



Policy - Social, Environmental, and Climate Risk Management

Risk Executive Area

Scope: Systemic

1. Goal

This Policy, in line with the Sustainability and Integrated Risk Management Policies, defines the guidelines for managing social, environmental and climate risks in all System Entities and in Sicredi's relationship with its associates and other interested parties in order to prevent the occurrence of financial, legal or reputation losses resulting from social, environmental or climate damages, while observing legal, regulatory and self-regulatory provisions.

2. Definitions

Social, Environmental and Climate Risks are the possibility of losses resulting arising from damages of this nature.

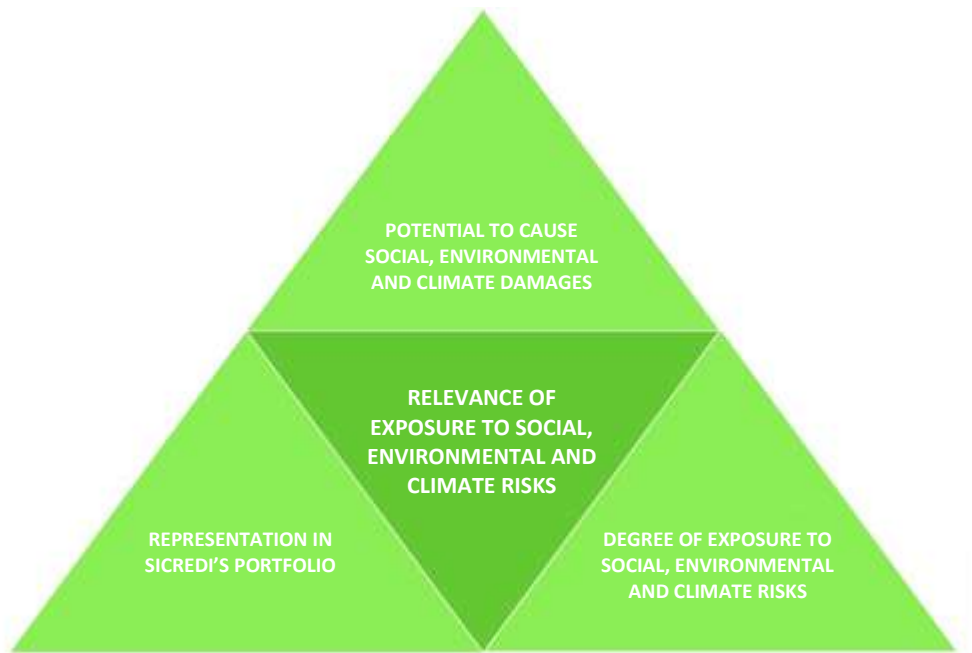
The management of social, environmental and climate risks¹ provides for the adoption of procedures, systems and routines aimed to identify, classify, assess, monitor, mitigate, control and report the social, environmental

and climate risks found in operations, according to their nature of financed activities, products, and services, compatible with the model, nature and complexity of the business, as well as appropriate to the size and relevance of exposure to social, environmental and climate risks applied to Sicredi's portfolio.

In order to determine the financial products/services offered by Sicredi, as well as sectors/activities, within the scope of this policy, it is crucial that we manage social, environmental and climate risks, which is done through a systemic and annual analysis of the combination of the following criteria:

- Potential to cause social, environmental and climate damages;
- Representation in Sicredi's portfolio;
- Degree of exposure to social, environmental and climate risks.

¹ According to the definition of social, environmental and climate risks set forth in CMN Resolution No. 4557/2017.



The combined criteria make up the relevance of the social, environmental and climate risks that we are exposed and also determine when we must adopt specific processes in order to manage these risks.

3. Guidelines

The rules for assessing social, environmental and climate risks are set forth in the Social, Environmental and Climate Risk Management Regulation, with the details of the applicable processes being found in the respective Manuals, which should at least provide for:

- Assessment of potential social, environmental and climate impact and risks of the products and services provided, both during their creation and maintenance, supporting the decisions of governance forums, with the purpose of minimizing the possibility of any negative social, environmental and climate repercussions arising from our operations, as well as expanding opportunities arising from sustainable products and services;
- Adoption of monitoring and control mechanisms for social, environmental and climate risks for current operations, according to their exposure level, as well as handling and dealing with identified risks (implementation of mitigating actions, risk acceptance or risk elimination);
- Adoption of routines and procedures for assessing, accepting and monitoring guarantees, including criteria for checking social, environmental and climate-related risks;

- Adoption of routines and procedures for assessing and approving suppliers/service providers/third parties, as well as strategic partners, including criteria for checking social, environmental and climate risks;
- Adoption of scenarios, routines and procedures related to the management of physical and transitional climate risks, in accordance with the specifics of Sicredi's business activities;
- Adoption of quantitative tools for assessing and managing the social, environmental and climate risks of the portfolio and counterparties, in order to classify and monitor operations subject to credit risk.
- Maintenance of the methodology and recording of data in relation to losses incurred by the Institution;
- Management of social, environmental and climate risks in relation to the financing of large infrastructure projects, developed through an instrument called Project Finance²;
- Adoption of methods for assessing and reporting on how we manage social, environmental and climate risks in our operations, in order to facilitate fund-raising processes with multilateral partners;
- Verification of restriction and impediment criteria, as well as barred credits, as established in the internal credit regulations, as well as credit release delimitation and prohibition sections, as set out in the Social, Environmental and Climate Risk Management Regulation;
- Adoption of mechanisms aimed to predict/identify timely changes in the market/consumption preferences associated with Social, Environmental and Climate Risk elements.
- Compliance with the social, environmental and climate risk appetite statement as provided for in the RAS (Risk Appetite Statement) – document attached to the Integrated Risk Management Policy.

² *Project Finance* is a financing method according to which the lender primarily verifies the revenue generated by the project, both as a source of repayment as well as security for exposure. This method can take the form of financing the building of new capital facilities or refinancing pre-existing facilities, with or without improvements. In such transactions, the creditor is usually paid exclusively, or almost exclusively, using the resources generated by the services provided by the facilities, such as the energy sold by a power plant, for instance. The borrower is usually a Specific Purpose Entity (SPE) and repayments depend on the cash flow of the project being financed.

4. Social, Environmental, and Climate Risk Management Structure

The Board of Directors of Sicredi Participações S.A. (SicrediPar) is responsible for the strategy on the issue of Social, Environmental and Climate Risks, and the structure for monitoring and properly managing social, environmental and climate risks, which supports all Sicredi Entities, is centralized at Banco Cooperativo Sicredi and is subordinated to the Risk Executive area, which is in turn responsible for the integrated management of all types of risk. Detailed information on roles and responsibilities is found in the Social, Environmental and Climate Risk Management Regulation.

5. Final Provisions

The Risk Executive area of Banco Cooperativo Sicredi, in charge of the Social, Environmental and Climate Risks Management, is responsible for this Policy as well as for coordinating its respective review process.

This Policy is effective immediately upon approval and must be disclosed both internally and externally.

Regulatory Basis / Applicable Legislation

- CMN Resolution No. 4,557/2017
- CMN Resolution No. 4,945/2021
- SARB Normative Instruction No. 14/2014



Should you have any questions regarding the content of this Policy, please contact the Social and Environmental Risk Coordinator's Office at the Sicredi Administrative Center (CAS).