technological development required to achieve the expected emission reduction. The chosen targets and proposed initiatives must, therefore, take these premises into account.

Finally, it should be recognized that climate science is in constant evolution. Thus, detailed monitoring of technological, infrastructural, and regulatory evolution as well as consumer behavior is extremely necessary, always taking the country's context into account.

## Risk management

Following the guidelines established by the National Monetary Council (CMN), we maintain a structure focused on managing and monitoring social, environmental and climate risk, comprising committees, policies, standards and procedures. The goal is to ensure that these risks are properly identified, measured, monitored, mitigated and reported.

*More information on our social and environmental and climate risk management practices can be found in our [2022 Integrated Report, p. 61](#).*

### Climate risks

Climate risk represents the possibility of financial loss for the Organization due to the potential impacts resulting from climate change.

These changes may derive from physical impacts caused by weather events such as floods, storms, frost, landslides, water crises, temperature increase, among others. The set of changes that have these consequences are called physical risks.

In response to physical events, regulatory or social changes already take place and tend to intensify and produce responses to avoid aggravation of climate change. Changes in market logic, regulations and technologies are expected in order to accelerate this transition and mitigate the physical effects, in addition to an increasing level of accountability of organizations for their role and performance in the agenda. The risks associated with this process are known as transition risks. Climate risk, when associated with financial institutions, is mostly indirect and comes from business relationships with customers and suppliers.

**Classification of physical risks according to the TCFD**  
 Acute Risks  
 Chronic Risks

**Classification of transition risks according to the TCFD**  
 Political and legal risks  
 Technological Risks  
 Market Risks  
 Reputational Risks

The topic has been increasingly discussed and incorporated into new prudential regulations of the financial system, in Brazil and worldwide, given that factors such as climate risk are recognized as threats to financial stability. The years of 2021 and 2022 brought key milestones in this agenda by the Central Bank of Brazil (BACEN), which improved the rules for risk management, social, environmental and climate aspects and responsibilities (SAC).

The rules for managing these risks focused on dealing with the possibility of losses and the need to integrate SAC risks with credit, market, liquidity and operational risks, the Risk Appetite Statement (RAS), business continuity management and the stress-testing program. Rules were also determined for Central Bank reporting and transparency for publications on the subject, in line with TCFD recommendations.

Resolutions	Description
CMN Resolution No. 4943	Provides for the risk management structure, the capital management structure and the information disclosure policy.
CMN Resolution No. 4944	Changes the simplified optional methodology for calculating the minimum requirement for Simplified Reference Equity (PRS5).
CMN Resolution No. 4945	Provides for the Social, Environmental and Climate Responsibility Policy (PRSAC) and the actions aimed at its effectiveness.
BCB Resolution No. 139	Provides for the dissemination of the Social, Environmental and Climate Risks and Opportunities Report (GRSAC Report).

## Measuring the risk of climate change

Since 2019, we have participated in industry initiatives focused on developing climate risk management methodologies and tools for the banking industry, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Internationally, we participate in pilot projects coordinated by the financial arm of the United Nations Environment Program (UNEP-FI), together with banks from different countries.

In the first project, we supported the development of a tool to calculate the impact of 400 quantitative transition factors (carbon emissions and capture, demographics, economic growth, energy, investment, government policies) based on sectors, subsectors and areas of operation of customers in the portfolios.

For physical factors, we considered the geographic elements (location of the customers' production assets) and the respective estimates of the increase in the frequency and severity of extreme weather events, in addition to the impact of global warming on productivity and, respectively, on customers' revenues.



*Methodologies for physical and transition risks developed in the first project were published by [UNEP-FI](#).*

In 2020, during the second phase of the UNEP FI program, we conducted portfolio exposure analyzes of different sectors to climate impacts. In the real estate credit sector, we evaluated the impacts of floods (physical risk) within a scenario of a 4°C increase in temperature (RCP 8.5 model) in 2040, which resulted in a downward trend of up to 4.5% in financed assets value. For the transition risk analysis, the REMIND MAgPIE model (1.5°C) was used to assess the impacts on the transport sector.

The UNEP-FI published some of the results obtained in *white papers* dedicated to disseminating studies, practices and management methods created by the members of the Working Group.

<i>White Paper</i>	Bradesco Case
<i><u>Charting a new climate</u></i>	Physical Risk - Real Estate Sector pp. 54–55
<i><u>Decarbonisation and disruption</u></i>	Transition Risk - Transportation Sector pp. 32–35

In 2022, the UNEP FI climate risk program has developed several thematic subgroups. Our presence in an international network, and with specialists from UNEP FI's own technical team, enables Bradesco's team to always be up-to-date on the main developments on the different impact fronts of climate change on the financial sector.

The Climate Litigation Group has been presenting a relevant international agenda in identifying growing risks arising from the participation of civil society, which is actively seeking to ensure compliance with public commitments announced by large corporations and governments.

The Physical Risks Tool Group has enabled broad knowledge of techniques and players that have been developing some of the most advanced methodologies in quantifying the still quite undersized impacts of climate events.

The Transition Scenario Group has been showing key trends in impact assessment models across different time horizons, as well as featuring some of the more advanced service providers and solutions on the agenda. Sessions were held with representatives of the most relevant scenario providers such as IPCC, NGFS, IEA and OECM.

The stress-testing group, on the other hand, enables connection with the network of regulators that are most active in climate change and discusses the main challenges of applying the tests, data availability and methodological trends.

Bearing in mind the international composition of the network and the strong presence of institutions regulated by central banks that are more advanced than the Brazilian and American ones in their implementations, it is possible to anticipate some of the movements carried out by these agents, in addition to providing a more solid point of reference to meet the regulatory demands to which Bradesco is exposed.

Within the national scope, we take part in industry initiatives focused on the development of methodologies and tools for these risks.

We are part of the working group on Climate Risks of the Brazilian Federation of Banks (Febraban) and we are part of the Climate squad, a forum that in 2022 worked on aspects related to the identification of climate risks and supported the monitoring of the implementation of the TCFD disclosure recommendations by the banking sector.

*Discover the studies and methodologies developed under the coordination of FEBRABAN at: <https://portal.febraban.org.br/pagina/3085/43/pt-br/estudos-sustentabilidade-2019>.*

In line with regulatory demands, in compliance with TCFD recommendations and with the purpose of constant improvement of our climate risk management, we started the Integration Project of the climate risk agenda in 2021, expanding it in 2022, through the evolution of the identification of relevant risks for the Organization and the development of a methodology for assessing their impacts.

As part of the scope, we subject the main sectors of the Brazilian economy in our credit portfolio to an assessment of the respective degree of exposure to physical (acute and chronic) and transitional (regulatory, market, technological and reputational) risks in different time horizons. From the classification according to the degree of risk exposure, sectors were selected for further assessment of potential impacts, using integrated models made available by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS). We then submit these sectors to quantitative scenario analyzes in the period between years 2025 and 2050.



The applied scenarios reflect different possibilities that are the result of the behavior of variables linked to climate changes that may affect the businesses of the companies with which Bradesco operates. Three scenarios were used: (i) Net Zero and (ii) Divergent Net Zero, both in line with the 1.5 °C scenario and which foresee zero net emissions by 2050, differing in terms of the orderly or disorderly action routes and policies to reach the goal of restricting temperature rises and, from a more pessimistic perspective, the scenario (iii) Current Policies is adopted, in which only currently implemented policies are maintained, resulting in high physical risks, in line with a temperature increase over 2°C.

With the scenarios used, it was possible to raise awareness of the financial statements of companies in our portfolio to simulate possible impacts on variables such as credit ratings.

### **Climate Risk Management**

In line with regulatory requirements, in 2022 we made adjustments to our climate risk management process.

#### **Social, Environmental and Climate Risks and Responsibility**

In 2022, we implemented a project to adapt our risk management structure to the Resolution No. 4.943/21 of the National Monetary Council (CMN), Resolution No. 139 and No. 151, of the Central Bank of Brazil (BCB), and Normative Instruction No. 153 and No. 222.

This project is in line with our Social, Environmental and Climate Responsibility Policy (PRSAC), and includes the incorporation of Climate Risk into the social and environmental risk management structure; the creation of a management dedicated exclusively to the theme; the structuring of the bases and processes for disclosing the Social, Environmental and Climate Risks and Opportunities Report (GRSAC); the sending of a remittance with information regarding social, environmental and climate risks (DRSAC) and the integration of these risks with the other managed risks.

Within the scope of the stress test program, we increased the number of sectors of our credit portfolio analyzed in terms of their sensitivity to climate risks. We also incorporated physical risks into the quantitative metrics of the credit model and a stress scenario

considering social, environmental and climatic events. These risks were also incorporated into the market and liquidity risk analysis processes.

The performed actions strengthen our commitment towards the adoption of the best social, environmental and climate risk management practices.

For sectors with relevant exposure to climate risks, all credit operations carried out with entities are monitored on a monthly basis regarding their degrees of risk exposure arising from climate changes. Through this process, it is possible to monitor the evolution of business concentration in the sectors, enabling a strategy alignment to the chosen level of risk appetite.

With regards to instrument adjustments for climate risk management, it is worth highlighting the review of the credit rating override standard, a mechanism that provides for changing the score assigned to a customer based on their exposure to applicable social, environmental or climate risks, creating the bases for deepening the integration of these factors into already established risk management processes.

A prospective climate, environmental and social stress exercise was also performed. The exercise consisted in the building of narratives on global climate issues whose impacts will occur on macroeconomic variables such as exchange rate, interest rate and GDP. The resulting effects from the constructed scenario, as well as respective impacted variables, were used by all product planning areas to estimate potential impacts on their demands and future results. This exercise enabled the integration of a vision about planning and assessing the impacts of climate change to the Organization's different risk management processes.

In addition, we are signatories of the Equator Principles and we work to ensure that the projects (new or expansions) we finance and advise are implemented in a socially responsible manner and reflecting the best practices in environmental, social and climate management set out in the Performance Standards of the International Finance Corporation (IFC) and the Health, Safety and Environment Guidelines of the World Bank.

It should be noted that, within our regulatory framework related to social and environmental and climate risks, we have restrictive guidelines for granting credit for activities related to coal-fired thermoelectric plants.

*Learn more in our 2022 Integrated Report, p. 61 and in our extract from the social and environmental risk standard, available at \*2020\_Bradesco\_RiscoSocioambiental\_Norma.pdf (banco.bradesco)*

### **Extreme events and corporate structures**

Our Business Continuity Management (GCN) program supports the Organization's departments in planning the incident response that may cause interruption of our activities, preventing potential impacts - including those of climate origin.

### **Metrics and targets**

In line with the strategic guidelines of Bradesco's climate agenda, we establish and monitor metrics mainly related to greenhouse gas emissions. Our goal is to cover both the emissions arising from our operational activities (scopes 1, 2 and 3), followed and monitored through the Emissions Inventory and the Eco-Efficiency Master Plan, and the financed emissions related to the activities of our customers in the most diverse sectors of the economy (scope 3, category 15, Investments).

In 2022, following the requirements established by the Net-Zero Banking Alliance commitment, our first round of decarbonization targets for the coal and power generation sectors were publicly disclosed.

### Compensation and recognition linked to the topic of climate change

Social, environmental and governance aspects, including those related to the climate agenda, are included in the remuneration and recognition processes as follows:

<p style="text-align: center;"><b>Executive Board</b></p> <p>Part of our executives' variable compensation is influenced by their performance in market indexes, specifically in the social and environmental dimensions, which also include climate change.</p> <p style="text-align: center;"><a href="#">Learn more in our Reference Form</a></p>	<p style="text-align: center;"><b>Corporate Objectives Program</b></p> <p>In 2022, ESG criteria, including sustainable businesses and climate change, were included in the Corporate objectives program score as a financial incentive.</p> <p style="text-align: center;"><i>*The Objectives Program (POBJ) is the balanced score card, prepared based on the Organization's strategic guidelines and objectives, in order to encourage and monitor performance.</i></p>	<p style="text-align: center;"><b>Ei, Você Faz a Diferença ("Hey, You Do Make a Difference") Program</b></p> <p>The purpose of the program is to promote improvements in the organization, encouraging employees to submit proposals focused on Efficiency and Innovation. All proposals are analyzed and evaluated by an expert panel for awards.</p> <p style="text-align: center;">In 2022 the Campaign was focused on ESG, including Climate Change</p>
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### Financed Emissions

As a financial institution, we know that our main climate impact comes from the solutions offered to customers. That is why we have measured our financed emissions from our corporate loans since 2019.

In 2020, we were the first Brazilian bank to join the Partnership for Carbon Accounting Financials (PCAF) which methodology has guided us since then in calculating and reporting the emissions of all credit operations for entities with sectoral classification in our database.

To calculate the credit and investment portfolios for 2021, data on emissions reported by customers and investee for the same year were used. In the first analysis of the 2022 credit and investment portfolios, given the lack of emissions data reported by customers and investees during the accounting period, we used the published values for 2021, as suggested in the PCAF standard. Later, in the recalculation, we will replace these values with those of 2022 when available.

## Corporate Loan Emissions

In order to improve our measurement every year, we invest in tools and work in partnership with market specialists to refine our estimates.

Corporate Loan Emissions – Total <sup>6</sup>		
	Dec/2021	Dec/2022
Value of the assessed portfolio <sup>7</sup> (R\$ billion)	410.0	432.4
Financed Emissions - Scopes 1 and 2 (million tCO <sub>2</sub> e)	13.6	13.8
Coverage of the Corporate credit portfolio (%) <sup>8</sup>	99.9	99.9

Our efforts seek to improve data quality, expand coverage and generate indicators for portfolio monitoring. Every year, our reports include not only the calculation results for new portfolios, but also recalculations of previous portfolios using improved databases.

In this report, we disclose the calculation made on the expanded corporate loan portfolio for 2022 and the recalculation of the portfolio for 2021, both using the business loans methodology of the PCAF standard.

Absolute emissions from the 2021 portfolio recalculation amounted to 13.6 MtCO<sub>2</sub>e. Compared to last year's analysis of the same portfolio, the quality score increased from 5 to 3.5.

<sup>6</sup> For compliance with the Dow Jones Sustainability Index, the results of absolute emissions from a study carried out on the 2019 loan portfolio and published in financial intensity in the 2019 Integrated Report are presented herein. The study considered agricultural, real estate and vehicle financing for individuals and companies, covering a total of 90% of these portfolios. At the time, we used our own methodology, which considered the use period of financed assets (accumulated), since there was no methodology for the calculation. As a result (estimated) we obtained 17.7 MtCO<sub>2</sub>e for a balance of R\$ 29.87 billion. It should be noted that the currently used methodology, PCAF, was launched at the end of 2020.

For financed emissions in 2020, with recalculation published in the 2021 Integrated Report, we used the PCAF methodology covering the entire expanded corporate portfolio with sectoral classification and we obtained as a result the value of 8.4 MtCO<sub>2</sub>e for a total outstanding amount of R\$ 331.1 billion.

Additionally, we calculated the financial emission intensity as the ratio between financed emissions and the outstanding amount of our credit portfolio. As a result, our financial intensity resulted in 0.592 MtCO<sub>2</sub>e/BRL billion and 0.025 MtCO<sub>2</sub>e/BRL billion in 2019 and 2020, respectively.

<sup>7</sup> From the total balance of the 2020, 2021 and 2022 portfolios, the amounts referring to sureties and guarantees were deducted since they are not related to the financing of customers' production processes.

<sup>8</sup> Considering the balance with the amounts of sureties and guarantees discounted

For the oil and gas and mining sectors, we calculate scope 3<sup>9</sup> using customer data where available and the PCAF *data base* for the remainder, which resulted in 3.9 MtCO<sub>2</sub>e and 3.3 MtCO<sub>2</sub>e for oil and gas and 0.45 MtCO<sub>2</sub>e and 0.53 MtCO<sub>2</sub>e for mining in 2021 and 2022, respectively.

Since joining the NZBA, efforts were applied into monitoring the sectors with focus on the commitment and material in our portfolios. For this reason, we seek to disclose in this report the results of financed issues for these sectors<sup>10</sup>

Corporate Loan Emissions - Sectorial <sup>11</sup>								
Sector/Year	Total balance covered (R\$ billion)		Scopes 1 and 2 emissions (MtCO <sub>2</sub> e)		Emissions intensity (MtCO <sub>2</sub> e/R\$)		Average analysis quality score	
	2021	2022	2021	2022	2021	2022	2021	2022
Agriculture	11.10	11.86	2.39	2.44	0.22	0.21	4.75	4.83
Aluminum	3.03	3.41	0.45	0.53	0.15	0.16	2.70	2.78
Coal	0.01	0.04	0.01	0.02	0.63	0.43	5.00	5.00
Cement	1.96	2.15	1.95	2.17	1.00	1.01	1.50	1.67
Real estate <sup>12</sup>	23.27	25.12	0.04	0.05	0.00	0.00	4.49	4.56
Iron and Steel	6.41	4.63	1.20	0.90	0.19	0.19	2.13	2.11
Power generation	8.59	7.50	0.35	0.32	0.04	0.04	3.25	2.95
Oil and Gas	6.59	7.63	1.22	1.43	0.19	0.19	1.82	1.90
Transportation <sup>13</sup>	32.30	32.22	0.85	0.75	0.03	0.02	3.47	3.54

<sup>9</sup>By the end of 2022, the PCAF database only provided emission data for the upstream portion of scope 3 of the sectors, therefore resulting in underestimated values.

<sup>10</sup> The sectorial cut will evolve according to the definition of targets in the Net Zero commitment.

<sup>11</sup> Additionally, we calculated the financial emission intensity as the ratio between absolute financed emissions and the outstanding amount of our credit portfolio, covering all corporate credit operations with sectoral classification in our database. As a result, our financial intensity resulted in 0.033 MtCO<sub>2</sub>e/BRL billion and 0.032 MtCO<sub>2</sub>e/BRL billion in 2021 and 2022, respectively.

<sup>12</sup> Includes property construction and use.

<sup>13</sup> Includes vehicle and auto parts manufacturing.

Mining	4.27	4.73	0.69	0.85	0.16	0.18	2.65	2.93
Others	312.44	333.15	4.43	4.37	-	-	-	-

In Bradesco's 2021 integrated report, financed emissions were calculated by sector, resulting in a total of 7.3 MtCO<sub>2</sub>e. The coverage of the Corporate loan portfolio corresponded to 92.1% of the total balance, equivalent to R\$ 370.7 billion. In this year's recalculation, coverage of the Corporate loan portfolio reached 99.9% of the total balance, corresponding to R\$410.0 billion, and financed emissions amounted to 13.6 MtCO<sub>2</sub>e.

Some factors are responsible for the increase in total financed emissions, we present the respective estimates below. First, the use of emission factors that now consider inflation between the year of the sectoral database and the year of calculation contributes to an increase of 0.6 MtCO<sub>2</sub>e. The increase in portfolio coverage causes an increase in financed issuance calculated at 1.4 MtCO<sub>2</sub>e.

Financial information and carbon inventories published by portfolio companies began to be considered to improve the quality of the calculation of financed emissions. This process usually results in an increase in calculated emissions, as the emission factors used tend to underestimate sectoral emissions for the Brazilian economy. The improvement in the calculation quality resulted in an increase of 3.9 MtCO<sub>2</sub>e and reached the final score of 3.5. Additionally, sector reallocations in previously not ideally classified companies caused an increase of 0.4 MtCO<sub>2</sub>e.

The recalculated financial emission, although larger, more accurately reflects the scope 1 and 2 issuances attributed to Bradesco for the Corporate loan portfolio.



**Invested Emissions**

With regard to investments managed by Bradesco Asset Management, we also measured invested emissions for the years 2021 and 2022, for both fixed and variable income portfolios.

For the calculation of the invested portfolio, we used the unlisted equity asset class of the PCAF methodology.

For the oil and gas and mining sectors, we calculated scope 3 using data reported by companies, when available, and the PCAF database for the remainder, which resulted in 3.2 MtCO<sub>2</sub>e and 130.8 ktCO<sub>2</sub>e (2021) and 2.4 MtCO<sub>2</sub>e and 90.0 ktCO<sub>2</sub>e (2022), respectively<sup>14</sup>.

<b>Emissions - Bradesco Asset Investments - Total</b>		
	<b>Dec/2021</b>	<b>Dec/2022</b>
Value of assessed portfolio (R\$ billion)	92.8	126.5
Financed Emissions – Scopes 1 and 2 (millions of tCO <sub>2</sub> e)	1.16	1.12
Coverage of fixed and variable income portfolios (%)	100	100

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<sup>14</sup> By the end of 2022, the PCAF database only provided emission data for the upstream portion of scope 3 of the sectors, therefore resulting in underestimated values.

Emissions - Bradesco Asset Investments - Sectoral								
Sector/Year	Total balance covered (R\$ billion)		Scopes 1 and 2 emissions (tCO2e)		Emissions Intensity (tCO2e/R\$)		Average Quality Analysis Score	
	2021	2022	2021	2022	2021	2022	2021	2022
Agriculture	0.16	0.16	0.02	0.02	0.10	0.10	1.5	1.5
Aluminum	0.15	0.11	0.02	0.02	0.16	0.16	1.0	1.0
Iron and Steel	0.60	0.35	0.12	0.07	0.20	0.20	2.9	2.9
Power generation	10.43	14.11	0.45	0.56	0.04	0.04	2.2	2.7
Real estate	1.24	1.11	0.00	0.00	0.00	0.00	3.3	3.2
Oil and Gas	5.44	3.41	0.33	0.21	0.06	0.06	2.2	2.4
Transportation	2.38	4.31	0.03	0.06	0.01	0.01	1.9	2.3
Mining	2.63	1.82	0.05	0.04	0.02	0.02	2.7	2.4
Others <sup>15</sup>	69.84	101.2	0.13	0.15	-	-	-	-

### Net Zero Targets

Following the requirements established by the commitment, in early 2023 we published our first round of sectoral decarbonization targets. At the time, we established targets for the coal and power generation industries.

<sup>15</sup> There was no exposure from Bradesco Asset in 2021 and 2022 in the coal and cement sectors

### Sectorial Objective - Coal

Mineral coal is a fossil fuel with a high intensity of greenhouse gas emissions<sup>16</sup>. Globally, this fuel was responsible for over 40% of total CO2 emissions and in 2021<sup>17</sup>.

In line with the decarbonization curves proposed by the main references on the subject, such as the IEA, coal consumption must be drastically reduced by 2030 to reach net zero emissions. In this way, recommendations from references such as NZBA and SBTi<sup>18</sup> are that there will be a gradual divestment in the mineral coal sector.

In Brazil, the relevance of mineral coal use is smaller, representing 6% in the energy grid compared to 24% of the global grid<sup>19</sup>. The country already has cleaner alternatives: the energy grid in the world is composed of approximately 16% of renewable energy, while Brazil has 48%<sup>20</sup>, with high growth potential in the coming years. Given these elements, we believe that the gradual phase out of this sector by 2030 is feasible and will not impact the country's economy and energy security.

In line with the organization's social and environmental risk standard and the best international practices, Bradesco proposed a gradual divestment agenda in coal extraction companies and coking plants, also considering companies with over 5% of their revenue from coal mining or electricity generation activities via coal-fired power plants<sup>21</sup>, as shown below:

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<sup>16</sup> Source: Global Energy Review 2021 - IEA

<sup>17</sup> Source: Global Energy Review 2021 - IEA

<sup>18</sup> Source: Science Based Targets Initiative

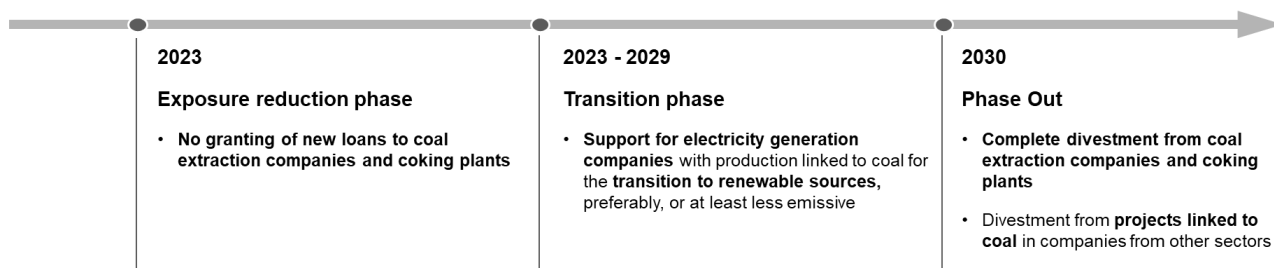
<sup>19</sup> Source: BP Statistical Review of World Energy (2022)

<sup>20</sup> Source: World Energy Outlook 2021 - IEA

<sup>21</sup> NZBA recommendation



**Coal gradual phase out**



**What is the scope of our objective?**

We acknowledge that for the transition and decarbonization of the Mineral Coal sector, it is necessary to act beyond the extractive industry, also including electricity generation companies that use coal as an input in their production. Therefore, our commitment includes:

- Mineral coal extraction companies and coke ovens
- Companies with over 5% of their revenue from electricity generation activities via coal-fired power plants
- Companies with over 5% of their revenue from coal mining activities

Our efforts will be directed towards supporting these companies, which will require relevant investments to implement operational improvements that promote a gradual and fair transition to more sustainable business models.

In order to achieve this goal, investments in initiatives to ensure a sustainable transition of coal-dependent companies are essential and we intend to support our customers in this journey.

We recognize that our role as a financial institution is to encourage the gradual replacement of coal as an energy source in Brazil. We wish to do it in a sustainable, social and economic manner, promoting renewable energy projects in parallel with divestment in the sector.

**Sectoral Objective - Power Generation**

The supply of clean, stable and safe electricity is key for our country's economic growth. At the same time, electrification is considered one of the great global solutions for decarbonization,

as it is presented as an alternative to fossil fuels. This trend could be observed materializing in Brazil in the last decade, when the demand for electricity grew by 10%, mainly due to electrification of processes that were previously performed using fossil fuels, mainly in residences.

The demand for electricity in the country is expected to further increasing the coming years, considering growth expectations. According to the Brazilian Energy Research Company (EPE), the estimated growth in electricity consumption is of 40% by 2030<sup>22</sup>. This is especially relevant for the climate agenda, as the country is well positioned to provide clean energy at competitive costs.

From the start, the renewable sources percentage share in the Brazilian electricity grid is already much higher than the rest of the world. According to the BP review of World Energy<sup>23</sup>, the global electricity matrix has around 29% share of renewable energies, in contrast to 83% in Brazil. Consequently, electricity generation in the country shows an intensity of emissions considerably lower than the world average (0.08tCO<sub>2</sub>e/MWh) on average, against (0.46tCO<sub>2</sub>e/MWh in the world).

In addition, the prospects for expanding the renewable matrix are positive, either because most of the major players in electricity generation are already committed to the decarbonization agenda<sup>24</sup>, either because the economic viability is high for generating solar and/or wind energy in Brazil. According to the EPE study<sup>25</sup>, the leveled costs of energy (LCOE) from wind generation (~100-150 R\$/MWh) and solar generation (~125-175 R\$/MWh) are already lower than the LCOE of combined gas thermal generation, which it is the cheapest among fossil methods (~200-400

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<sup>22</sup> Source: Ten-Year Energy Expansion Plan 2031 – EPE

<sup>23</sup> Source: Statistical Review of World Energy 2022 - BP

<sup>24</sup> Source: World Energy Outlook 2021 - IEA

<sup>25</sup> Source: 2021 Generation Price Booklet – EPE

R\$/MWh). Both IEA and IRENA point out that the cost of generating renewables in Brazil is lower than the global average<sup>26</sup>.

Despite the various positive points, it is worth mentioning that the generation by hydroelectric plants, which are currently Brazil's main energy source, may face challenges in the coming years due to climate changes that may affect the country's hydraulic potential.<sup>27</sup>

In order to meet the eventual lower availability of hydroelectric plants, especially at peak hours, the country may have to rely on thermoelectric plants, which are significantly more polluting. This brings about the need to adapt energy systems to a world impacted by climate change.

Keeping this sectorial starting point in mind, our emission intensity reduction target was determined for the electricity generation sector:

 **Power Generation**

Reference Scenario	Emissions Scope	Target Type	Bradesco 2021 Baseline	Bradesco 2030 Target	% reduction vs 2021
<b>SSP1-1.9 (Brazil)</b>	Scopes 1 and 2	Intensity	56 kgCO2e/MWh	23 kgCO2e/MWh	59%

<sup>26</sup> Source: World Energy Outlook 2021 – IEA and Renewable Power Generation Costs in 2020 – IRENA

<sup>27</sup> Source: National Energy Plan 2050 (2021) - EPE

## Scenario Details

The target calculation was made considering the scenario SSP1-1.9 (IPCC CMIP6) scenario for Brazil. This is in line with the NZBA recommendations (no-overshoot), has a curve available for Brazil and is in line with the emission reduction commitments stipulated by our customers, which were also considered for calculating the targets.

## What is the scope of our target?

We are considering the country's electricity grid, which includes clean sources (hydroelectric, solar, wind and nuclear) and thermoelectric sources (gas, coal, petroleum products and biomass).

Companies that generate electricity are considered for the calculation of emissions, and customers whose exclusive activity is electricity transmission or distribution were not.

Considering the mostly positive starting point, the main bet for the decarbonization of the power generation sector is low-carbon generation sources, such as wind, solar and others. These technologies are already largely used in Brazil on a large scale and at competitive costs.

However, in addition to cost competitiveness, it is necessary to guarantee the safe and reliable supply of electricity, even at times of peak demand.

Therefore, the decarbonization of the sector involves two main levers that we will work together with our customers:

- ▶ On the one hand, encouraging renewable energy projects, mainly solar and wind, which are highly viable from an economic point of view in Brazil;
- ▶ On the other hand, investing in improvements in the country's transmission infrastructure and in storage technologies and electrical management to ensure grid stability with the least possible dependence on non-renewable energy sources.

It is worth mentioning that, in the 2050 National Energy Plan, the EPE already details recommendations for the regulation and development of CCUS, hydrogen, storage and distributed generation technologies in the long term. We understand that these technologies

will be key for us to decrease our dependency on fossil fuels and ensure the sector's path towards Net Zero.

Bradesco therefore intends to work together with its power generation customers towards the decarbonization of this sector, which has so much potential and is so relevant for the overall decarbonization of the economy.

### **Stance - Agriculture and Food**

The agricultural sector is extremely relevant for Brazil's sustainable development. The sector not only ensures food security for the Brazilian population, but is also one of our country's major exporters. An example of this are Embrapa's projections for the increase of agricultural product exports until 2027: corn exports should increase 37.8%; grain soy, 33.5%; and pork, 41.9%.

Brazilian agriculture has also been actively working on research and actions to control its greenhouse gas emissions. In this sector, there are already several technologies that allow a considerable reduction in emissions, such as direct planting, Crop-Pasture-Forest Integration (ILPF), recovery of degraded pastures and treatment of animal waste. All these technologies are encouraged by the ABC+ government plan, founded in 2010, and facilitated by Bradesco since 2014.

There are challenges that we will make efforts to overcome in the coming years, related to the difficulty in obtaining accurate information on our customers' GHG removals and emissions, given the plurality of the sector, which is made up of various activities and commodities, spread across different geographic areas.

In addition, it is worth noting that the methodologies for calculating targets are still very recent, with little time since the SBTi - recognized body for establishing science-based targets - launched its first official publication with recommendations for the sector, made in September 2022. The publication (SBTI FLAG Guidance<sup>28</sup>) recommends that the targets for the sector to be absolute or relative per commodity.

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<sup>28</sup>Source: SBTi FLAG Guidance - 2022



Due to all these challenges, in this first moment, our focus will be on supporting our customers in calculating their own emissions, so that we are soon able to determine an emission reduction target for this priority sector of the economy based on more concrete data.

### **Deforestation**

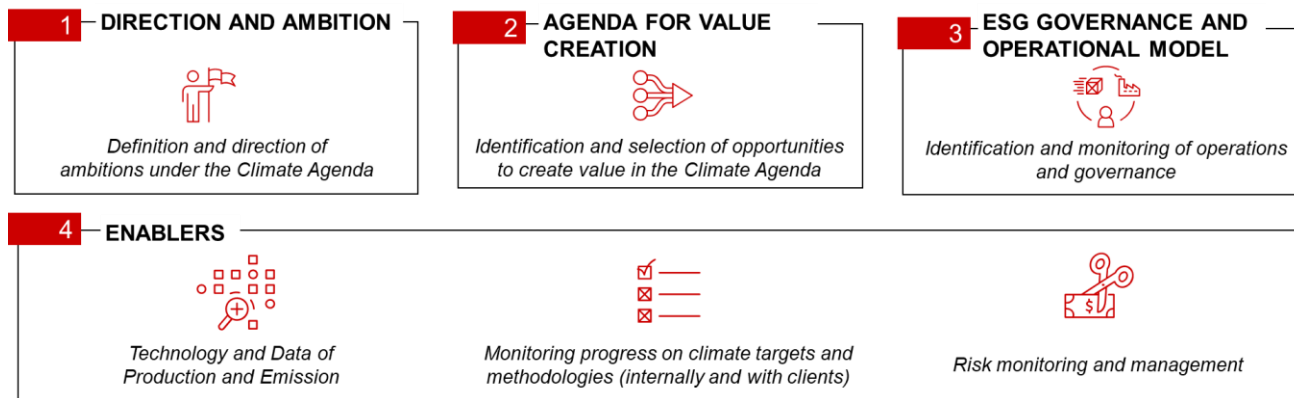
Social and environmental risks associated with financial institutions are mostly indirect and arise from business relationships, including those with the supply chain and customers, through financing and investment activities.

We are committed to fighting illegal deforestation with actions linked to our business practices, based on our normative framework and Social and Environmental Risk governance. We also operate through sectorial actions via Febraban and a partnership between Bradesco, Itaú and Santander banks, through the Amazon Plan, to promote sustainable development of the Amazon. We are committed not to finance illegal deforestation, directly or indirectly.

*Learn more about the Amazon Plan in our [2022 Integrated Report, p. 183](#).*

### Action and engagement plan

We understand that the journey towards Net Zero involves 4 major pillars:



We recognize that defining and disclosing our ambition (pillar 1) is just one more step on our journey to reach Net Zero by 2050. For this reason, we have defined an action plan so that we can work internally and with our customers to continuously improve our processes, towards our ambition.

Despite the inherent challenges, we believe that this is an agenda full of opportunities for value creation (pillar 2), mainly through financing and supporting sustainable business models and technologies. Therefore, we will work to identify and quantify the best opportunities for agenda development, with the purpose of building robust products and services that meet our customers' climate adaptation and transition needs. Possible action fronts for value creation:

- ▶ Data, insights and consulting: providing support to customers for measuring and monitoring emissions, in addition to facilitating access to technology (e.g. chain tracking);
- ▶ Reduction of emissions: finance projects and technologies to decarbonize our customers' operations;
- ▶ Sustainable chains: finance investment in emerging green technologies (e.g. green hydrogen);
- ▶ Access to green investments: originating, structuring and/or commercializing green assets and facilitating the carbon market;
- ▶ Resilience and climate adaptation: financing projects for customers in areas of physical risk.

The value creation agenda shall be conducted based on the robust governance that we defined for our decarbonization agenda (pillar 3). Today, there is already an area dedicated to climate change, and a Sustainability and Diversity Committee that aims to reconcile economic development and social and environmental responsibility.

In addition to the sustainability area, the Committee and the Commission, we are also increasingly seeking to include the climate agenda within our operating model, considering it as one of the inputs for decision-making in our business.

Finally, for us to be able to move towards our ambition and create value in the climate agenda, we need a robust set of enablers (pillar 4). This includes mechanisms for monitoring our customers' emissions, which allow measuring the progress of those already committed and engaging others to also measure and determine their goals. Furthermore, we understand that this is an agenda that is in constant motion, involving methodological updates with the purpose of building structures to recurrently review applicable methodologies, keeping our targets within the state of the art of climate science.

Our objective is to act as a catalyst for the shift to a low-carbon economy in Brazil. We acknowledge that it is a complex agenda, which requires coordination and care from different parties, and we count on the support of our customers, other members of the financial system and the civil society to make constant advances in this agenda, in line with what we need to limit the planet warming.

### **Sustainable Businesses Target**

Since 2021, we have a specific target on sustainable businesses for allocation of R\$250 billion to sectors and assets with a positive social and environmental impact.

This target considers the granting of credit for activities classified as a positive contribution, financial products and services with social and environmental focus on individuals and companies, in addition to advising on the structuring of credit and debt solutions linked to ESG (environmental, social and governance) criteria.

In 2022, we reached 69% of the Sustainable Businesses Target. Overall, R\$ 172.7 billion have already been allocated to assets, sectors and activities with social and environmental benefits through corporate credit, capital market advice and sustainable financial solutions.

Learn more in our [2022 Integrated Report, Sustainable Business, p. 163](#).

### **Climate businesses**

One of our fronts of action focuses on offering products and services, in addition to advisory services, to support customers in the transition to a low-carbon economy that is more resilient to the potential climate change impacts. Our solutions serve individuals and companies and currently encourage financing for solar energy, structuring renewable energy projects and onlending from the Low Carbon Agriculture Program.

Learn more in our [2022 Integrated Report, p. 166](#).

### **Our Operations**

With more than 88,000 employees, distributed in over 2,800 branches, in addition to office buildings, Bradesco also seeks to turn its operations and facilities increasingly eco-efficient, contributing to the reduction of possible direct and indirect impacts.

The Organization has guidelines and targets related to the consumption of resources, guided by the Eco-Efficiency Master Plan. The plan guides practices for reducing the consumption of electricity, fuel, water, and others, in addition to waste generation and the greenhouse gas emissions.

We are ISO 14001 certified; and for branches, the Bradesco Environmental Management System (based on ISO 14001), an own normative standard audited by an independent body and developed based on the perception of the great benefits that a management system can bring.

The system was implemented in over 1,900 branches in 2021, and in 2022, all branches were included in the program.

By the end of this year, considering the number of employees, 98% of our facilities had implemented and certified the EMS - ISO 14001 in office buildings and the Bradesco Environmental Management System in the branch network. Our goal is to reach 100% certification of the organization by the end of 2023.

### **Operational Ecoefficiency Master Plan**

Effective this year, the most recent cycle of the Master Plan covers the period between 2022 and 2030, and has targets for reducing water, electricity and other consumption, in addition to also considering targets for reducing the emission of operational greenhouse gases aligned with the Science Based Targets Initiative (SBTi) methodology.

The main indicators monitored by the Ecoefficiency Master Plan can also be monitored through our Ecoefficiency Indicators, compiled and updated every year.

[Learn more at: Results and Publications | Bradesco Sustainability \(banco.bradesco\)](#)

### **Operational emissions**

Emissions from Bradesco's operations are mainly linked to the need to maintain cooling equipment at our facilities and activities related to transporting emergency personnel and our employees. We have attained carbon neutrality since 2019, including indirect emissions, and met 100% of our energy needs with renewable energy since 2020. We believe it is important to continuously work towards reducing our emissions. Targets are considered "science-based" if they are in line with what the latest climate science deems as necessary to meet the Paris Agreement targets – limiting global warming to under 2°C above pre-industrial levels and seeking efforts to limit warming to 1.5°C.

We annually monitor the evolution of our emissions in the different categories of scopes 1, 2 and 3 through the GHG inventory.

**Operational emissions (scopes 1, 2 and 3) of greenhouse gases in tCO<sub>2</sub>e**

<b>Scope 1</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Generation of electricity, heat or steam	765.97	438.33	336.45	546.75
Transport of materials, products, waste, employees and passengers	973.40	703.44	791.17	1,692.73
Fugitive emissions	8,594.39	12,493.09	13,069.84	11,986.58
<b>Scope 1 gross emissions</b>	<b>10,333.76</b>	<b>13,634.86</b>	<b>14,197.46</b>	<b>14,226.06</b>
<b>Scope 2</b>				
Energy Purchase - location based	38,641.73	28,031.86	49,637.32	16,222.74
Energy Purchase - market based	38,346.97	141.80	23.30	0
<b>Scope 3</b>				
Transport and distribution (outsourced fleet – upstream)	63,088.79	60,385.24	53,410.20	86,119.30
Waste generated in operations	5,234.02	4,126.51	3,721.83	4,923.40
Business trips	21,330.55	5,218.79	2,620.03	6,097.50
Home Office	NA	NA	1,795.75	430.17
Employee commuting (home-work)	99,504.60	59,412.19	40,718.87	53,487.50
<b>Scope 3 gross emissions</b>	<b>189,157.96</b>	<b>129,142.73</b>	<b>102,266.68</b>	<b>151,057.87</b>
<b>Total gross emissions (location-based)</b>	<b>238,133.45</b>	<b>170,809.45</b>	<b>166,101.46</b>	<b>181,506.63</b>
<b>Total gross emissions (market-based)</b>	<b>237,838.69</b>	<b>142,919.39</b>	<b>116,487.44</b>	<b>165,283.93</b>

In 2021-2022, we developed a new cycle of targets to reduce our greenhouse gas emissions related to our operations. We used the Science Based Targets Initiative (SBTi) methodology to develop the targets. The targets are considered “science-based” if they align with what the latest climate science deems necessary to meet the goals of the Paris Agreement – to limit global warming to well below the 2°C higher than pre-industrial levels and pursue efforts to limit warming to 1.5°C. Based on this, we committed to reducing 50% of Scope 1, 2 and 3 operational emissions by 2030, which represents an annual target of -4.6%, to be subdivided between the scopes.

Our use of 100% renewable electricity (Scope 2) supports us in reducing our operations.

With the purpose of reducing fugitive emissions, we have maintenance management initiatives aimed at reducing the exhaust of refrigerant gases and studies for replacement of devices with lower global warming potential (GWP).

**Operational emissions (scopes 1, 2 and 3) - Target and performance**

	2019 (base year)	2020	2021	2022
<b>Scope 1 Emissions (tCO2e)</b>	<b>10,333.76</b>	<b>13,634.86</b>	<b>14,197.46</b>	<b>14,226.06</b>
Reduction target compared to base year (%)	-	- 0.19	- 0.24	- 13.75
<b>Accomplished (%)</b>		<b>31.94</b>	<b>37.39</b>	<b>37.66</b>
<b>Scope 2 Emissions (tCO2e)</b>	<b>38,346.97</b>	<b>141.80</b>	<b>23.30</b>	<b>0</b>
Reduction target compared to base year (%)	-	-7.79	-7.00	-13.75
<b>Accomplished (%)</b>		<b>-99.63</b>	<b>-99.94</b>	<b>-100.00</b>
<b>Scope 3 Emissions (tCO2e)</b>	<b>189,157.96</b>	<b>129,142.73</b>	<b>102,266.68</b>	<b>151,057.87</b>
Reduction target compared to base year (%)	-	-0.44	-0.26	-13.75
<b>Accomplished (%)</b>		<b>-31.73</b>	<b>-45.94</b>	<b>-20.14</b>

Guided by the Science Based Targets Initiative (SBTi) methodology, we are committed to reducing 50% of operational emissions in Scope 1, 2 and 3 by 2030, which represents an annual target of -4.6%, subdivided between scopes.

In 2022, our initiatives to reduce emissions were mostly linked to scope 3, involving the optimization of routes traveled and encouraging the use of digital products and services, reducing the demand for cash.

**Climate commitments**

In addition to efforts to reduce carbon generation, since 2006 Bradesco has neutralized 100% of scope 1 and 2 emissions generated by its operations through carbon credits from projects that avoid carbon generation or capture greenhouse gases (GHG) from the atmosphere - such as through forest recovery and conservation initiatives.

Aiming to broaden the mitigation and offsetting of the impacts produced by our operations, we have made two important commitments:

**Renewable energy**

Since 2020, 100% of our structures have been supplied by energy from renewable sources – with this, we are one of the first major financial institutions in the world to complete this energy transition.

**Carbon Offset**

As of the 2019 inventory, we neutralized 100% of emissions from operational activities – including scope 3, such as logistics and business travel –, being one of the first banks to undertake this level of carbon offsetting.

**Energy management**

Since 2012, we have worked to reduce energy consumption through monthly monitoring per unit and established annual targets and a ranking of the most efficient units to encourage internal savings actions.

**Electric Energy consumption within the Organization (GJ) – target X accomplished**

2019	2020	2021	2022	Target 2022/2019 (%)	Accomplished 2022/2019(%)
1,875,997.23	1,590,342.53	1,412,872.53	1,363,317.00	-4%	-27%

**Energy consumption reduction**

In 2018, we implemented the Energy Efficiency Master Plan, which provides for actions to increase energy efficiency in our buildings, through monitoring and automation (BMS) in a 6-year cycle (2018-2023).

Through this Plan, we continued to replace light bulbs with the LED model, covering more than 350 branches in 2022 and implemented a new procedure to reduce energy consumption in air conditioning equipment in all branches across Brazil by optimizing the temperature used in technical environments.



We carried out a pilot project to monitor the energy consumption of 20 branches in real time, improving the energy consumption database and analyzing possible opportunities to implement energy efficiency projects.

In 2022, we had a 27% reduction in the Organization's electricity consumption compared to the base year of 2019, compared to the previous year of 2021, a reduction of 2.7% was achieved.

Maintaining the commitment undertaken in 2020, 100% of the energy consumed in 2022 came from renewable sources, through Free Energy Market projects, where a total of 42 units migrated to this contracting environment, we also have more than 150 branches consuming energy from three photovoltaic plants and we acquire renewable energy certificates. It should be noted that diesel consumption for our generators only occurs in contingency cases.

In 2022, we observed an increase in total fuel consumption due to the resumption of face-to-face activities by our employees. It should be noted that we have actions aimed at reducing fuel consumption, mainly by replacing components in our own fleet and optimizing maintenance on our generators.

*Learn more about our energy consumption in the [2022 Integrated Report, p. 203](#).*

## **Other metrics**

### **Carbon pricing**

Internal carbon pricing is an instrument for analyzing and internalizing costs related to greenhouse gas emissions. It is a tool that assists in the assessment of risks and opportunities associated with a mandatory pricing scenario, subsidizes voluntary mitigation strategies and aims to drive the reduction of these emissions, reflecting them in the costs of investments, operations, contracting, products and services.

- Corporate Investments - Since 2019, we have been working with projects to internalize carbon pricing, and as of 2020, we have established a price related to carbon within the composition of costs that are part of the analysis of investments in projects and

significant corporate acquisitions. In 2021, we internalized the practice in assessments through a specific standard – positively influencing projects that promote a reduction in carbon generation and negatively influencing those that increase the emission levels of our operational structure.

- Asset Management - Bradesco Asset analyzes the sensitivity of invested companies to carbon pricing, considering both the taxation of greenhouse gas emissions and the emissions trading system. Our analysts and managers have tools that make it possible to assess different climate and carbon pricing scenarios, assessing possible impacts on portfolios in a targeted manner, in line with the bank's guidelines and with TCFD's recommendations.

Scope of the Study	Approaches	Scenarios
Variable income portfolio	<i>Economy-wide</i>	<p><b>Optimistic scenario:</b> lowest price level for GHG emissions</p> <p><b>Trending scenario:</b> intermediate price value for GHG emissions</p> <p><b>Pessimistic scenario:</b> highest price point for GHG emissions</p>
	Sector specific	<p><b>Sector scenario:</b> estimates for emissions mitigation costs for sectors of the Brazilian economy</p>

Learn more about the study results at: *ESTUDO SOBRE PRECIFICAÇÃO DE CARBONO PT - 2022.pdf* ([bradescoasset.com.br](http://bradescoasset.com.br))

## Independent Assurance Report

### Independent Limited Assurance Report on the process of compilation and presentation of the information contained in the Climate Change Report

To  
Shareholders and Board of Directors of  
of Banco Bradesco S.A.  
Osasco – SP

We were engaged by Banco Bradesco S.A. ("Bradesco") to present a report on the process of compilation and presentation of the information contained in the Bradesco Climate Change Report for the year ended December 31, 2022, in the form of a limited assurance conclusion if, based on our work, described in this report, nothing has come to our attention that causes us to believe that the process of compilation of the information contained in the Climate Change Report are not presented, in all material respects, in accordance with the information referred to in the paragraph "Criteria for preparing the sustainability information contained in the Climate Change Report".

#### Responsibilities of the Management of Bradesco

Management of Bradesco is responsible for the process of compilation and adequately presenting of the information contained in the Climate Change Report in accordance with the information referred to in the paragraph "Criteria for preparing the sustainability information contained in the Climate Change Report" and for other information contained in this report, as well as the design, implementation and maintenance of internal controls that management determined as necessary to allow for such information that is free from material misstatement, whether due to fraud or error.

#### Independent Auditor's Responsibility

Our responsibility is to review the process of compilation and presentation of the information contained in the Climate Change Report prepared by Bradesco and to report there on in the form of a limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the NBC TO 3000 - Assurance Engagement Other than Audit and Review (ISAE 3000). That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain a significant level of limited assurance we did not become aware of any fact that could lead us to believe that the process of compilation and presentation of the information contained in the Climate Change Report are not presented, in all material respects, in accordance with the information referred in the paragraph "Criteria for preparing the sustainability information contained in the Climate Change Report".

A limited assurance engagement conducted in accordance with the NBC TO 3000 (ISAE 3000) consists mainly of inquiries to Bradesco's Management and other Bradesco

professionals who are involved in the preparation of the information contained in the Climate Change Report, as well as by applying other procedures to obtain evidence that allows us to conclude it in the form of limited assurance on the information taken as a whole. A limited assurance engagement also requires the performance of additional procedures, when the independent auditor becomes aware of matters that lead him to believe that the information contained in the Climate Change Report, taken as a whole, may present material misstatements.

The procedures selected were based on our understanding of the process of compilation and presentation of the information contained in the Climate Change Report, as well as other circumstances of our work and our consideration of other areas that may contain material misstatements, regardless of whether they are caused by fraud or error. However, such procedures do not include investigation or detection of fraud or error.

The limited assurance work also included adherence to the guidelines and criteria of the Task Force on Climate-Related Financial Disclosures (TCFD) elaboration structure applicable in the elaboration of the information contained in the Climate Change Report.

We believe that the evidence obtained is sufficient and appropriate to support our conclusion.

### **Scope and limitations**

The procedures applied in a limited assurance engagement are substantially less extensive than those applied in a reasonable assurance engagement that aims to express an opinion on the information contained in the Climate Change Report. Consequently, they do not enable us to obtain assurance that we are aware of all matters that would be identified in a reasonable assurance engagement aimed at issuing an opinion. If we had performed an engagement with the objective of issuing an opinion, we could have identified other matters and possible misstatements that may exist in the information contained in the Climate Change Report. Accordingly, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, given the nature and diversity of the methods used to determine, calculate or estimate such data. Qualitative interpretations of data materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we did not perform any work on data reported for previous periods, nor in relation to future projections and targets.

### **Criteria for preparing the sustainability information contained in the Climate Change Report**

The sustainability information contained in the Climate Change Report for the year ended December 31, 2022 were compiled by Bradesco's Management based on the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD), as described in "About the Report" on page nº 4 of the Climate Change Report.

## Conclusion

Our conclusion was based on and is limited to the matters described in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the process of compilation and presentation of the information contained in the Climate Change Report is, in all material respects, in accordance with the information referred to in the paragraph "Criteria for preparing the sustainability information contained of the Climate Change Report".

São Paulo, June 06th, 2023




KPMG Auditores Independentes Ltda.

CRC 2SP- 027685/O-0 F

Original report in Portuguese

signed by



Carlos Massao Takauthi

Contador CRC 1SP206103/O-4