

# Banco Cooperativo Sicredi SA

Regional Banks Brazil

## ESG Risk Rating

# 14.9

Last Full Update Nov 6, 2023

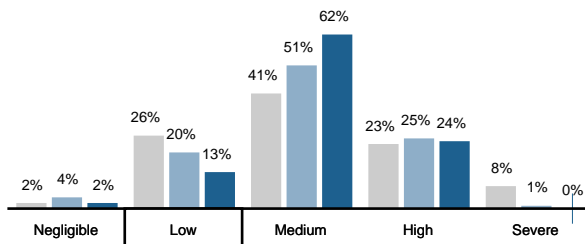
# -0.9

Momentum

# Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

| UNIVERSE                      | RANK<br>(1 <sup>st</sup> = lowest risk) | PERCENTILE<br>(1 <sup>st</sup> = Top Score) |
|-------------------------------|---|---|
| Global Universe               | 1596/15583                              | 11th  |
| Banks<br>INDUSTRY             | 104/1004                                | 11th  |
| Regional Banks<br>SUBINDUSTRY | 27/462                                  | 7th   |

## Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

|                                 | Exposure    | Management  | ESG Risk Rating |
|---------------------------------|-------------|-------------|-----------------|
| 1. Iccrea Banca SpA             | 36.0 Medium | 63.7 Strong | 14.2 Low        |
| 2. Raiffeisenbank as            | 39.0 Medium | 67.4 Strong | 14.3 Low        |
| 3. Banco Cooperativo Sicredi SA | 35.0 Medium | 60.4 Strong | 14.9 Low        |
| 4. OP Financial Group           | 33.5 Low    | 58.0 Strong | 15.1 Low        |
| 5. Deutsche Bank SAE            | 40.2 Medium | 64.7 Strong | 15.7 Low        |

# Banco Cooperativo Sicredi SA

Regional Banks Brazil

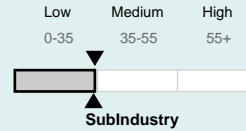
## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**35.0**  
**Medium**  
Beta = 1.00

**-5.0**  
**Momentum**



Sicredi offers a diverse range of banking and other financial products to individual customers, small and medium-size enterprises (SMEs), agribusinesses and corporate clients. Insufficient transparency, misleading marketing or predatory lending may result in customer loss and potential penalties. Furthermore, associated credit unions use their autonomy to adjust business practices to each local community where they operate. This increases the difficulty of monitoring and enforcing ethical business conduct throughout the company. Regional banks have medium exposure to business ethics risks, including regulatory scrutiny, penalties and reputational damage. Additionally, Sicredi stores and processes large volumes of sensitive customer data. Data privacy and security breaches may result in regulatory action, litigation, public scrutiny or loss of customer trust.

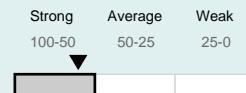
The company's overall exposure is medium and is similar to subindustry average. Product Governance, Data Privacy and Security and ESG Integration -Financials are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

### ESG Risk Management

**60.4**  
**Strong**

**-3.3**  
**Momentum**



Sicredi manages each of its material ESG issues (MEIs) very well, with a slight improvement year on year. In terms of Product Governance, the bank has a solid responsible product offering policy, with commitments to continuously monitor social impact and risks of products. In the area of Data Privacy and Security, the bank has a very strong policy that includes leading data protection standards and a commitment to require third parties with which the data is shared to comply with the bank's policy. For ESG Integration – Financials, the bank exhibits strong management in some areas, such as ESG integration in the credit journey. However, it also has some areas for improvement, such as the proportion of responsible assets it manages and a deeper integration of ESG into the investment process, for example through active ownership and targets for its investment portfolio.

The company's overall management of material ESG issues is strong.

# Banco Cooperativo Sicredi SA

Regional Banks   Brazil

## Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

| Issue Name                  | ESG Risk Exposure | ESG Risk Management | ESG Risk Rating  | Contribution to ESG Risk Rating |
|-----------------------------|-------------------|---------------------|------------------|---------------------------------|
|                             | Score   Category  | Score   Category    | Score   Category |                                 |
| Product Governance          | 8.0 High          | 53.0 Strong         | 3.8 Low          | 25.2%                           |
| Data Privacy and Security   | 6.0 Medium        | 70.0 Strong         | 2.6 Low          | 17.7%                           |
| Business Ethics             | 6.0 Medium        | 65.6 Strong         | 2.3 Low          | 15.1%                           |
| ESG Integration -Financials | 5.0 Medium        | 55.4 Strong         | 2.2 Low          | 14.9%                           |
| Human Capital               | 5.0 Medium        | 61.3 Strong         | 2.1 Low          | 14.0%                           |
| Corporate Governance        | 5.0 Medium        | 61.0 Strong         | 2.0 Negligible   | 13.1%                           |
| Overall                     | 35.0 Medium       | 60.4 Strong         | 14.9 Low         | 100.0%                          |

## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

### Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

# Banco Cooperativo Sicredi SA

Regional Banks Brazil

## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

## Category (Events)

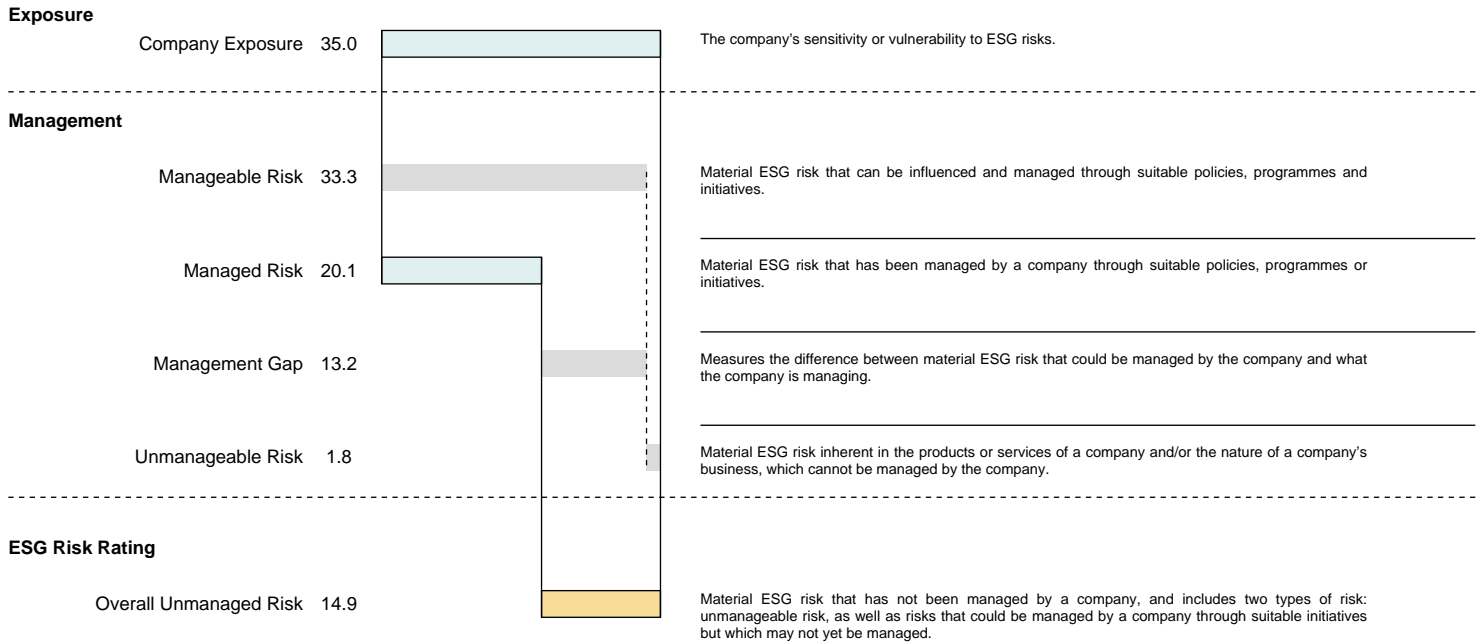
 **None (15)**

|                            |                                  |
|----------------------------|----------------------------------|
| Access to Basic Services   | Accounting and Taxation          |
| Anti-Competitive Practices | Bribery and Corruption           |
| Business Ethics            | Carbon Impact of Products        |
| Data Privacy and Security  | Environmental Impact of Products |
| Labour Relations           | Lobbying and Public Policy       |
| Marketing Practices        | Quality and Safety               |
| Sanctions                  | Social Impact of Products        |
| Society - Human Rights     |                                  |

# Banco Cooperativo Sicredi SA

Regional Banks Brazil

## Risk Decomposition



## Momentum Details



# Banco Cooperativo Sicredi SA

Regional Banks Brazil

## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

### Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

### ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

|   |  |
|---|--|
|    | <b>Negligible risk:</b> enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors |
|    | <b>Low risk:</b> enterprise value is considered to have a low risk of material financial impacts driven by ESG factors               |
|   | <b>Medium risk:</b> enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors         |
|  | <b>High risk:</b> enterprise value is considered to have a high risk of material financial impacts driven by ESG factors             |
|  | <b>Severe risk:</b> enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors         |

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

### ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

### Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

### Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

### Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

### Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

### Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

### Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

### Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

### Management

A company's handling of ESG risks.

### Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

### Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

### Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

### Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

### Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

### Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

# Banco Cooperativo Sicredi SA

Regional Banks Brazil

## DISCLAIMER

**Copyright ©2023 Sustainalytics. All rights reserved.**

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or content providers, intended for internal, non-commercial use and may not be copied, distributed or used in any other way, including via citation, unless otherwise explicitly agreed in writing.

They are provided for informational purposes only and (1) do not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) do not constitute investment advice, nor represent an expert opinion or negative assurance letter; (3) are not part of any offering and do not constitute an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) are not an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; (5) are not a substitute for professional advice; (6) past performance is no guarantee of future results; (7) have not been submitted to, nor received approval from, any relevant regulatory bodies.

These are based on information made available by third parties, subject to continuous change and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. The information and data are provided "as is" and reflects Sustainalytics' opinion at the date of its elaboration and publication.

Neither Sustainalytics nor any of its content providers accept any liability for damage arising from the use of the information, data or opinions contained herein, or from the use of information resulting from the application of the methodology, in any manner whatsoever, except where explicitly required by law.

Any reference to content providers' names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our content providers and their respective terms of use is available on our website. For more information visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics believes it has put in place appropriate measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact [compliance@sustainalytics.com](mailto:compliance@sustainalytics.com).