



2021

**SUSTAINABILITY**  
REPORT





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## PRESENTATION

With this first Sustainability Report, Banco ABC Brasil S.A. ("ABC Brasil") is reiterating its commitment to high standards of governance and transparency that have always been the beacon of its business. The document describes the challenges, results and achievements obtained in 2021 following the Standards of the Global Reporting Initiative (GRI) – Core option, while also incorporating indicators of the Sustainability Accounting Standards Board (SASB) in the Commercial Banking and Investment Banking & Brokerage categories. This report provides information about all subsidiary companies of Banco ABC Brasil. **GRI 102-45 | 102-50 | 102-52 | 102-54.**

The content of this report has been structured following the results of the construction of the Materiality Matrix, conducted to identify the topics considered most relevant by ABC Brasil's stakeholders. **GRI 102-56**

To submit comments about this document, ABC Brasil has made available the following channel: [ri@abcbrasil.com.br](mailto:ri@abcbrasil.com.br). **GRI 102-53**



## Materiality

### GRI 102-42 | 102-43 | 102-44 | 102-46 | 102-47

To define the content of this report, ABC Brasil undertook the process of building its Materiality Matrix, which involved engaging key stakeholders through interviews, on-line searches, industry studies, regulatory requirements, trend analyses and organization's strategic documents. This process involved the participation of the following stakeholders: clients, investors, business partners (multilateral agencies and banking correspondents), suppliers, employees, the community, regulators, and industry entities **GRI 102-40**

The table aside shows the list of initial subjects that were prioritized by the stakeholders. All of the topics were referenced with GRI and SASB indicators and will be addressed in this Report, as a transparency good-practice.

TOPICS   GRI 102-44	DEFINITION	GRI INDICATORS
<b>Attracting, Developing and Caring for Human Capital</b>	<ul style="list-style-type: none"> <li>Promote initiatives for career management, aiming at attracting, developing, and retaining talents, as well as maintaining a good internal climate and employee satisfaction.</li> </ul>	401-1   403-6   404-1   404-3
<b>High Corporate Governance Standards</b>	<ul style="list-style-type: none"> <li>Ensure good governance in processes and having practices that ensure the qualified management of ABC Brasil.</li> </ul>	102-18   102-22   102-25   102-28
<b>Commitment to Social Development and Human Rights</b>	<ul style="list-style-type: none"> <li>Contribute to the development of Brazil through operations while fostering and respecting human rights.</li> <li>Support social impact programs and projects through social investments.</li> </ul>	408-1   409-1   412-1
<b>Diversity and Inclusion</b>	<ul style="list-style-type: none"> <li>Ensure the existence of a safe, inclusive, and diverse workplace.</li> </ul>	102-8   401-3   405-2   406-1
<b>Eco-efficiency</b>	<ul style="list-style-type: none"> <li>Perform the efficient management of resources (water, energy and waste) in the Bank's operations.</li> </ul>	301-1   302-1   303-5   306-3   306-4   306-5
<b>Financial Education and Healthy Debt Management</b>	<ul style="list-style-type: none"> <li>Propose the best solutions for clients and help to raise awareness regarding healthy debt management.</li> <li>Collaborating with the financial education of society.</li> </ul>	GRI G4-DMA (formerly FS15)   417-1   417-3
<b>Ethics, Transparency, and Integrity</b>	<ul style="list-style-type: none"> <li>Ensure the transparent communication about financial and non-financial information.</li> <li>Promote robust ethics and compliance management processes.</li> </ul>	102-16   102-17   205-1   205-2   205-3   206-1   207-1   415-1
<b>Sustainable Supplier Management</b>	<ul style="list-style-type: none"> <li>Incentivize and develop supplier sustainability practices.</li> </ul>	204-1   308-1   414-1
<b>Introduction of Socioenvironmental Aspects into Risk Management</b>	<ul style="list-style-type: none"> <li>Incorporate socioenvironmental aspects into the risk analyses of business relationships.</li> </ul>	102-11   102-15   G4-DMA (formerly FS2)   FS10
<b>Innovation and Digital Transformation</b>	<ul style="list-style-type: none"> <li>Offer digital products suitable for the demands of the market, using technology to improve processes and clients' experiences.</li> </ul>	
<b>Climate Change: Adaptation and Mitigation</b>	<ul style="list-style-type: none"> <li>Manage the climate risks and opportunities.</li> <li>Measure GHG emissions and contribute to the company's adaptation agenda, regarding both the impacts and the transition to a low-carbon economy.</li> </ul>	305-1   305-2   305-3   305-4   305-5
<b>Sustainable Businesses and Impact</b>	<ul style="list-style-type: none"> <li>Offer products that promote sustainability and create a positive impact on the society and the environment.</li> <li>Support the development of small and mid-sized companies in generating value.</li> <li>Contribute to the transition of business to a fairer and sustainable economy.</li> </ul>	417-1   417-3   G4-FS6   G4-FS7   G4-FS8   G4-FS10   G4-FS11
<b>Prevention of Corruption, Money Laundering Unfair Trading Practices</b>	<ul style="list-style-type: none"> <li>Have management instruments to ensure the prevention of corruption, money laundering and unfair trading practices.</li> </ul>	205-1   205-2   205-3   206-1
<b>Privacy and Data Security</b>	<ul style="list-style-type: none"> <li>Have processes that guarantee the data security and privacy of stakeholder information.</li> </ul>	418-1
<b>Customer Relationship and Satisfaction</b>	<ul style="list-style-type: none"> <li>Maintain a healthy relationship with customers, ensuring an enjoyable experience and an elevated level of satisfaction.</li> </ul>	417-1   417-3
<b>Solidity and Creation of Economic Value</b>	<ul style="list-style-type: none"> <li>Grow with sustainability, adding value to shareholders and other stakeholders.</li> <li>A company with the capacity to fulfill its financial and business objectives.</li> </ul>	201-11, 203-2



**1.**

**Attracting,  
Developing  
and Caring for  
Human Capital**

**2.**

**Good Corporate  
Governance  
Practices**

**3.**

**Sustainable  
Businesses and  
Impact**

**4.**

**Customer  
Relationship and  
Satisfaction**

**5.**

**Ethics,  
Transparency,  
and Integrity**

**6.**

**Innovation  
and Digital  
Transformation**

**7.**

**Commitment  
to Social  
Development  
and Human  
Rights**

**8.**

**Diversity  
and Inclusion**

**9.**

**Privacy and  
Data Security**

**10.**

**Introduction of  
Socioenvironmental  
Aspects into Risk  
Management**

All phases of the process and their results have been validated by the Sustainability Area and subsequently approved the Executive Committee and the Board.

The following topics were researched and classified according to the result of the previously described analysis, and the topics considered as material were:

# THE YEAR'S HIGHLIGHTS

Strengthening of **sustainability governance** following the creation of an area dedicated to the topic and a multidisciplinary Steering Committee operating as a working group subdivided into four action pillars: Institutional, Impact of the Activities, Sustainable Businesses and Social.

Publication of the first Greenhouse Gas Emissions (GHG) Inventory regarding 2020, classified as Gold Seal under the methodology of the Brazilian GHG Protocol Program. As well as neutralization of **100%** Scopes 1 and 2 emissions, granting ABC Brasil a carbon neutral status for its direct emissions.

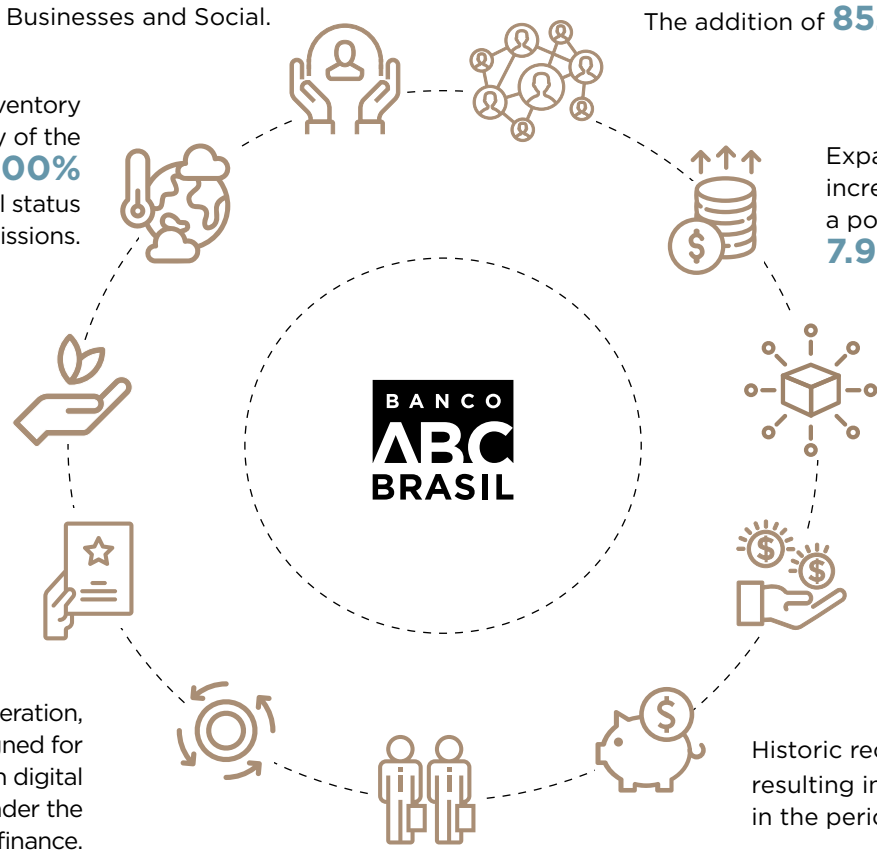
**US\$100** million raised through social bonds in September 2020, **100%** allocated in January 2021. ABC Brasil was the first Brazilian bank to issue a Social Bond to finance projects included in a social framework\*.

\* Framework available on the Banco ABC Brasil's website

Launching of **private payroll loans** to employees of ABC Brasil's corporate clients in a 100% digital solution, from the simulation to actual formalization and disbursement of the loan

Launching of the **Credit to Enterprise** (C2e) operation, a solution embedded in third-party ecosystems designed for corporate clients, making it possible to offer credit through digital channels - including marketplaces, ERPs and softwares - under the concept of embedded finance.

Launch of the **ABC Brasil Corretora de Seguros**, the Bank's captive insurance broker that initially focused on three insurance lines - Surety Bonds, Credit Life and Global Capital insurance - and, beginning in January 2022, also offering Property & Casualty insurance brokerage (Corporate, Operational Risks, Directors & Officers (D&O), Errors & Omissions (E&O), Equipment, Engineering Risks, Cyber Risks, Civil Liability and Fleet).



The addition of **852** total clients within 12 months.

Expansion of the Middle segment with a **64%** increase in the number of clients in 12 months, reaching a portfolio of almost R\$3 billion and accounting for **7.9%** of the Expanded Credit Portfolio.

**23%** growth in the Margin with Clients, result of a better product mix and the continued expansion of the Middle segment.

Record annual revenue of **R\$107.4** million for the Investment Banking, driven by the Debt Capital Markets (DCM) area which priced 47 transactions with a total issued volume of approximately **R\$6.2** billion during the year.

Historic record net income of **R\$572.2** million in 2021, resulting in a Return on Average Equity (ROAE) of **12.8%** in the period.

## MESSAGE FROM THE CEO GRI 102-14

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The track record of more than 30 years of Banco ABC Brasil bears the hallmarks of solidness, tradition, and evolution. I am excited to be heading this institution, a partnership with a strong foreign shareholder, extensive local independence and high standards of governance and transparency of a company listed and traded at the B3 for over 14 years. We are a bank that serves the entire value chain of companies with expertise and complete solutions.

The year 2021 was notable for the growth of the already well-established businesses lines and the launching of new initiatives aimed at positioning us as the ideal partner for supporting our clients and stakeholders. We are aware of the importance of working in partnership with companies for the development of Brazil, as we contribute with innovation and job creation. In this respect, our ambition aims at continuing to expand our client base, along with our services portfolio, in addition to diversifying our distribution channels by building partnerships and developing digital solutions.

The client's experience is very important for us, which is why we have invested in technology and in expanding our headcount to offer our clients the best possible experience, focused on always creating long-term relationships based on trust and transparency.

As a relationship bank, the quality of our human capital makes the difference, driving not only our operational and financial results, but also the quality of our client support, products and services. In this way, we strive to disseminate our culture in all our professionals, and we are increasingly providing development and training. With a headcount expansion of 26% in 2021, bearing in mind the need for remote working, the challenges of integration and alignment with our in-house values were even greater. What reflects our success in overcoming those challenges was the 90% level of employee satisfaction measured in a survey undertaken by independent consultants using a methodology recognized in the market.





The year stood out for the 32% growth in number of clients, at the same time as we posted a recurring net income of R\$572.2 million, an expansion of 77.7% in relation to 2020. The Return on Average Equity (ROAE) stood at 12.8% for the year, a significant increase of approximately 500 basis points.

These results motivate us to push ahead, supported by our sound strategy for growing our business, strengthening our position in the Middle segment and evolving in new initiatives, as well as investments in sustainable businesses, while always maintaining control of the risks and the flexibility to review the way forward.

2021 saw the strengthening of our sustainability agenda by reinforcing internal governance and enhancing the transparency of our practices and initiatives. ABC Brasil also pursues sound socio-environmental risk management that supports our clients in adopting more sustainable practices. We are constantly evaluating other ways in which our financial solutions can have a positive impact on the development of society.

We believe that if we are to achieve the future we desire, we must adhere to our principles of ethics, seriousness, commitment, governance, and sustainability – focused, as always, on accelerating our growth, leveraging our results, and having a positive impact on the society.

**Sérgio Lulia Jacob**  
CEO OF BANCO ABC BRASIL



A nighttime photograph of a city skyline. In the foreground, a modern building with a glass facade is illuminated from within, showing office spaces. Behind it, several other high-rise buildings are visible, some with lights on. The sky is a deep blue, and there are some light trails from traffic in the lower part of the image. A dark grid pattern is overlaid on the right side of the image, where the text is placed.

## BANCO ABC BRASIL

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With around 3,500 clients, the institution is managed by experienced executives, who are also shareholders and hold autonomy in business execution.

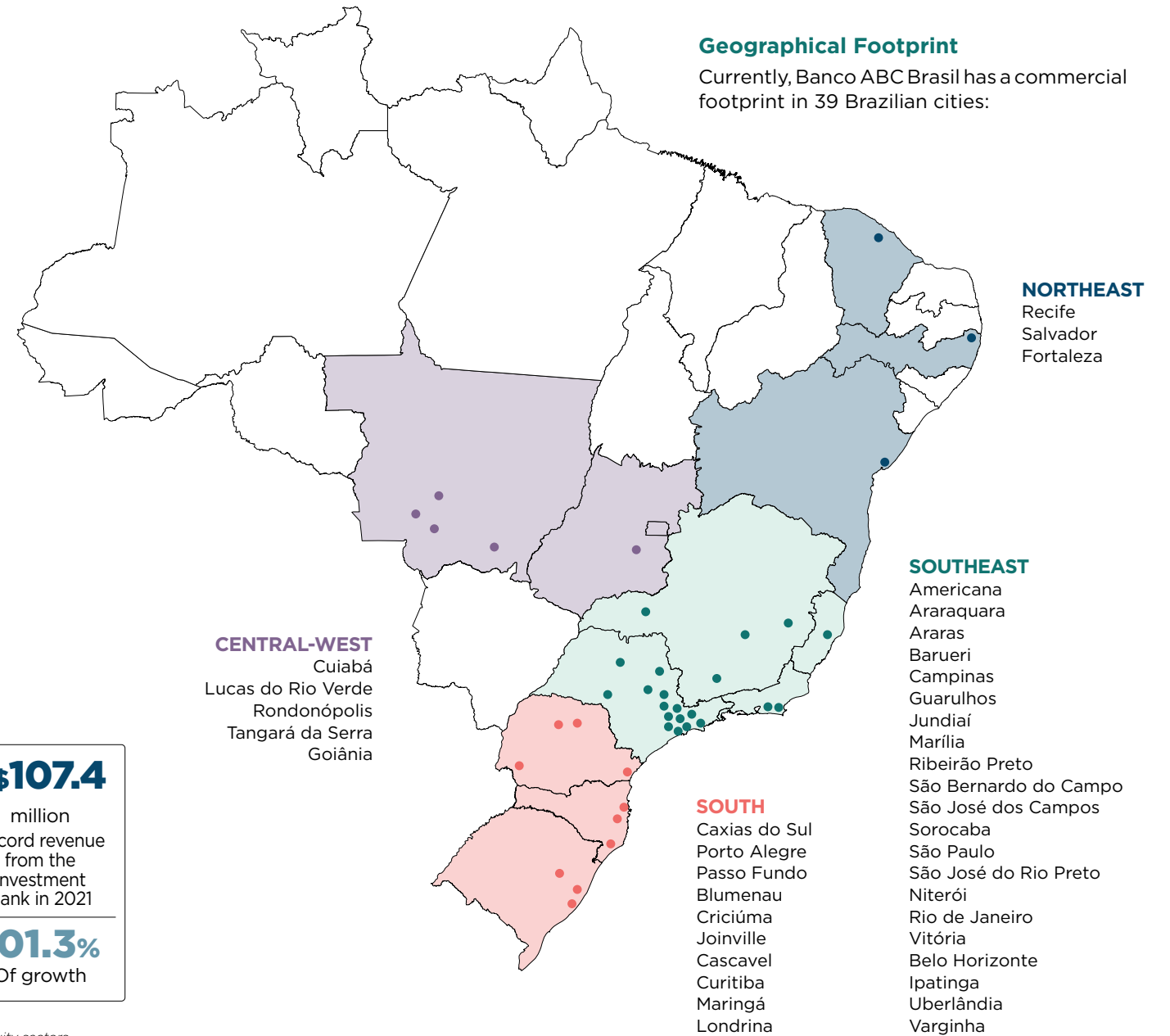
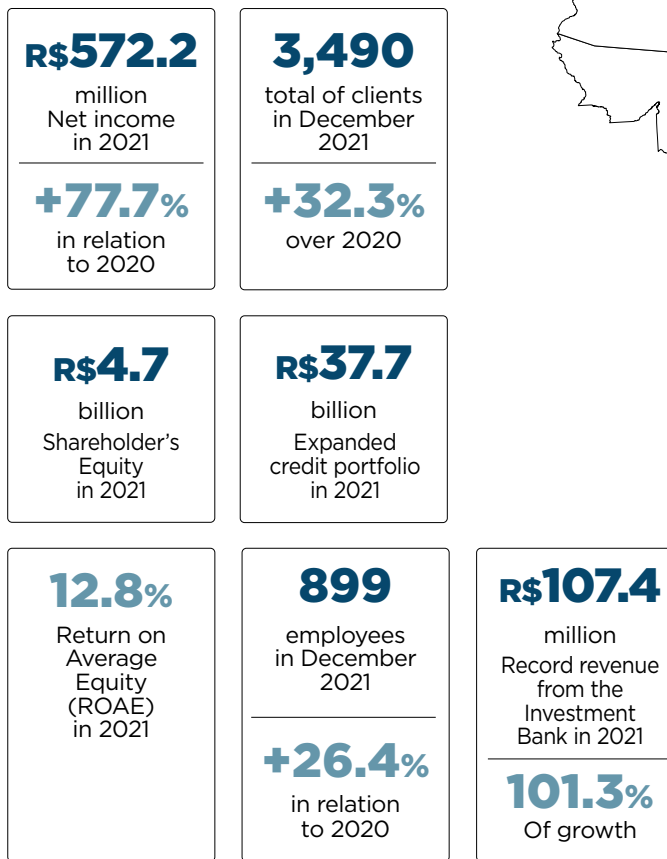
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## CORPORATE PROFILE

Banco ABC Brasil is a multiple financial institution specializing in granting credit and providing services to middle and large companies. Founded in 1989, it is licensed to operate with commercial, finance, investment, real estate, and private payroll loans portfolios, as well as foreign exchange, insurance brokerage, and energy trading. At the close of 2021, these businesses were available to 3,490 total clients distributed across the C&IB, Corporate and Middle segments.<sup>1</sup> **GRI 102-1 | 102-2 | 102-4 | 102-6**

As a publicly traded company listed at the Corporate Governance Level 2 of the B3 since 2007, with a solid controller, the Arab Banking Corporation (Bank ABC), the organization is headquartered in the city of São Paulo and in December 2021 had a team of 899 professionals. The senior management consists of executives with extensive market experience in the financial markets, who are also relevant shareholders and enjoy substantial autonomy in conducting the business. Internationally, ABC Brasil also has a branch located in Georgetown, in the Cayman Islands.

**GRI 102-5 | 102-8**

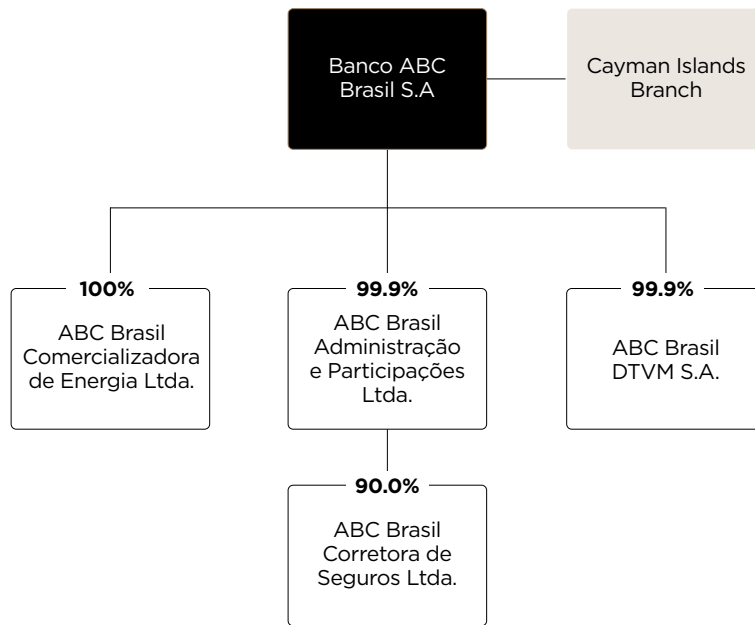


<sup>1</sup> C&IB segment includes companies with annual sales above R\$4 billion (may include clients from the Infrastructure, Energy, and Private Equity sectors, with sales below R\$4 billion). Corporate segment includes companies with annual sales between R\$300 million and R\$4 billion. Middle segment includes companies with annual sales between R\$30 million and R\$300 million.



In 2021, as a result of the macroeconomic scenario and of series of initiatives aiming at diversifying the product portfolio and expand the client base, the institution presented significant growth in Net Interest Income and Services Fees, reaching to R\$1.8 billion, an increase of 28% over the previous year. **GRI 102-7**

**Corporate structure**  
on 31.dec.2021



## Values, The Way We Are and Do Things and Operational Pillars GRI 102-16



### Values

#### Ethics and Seriousness

Behave with high moral standards, creating relationships based on transparency, trust and respect for employees, clients, investors, shareholders, and regulators.

#### Commitment

Offer the best business conditions that reflect the needs of clients, investors, and shareholders.

#### Entrepreneurship

Encourage the constant search for innovation, fostering growth, development, and increased efficiency.

#### Governance

Employ mechanisms and processes to ensure that the interests of the various stakeholders are aligned.



### Our Way of Being and Doing GRI 102-16

Our Culture reflects the ABC Brasil's Way of Being and Doing, incorporating the different organizational dimensions reflected in a combination of attitudes and behaviors that we seek to reinforce in the Clients, People and Results' pillars.

#### Clients

##### What drives us:

- Exceeding client expectations

##### What we do:

- The client's experience is our priority.
- The client's challenges are transformed into business.
- We advise the client on making the best decision

##### We do not tolerate:

- Delays in responses and solutions.
- Being satisfied with clients and business already achieved.
- Working in a non-integrated manner on the solution for the client.

#### People

##### What drives us:

- A confident, ethical, and determined team

##### What we do:

- What is best for the organization, acting like owners.
- Innovation, with no fear of making mistakes, experimenting, and going the extra mile.

- Transparent communication at all levels – saying what must be said and actively listening.

##### We do not tolerate:

- Passing the buck and upward delegation.
- Centralizing and personifying.
- Being passive, negligent, criticizing without making suggestions.

#### Results

##### What drives us:

- Excellence that exceeds and creates value

##### What we do:

- Increasing and consistent results, with a long-term view.
- With agility and quality.
- Sharing objectives, experiences and recognizing results.

##### We do not tolerate:

- Putting the Bank's reputation at risk.
- Unsubstantiated decisions.
- Achieving results at any cost.



### Action Pillars GRI 102-16

- Relentless search for competence in everything we do.
- In-depth knowledge of the market in which we operate.
- Client credibility.
- Agility in the search for appropriate and innovative solutions for each client.
- Commitment to superior results.
- Continuous investment in technology, systems and processes aiming for greater efficiency.

## Operating Segments



### Commercial Banking

Business consulting and financial solutions for middle and large companies with annual sales exceeding R\$30 million.



### Investment Banking

Support on strategic decisions and funding involving M&A, issue of debt instruments, and Project Finance, as well as structuring and distributing IPOs and Follow-ons.



### Energy Trading

Offering differentiated services within the scope of the Free Energy Market.



### Insurance Broker

Captive insurance broker with relationship with various insurance companies to offer ABC Brasil clients the best alternatives.



### ABC Personal

Personal investments platform offering fixed income products in a free digital account with various functionalities.



### Private Payroll Loans

Product available to employees of corporate clients through agreements, with in a 100% digital offering and fast disbursement of proceeds.

## Awards

### Green Energy Seal

Granted to the Energy Trading by the Brazilian Sugarcane Industry Union (UNICA) in partnership with the Electricity Trading Chamber (CCEE) and the Brazilian Association of Energy Trading Companies (Abra-eeel) in recognition of the commitment to sustainability and investments in energy.

### Google Cloud Customer Award

ABC Brasil is one of the 62 awarded companies in Financial Services, of which only two from Brazil, for its innovative culture and technical and transformational excellence using Cloud Computing.

### Informatica Innovation Award - Intelligent Disrupter

ABC Brasil won the award for easy and intuitive advanced data analysis, increasing by 50% the speed of data absorption and, by 100% data governance at its Data Lake. The objective of ABC Brasil is to become a digital powerhouse using Data Analytics Insights, Artificial Intelligence and Machine Learning. Data usage fosters conclusive decision making and is becoming part of the Bank's competitive advantage.

### Gold Seal in the Public Register of GHG Emissions

Classification achieved for the first Emissions Inventory prepared by the Bank within the scope of the Brazilian GHG Protocol Program.

### Febraban Seal of Self-Regulation

Obtained for having achieved 100% adherence in the compliance assessment performed by the Brazilian Banks Federation (Febraban) regarding rules and regulations involving Socioenvironmental, Crime Prevention, and Anticorruption.

### Apimec/IBRI Award

Awarded the winner in 2020 and ranked among the top five institutions in 2021 by the Association of Capital Market Investment Analysts and Professionals (Apimec Brasil) and the Brazilian Investor Relations Institute (IBRI) in the category of Best Small/Middle Cap Investor Relations Practices and Initiatives. ABC Brasil was one of only two institutions included in the list two consecutive years.





## Associations GRI 102-13

ABC Brasil has a strong presence in the banking industry, as a member of several associations and organizations, including:

- Brazilian Federation of Banks (Febraban), participating at the Board.
- Brazilian Association of Financial and Capital Market Entities (Anbima), where it participates with a member as Vice President.
- The Brazilian Association of Banks (ABBC).
- The Brazilian Association of International Banks (ABBI)

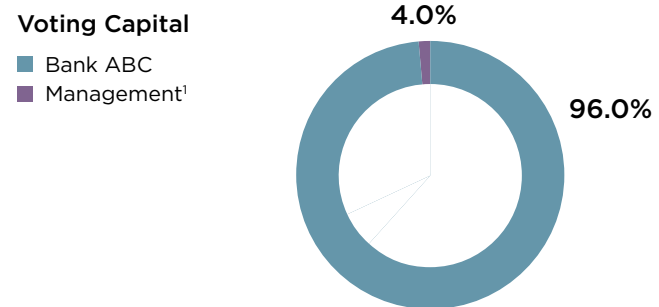
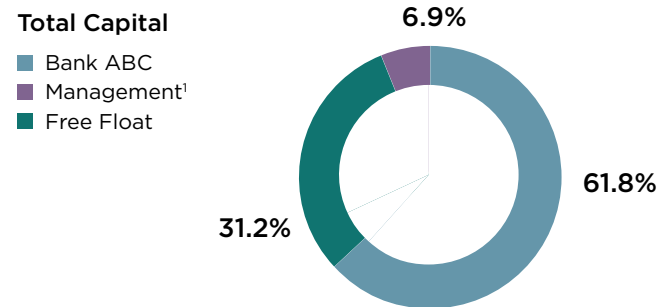
The participation in several entities enables the bank to follow the discussions within the industry. In addition, ABC Brasil is actively involved at Febraban's Sustainability Committee and is a co-leader at the ABBC Socioenvironmental Risk Committee.

At Anbima, ABC Brasil has actively participation in ESG discussion forums with members at the Sustainability Consultative Group, as well as at specific Working Groups (WG), including the Diversity WG and the WG on Best Practices in Public Offerings – the latter as coordinator.

## Corporate Governance

### Shareholders' structure

In December 31, 2021 ABC Brasil's shareholder breakdown was represented as follows:



<sup>1</sup> Management includes Company Executives, members of the Board of Directors and related persons

### Decision-making levels GRI 102-18 | GRI 207-2

ABC Brasil is managed by a Board of Directors that oversees the activities of the Executive Committee, following the rights and obligations stated in its Bylaws. The Board of Directors is advised by the Audit, Compensation and Risk committees.

The Audit Committee oversees the independence of the Internal Audit department at the Bank and its activities (efficacy and performance) and reports regularly to the Board of Directors. The Internal Audit department (with a matrix reporting line to the Group Audit) adheres to the entire audit methodology of the controlling shareholder, which also undertakes quality reviews of the work in Brazil.

### Board of Directors

Consisting of six members, two of whom are independent directors, it is responsible for the overall guidance of the business, including the long-term strategy and the control inspection of the business performance. The directors are elected at the Annual General Shareholders' Meeting for a unified two-year term of office, with reelection allowed, and they can be resident in Brazil or abroad.

As disclosed in the Management's Proposal regarding the subject matters to be debated at the 2022 Annual General and Extraordinary Shareholders' Meeting (2022 AGEM), expected to be held on April 29, 2022, new composition of the Board of Directors of ABC Brasil was proposed: 1) Khaled Said Ramadan Kawan (Chairman); 2) Anis Chacur Neto; 3) Brendon Hopkins; 4) Nicholas Church; 5) Tony G. Barbari; and 6) Roberto Pedote (Independent Member). [Click here](#) to read the Management's Proposal for the 2022 AGEM in full (Portuguese only).

### Composition GRI 102-22

**Anwar Ali Al Mudhaf**

*Chairman*

**Anis Chacur Neto**

*Deputy Chairman*

**Vernon Handley**

*Member*

**Brendon Hopkins**

*Member*

**Fernando Fontes Iunes**

*Independent Member*

**Roberto Pedote**

*Independent Member*

## Advisory Committees

**Audit Committee** – Advisory body to the Board of Directors. Oversees the consolidated activities of ABC Brasil and intermediates between the internal and external audits and the responsibilities regarding the quality and integrity of the financial statements; qualification and independence of the internal and external auditors; performance of the internal and external auditors and the quality and efficacy of the internal controls system, including compliance with the law and regulatory requirements.

**Board Risk Committee** – Responsible for supervising risk management processes, approving the policies, reviewing, and monitoring the macroeconomic, legal, and regulatory scenarios with the emphasis on the impact of the businesses and capital ratios.

**Compensation Committee** – Its duties include defining the policy and submitting to the Board of Directors the various instruments of compensation and benefits, in addition to special recruitment programs and the dismissal of the management.

## Executive Committee

Consisting of the Chief Executive Officer and the Vice Presidents of the institution as defined in the Bylaws, its role as an institutional decision-making forum involves discussing and approving matters attributed to it by the Board of Directors and in the interests of the institution. For further information, [access the Bylaws](#).

### Composition

**Sergio Lulia Jacob**

*Chief Executive Officer*

**Antonio José Nicolini**

*Financial Executive Vice President*

**Antonio Sanchez Junior**

*Commercial Executive Vice President*

**Jose Eduardo Cintra Lalon**

*Investment Banking and International Executive Vice President*

**Marco Antonio Ascoli Mastroeni**

*Digital Businesses, IT, Products and Operations Executive Vice President*

**Renato Pasqualin Sobrinho**

*Risk Executive Vice President*

**Sergio Ricardo Borejo**

*Administrative Executive Vice President & Investor Relations Officer*

## Compliance **GRI 102-17**

The purpose of compliance management at ABC Brasil is to ensure compliance with the laws, rules, and regulations, in addition to preventing money laundering and the financing of terrorism. The institution deals with rules and regulations using a structured workflow that covers the phases of capture, distribution, monitoring and compliance, and all the processes are set out in internal rules and regulations. The structure and workflow for dealing with regulatory risk involves several internal areas and consists of three lines of defense; monitoring bills of law, call notices and public consultations; capturing new rules and regulations and defining action plans; the relationship with regulators and class entities; monitoring action plans; and control of compliance with court decisions and Conduct Adjustment Agreement (TAC) in public civil actions.

Internally, the preventive actions adopted include mandatory reading of the policies by the employees who declare being aware of their rules and regulations, and promoting mandatory in-person, virtual and/or electronic training sessions, in addition to monitoring the pertinent processes and procedures. The employee onboarding process includes the following mandatory training sessions:

- Anti-Money Laundering (AML);
- Information Security;
- Operational Risk;
- Integrity Program – Anticorruption Law;
- Suitability – Derivatives;
- Personal Investments;
- Data Protection;
- Code of Public Offerings;
- Code of Distribution of Investment Products;
- Regulatory Compliance.

In addition to the training sessions, there is an online Compliance Handbook in which employees can find access to the key aspects of the policies related to this topic.

At ABC Brasil, it is mandatory for all employees to avoid conflicts between their personal interests and those of the Bank or its clients, and they must not develop any relationships that may potentially lead to conflict or compromise. This behavior is covered in the **Code of Conduct**. Any irregularity must be reported through the Bank's Whistleblowing Channel. **GRI 102-25**

In the internal communications, the staff has access to the AML News, which in each edition, proposes to deal with a topic and how it relates to anti-money laundering. In 2021 the "Anti-money Laundering





and the Covid-19 Pandemic” edition was published.

ABC Brasil also has a Personal Investments System, in line with the Personal Investments Policy, which establishes the guidelines that all employees must follow if they wish to trade securities, and primarily to avoid improper use of inside information that supplants the interests of the institution and those of its investors and clients. Under the new format, the requests channel which was via e-mail is now through the BPM (Business Process Management) system which automates the analysis of the information using software, thus ensuring an agile process with immediate responses to the requests.

Several other advances have been made on topics related to compliance, anti-money laundering (AML), information security and fraud prevention. The AML structure, for example, was adjusted in the light of the institution’s strategy of innovating in products and services – a structure that is continually updated based on benchmarking and consultations with specialized organizations. In addition, the

training of the teams on information security has been reinforced to account for new market trends. (*Find out more in the chapter on “Privacy and data protection”*)

The same practices are adopted regarding the Anticorruption Law. The attitudes for taking it into account are dealt with in training sessions jointly designed by the Compliance and Human Resources areas in response not only to what the law requires, but also to an internal culture of zero tolerance to corruption.

ABC Brasil abides by best practices involving these topics by integrating with industry organizations – for example, Febraban and the ABBC, where it has representatives on the committees. It also participates in the discussions organized by the Brazilian Association of International Banks (ABBI) and by the Brazilian Association of Financial and Capital Market Entities (Anbima), sharing the lessons and the conclusions with the entire in-house team.

Where ethics are concerned, ABC Brasil also has a solid structure built around the Code of Conduct, the Whistleblowing Channel

– the means of notifying deviations or suspicions involving the internal environment, with anonymity guaranteed for the whistleblower – and the Ethics Committee that manages the complaints with the support of the Compliance area. The external public has access to the Customer Service Center (CSC), the Ombudsman’s Department and the Whistleblowing Channel. **GRI 102-17**

Where the market is concerned, the company places a great focus on the transparency and the quality of its communications – a characteristic evidenced by awards and feedback from fixed and variable income investors, analysts, and rating agencies, as well as in-house employees. Each of these stakeholders is frequently contacted by the Investor Relations area which updates them in a timely manner and answers to specific demands, providing information on a dedicated **website** ([ri.abcbrasil.com.br](http://ri.abcbrasil.com.br)) as well as the Contact IR channel ([ri@abcbrasil.com.br](mailto:ri@abcbrasil.com.br)). On the IR website, investors will find the documents and information disclosed to the market to assist them with their analysis and in evaluating the business of ABC Brasil.

## Ethics and Integrity

The ABC Brasil's Code of Ethics sets out the parameters of behavior governing the conduct of the management and the employees. The company sees banking activities as based on mutual trust, for which reason it is essential that all professionals conduct themselves to the most appropriate standards. They are all aware of the need to maintain a high standard of professional integrity and confidentiality regarding clients' financial, business, and personal matters.

Moreover, the code covers issues involving the transactions of employees, money laundering, oversight agents and auditors, gifts and hospitalities and the Whistleblowing Channel.

### Integrity Program **GRI 207-1**

The company runs an Integrity Program for the Prevention of Corruption and Other Crimes against Domestic or Foreign Governments, consisting of a set of rules and regulations, operating procedures and controls adopted in an organized, integrated manner to improve efficacy. The program, under the responsibility of the Integrity Committee consisting of the

Compliance, Human Resources, Legal and Audit areas, covers the following operating and control procedures and integrity mechanisms:

- Risk assessment.
- Code of Ethics, standards of conduct, policies, and procedures.
- Management of third-party relationships.
- Management of corporate transactions.
- Management of tenders, government contracts and interaction with the public sector.
- Management of accounting and financial information.
- Communication and training.
- Investigation of complaints and violations and the imposition of disciplinary measures.
- Internal controls and monitoring.
- Continuous improvement.

Full information about the Integrity Program is available on the "more detailed information" page, and specificities about the program can be found on the Policies & Programs page of the ABC Brasil's investor relations website.

## Whistleblowing Channel

Reflecting the commitment to integrity, honesty, and transparency in conducting its activities and businesses, ABC Brasil maintains a Whistleblowing Channel and ensures proper treatment of facts that are notified, with no value judgement, and at the same time protecting the whistleblower's information, who can file the complaint identifying him/herself or anonymously.

The existence of the channel is widely disclosed to employees and available to suppliers, clients, and other stakeholders via the institutional website **institutional website**, e-mail ([denuncia@abcbrasil.com.br](mailto:denuncia@abcbrasil.com.br)), telephone (+55 11 3170-2113) and by letter.

All incidents are analysed by the Compliance area and treated with absolute confidentiality. During the year, two incidents were notified, 100% of them handled and investigated, only one of which was substantiated. **GRI 102-17 | FN-CB-510a.2**





## Risk Management GRI 102-11 | 102-15

For ABC Brasil, on identifying and monitoring risk factors and threats, risk management facilitates the optimization of resource allocations, assists in developing the proper mitigation measures and ensures the perennial nature of the business. In this way it plays an important role in creating returns for the shareholders.

Responsibility for risk management rests with all employees who can count on the support and constructive challenge of the Risk Management area. The area reports to the Chief Risks Officer and combines teams of specialists and generalists who operate independently and in an integrated manner to identify, assess, measure, and manage the risks incurred in carrying out the institution's business, operations, and strategies.

The following areas comprise the Risk Management area:

- Market, Liquidity and Operating Risk Management.
- Credit Risk and Integrated Risk Management.
- Socioenvironmental Risk and Sustainability Management.
- Operational Risk, Internal Controls and Cyber Risk Management.
- Credit Modeling Coordination.

Throughout the Covid-19 pandemic, over the last two years, the Risk Management area was actively involved in developing contingency measures that supported the adoption of a remote and hybrid working model and the implementation and monitoring of security measures in the offices.

At the same time, it worked on developing and implementing risk monitoring and mitigation programs that enabled business continuity with clients and the participation of ABC Brasil in pandemic-related government support programs such as the Emergency Credit Access Program (PEAC).

Besides ensuring a solid risk management structure, ABC Brasil has an intense and constructive relationship with the financial industry, which contributes to establishing even healthier business criteria and, consequently, reduces risk exposure.

## RISK MANAGEMENT AT ABC BRASIL FOLLOWS THE THREE LINES OF DEFENSE MODEL:

### 1<sup>ST</sup> LINE

Is the area engaging in the activity and takes primary responsibility for identifying and managing the risks, ensuring the capability for effective controls through periodic self-appraisal processes.

### 2<sup>ND</sup> LINE

Consists of the Risk Management area and, in the case of certain matters, also includes the Finance, and Compliance/Anti-money Laundering areas. It independently ensures that the 1<sup>st</sup> Line of defense is able to identify, measure and manage the risks in accordance with the organization's policies and risk appetite parameters. The 2<sup>nd</sup> Line plays a strong role in inculcating the culture of risk management, reporting to Operational Risk, Compliance and Information Security Committee, the Finance Committee, the Executive Committee, and the Board Risk Committee.

### 3<sup>RD</sup> LINE

Internal Audit department provides the 3<sup>rd</sup> line of defense, independently analyzing the processes, internal controls, and risk management programs by undertaking general and issue-specific audits.

## Socioenvironmental Risk Assessment **GRI DMA**

ABC Brasil believes in the importance of responsibility for evaluating the transactions in which it engages, in order to mitigate possible sustainability-related risks. Thus, it seeks to build a culture of socioenvironmental risk management, factoring into its business strategies the analysis of these risks, according to its **Socioenvironmental Responsibility Policy (portuguese only)**.

Socioenvironmental risk is transversal and failing to anticipate and manage it can lead to consequences for the institution, impacting other risks like credit, legal, reputational and market risk. These impacts may require compensation for damages or payment of fines, delay or interrupt on-going projects or even affect customers' repayment capacity.

The areas responsible for the relationship with clients are the first line of defense to ensure that the origination strategies and the relationship management are based on knowing the clients' socioenvironmental risk profile and that the transactions reflect the risk appetite and strategic objectives defined in the Socioenvironmental Responsibility Policy.

The methodology in place states that the Credit Area's team of analysts undertakes a socioenvironmental risk analysis based on the criteria defined by the Socioenvironmental Risk.

The Socioenvironmental Risk area, in addition to defining the analysis criteria, undertakes specific assessments in more complex cases, manages the risk identification structure, as well as implements and manages monitoring and data base systems. The Credit Committee has the authority to take decisions about socioenvironmental and image risks associated with clients and specific transactions.

The socioenvironmental risk management and analysis process consists of evaluating the socioenvironmental aspects with which the client is involved concerning compliance with the environmental legislation, working conditions, use of natural resources and waste management, and sets their level of socioenvironmental risk according to the methodology defined.

The assessment process attributes a socioenvironmental rating to the client, integrated with the wholesale credit rating model. Using this approach, 100% of the clients of ABC Brasil are analyzed for socioenvironmental risks, from simple socioenvironmental screening to a more detailed assessment, depending on each specific case. Over the last three years, no clients were blocked because of significant risks for having violated the values enshrined in the policies regarding forced or child labor and the exploitation of prostitution. **GRI 205-1 | GRI 408-1 | GRI 409-1 | GRI 412-1 | GRI G4-FS10 | GRI G4-FS11**

To ensure the efficiency of this process, the Socioenvironmental Risk area takes part in the on-boarding of commercial officers who are introduced to the socioenvironmental risk process. The area also works closely with the Legal Department in drawing up the socioenvironmental clauses for inclusion in all contracts, drafts the content and holds training sessions for the areas involved in the process. In 2021, the Commercial area took part in seven training sessions, amounting to 122 employees trained in socioenvironmental risk in courses lasting 193.5 hours. **G4-DMA**



### Analyses, Opinions, and Socioenvironmental Risk Rating

The institution has developed a socioenvironmental risk analysis process for its counterparties that includes granting credit and renewing limits of clients in the wholesale segment. Furthermore, it has implemented the Socioenvironmental Risk Management System to consolidate the entire analysis process and ensure a data base environment. The process takes into account the Potential Risk and the Assessed Risk of the clients arising from the following factors:

#### Potential Risk

- The potential socioenvironmental impact inherent to the counterparty's activity.
- The credit product to be granted to the counterparty.

#### Assessed Risk

- The counterparty's socioenvironmental management capability.
- Counterparty's (occasional) socioenvironmental issues.

This system evaluates factors like the typology of the client's business and their socioenvironmental management captured in the Socioenvironmental Questionnaire\*. After the data have been uploaded and analyzed, the socioenvironmental rating is automatically generated.

### SOCIOENVIRONMENTAL QUESTIONNAIRE\*

A form that the client fills by itself to evaluate their socioenvironmental management capability and identify how the company manages the issue. The document comprises three aspects:

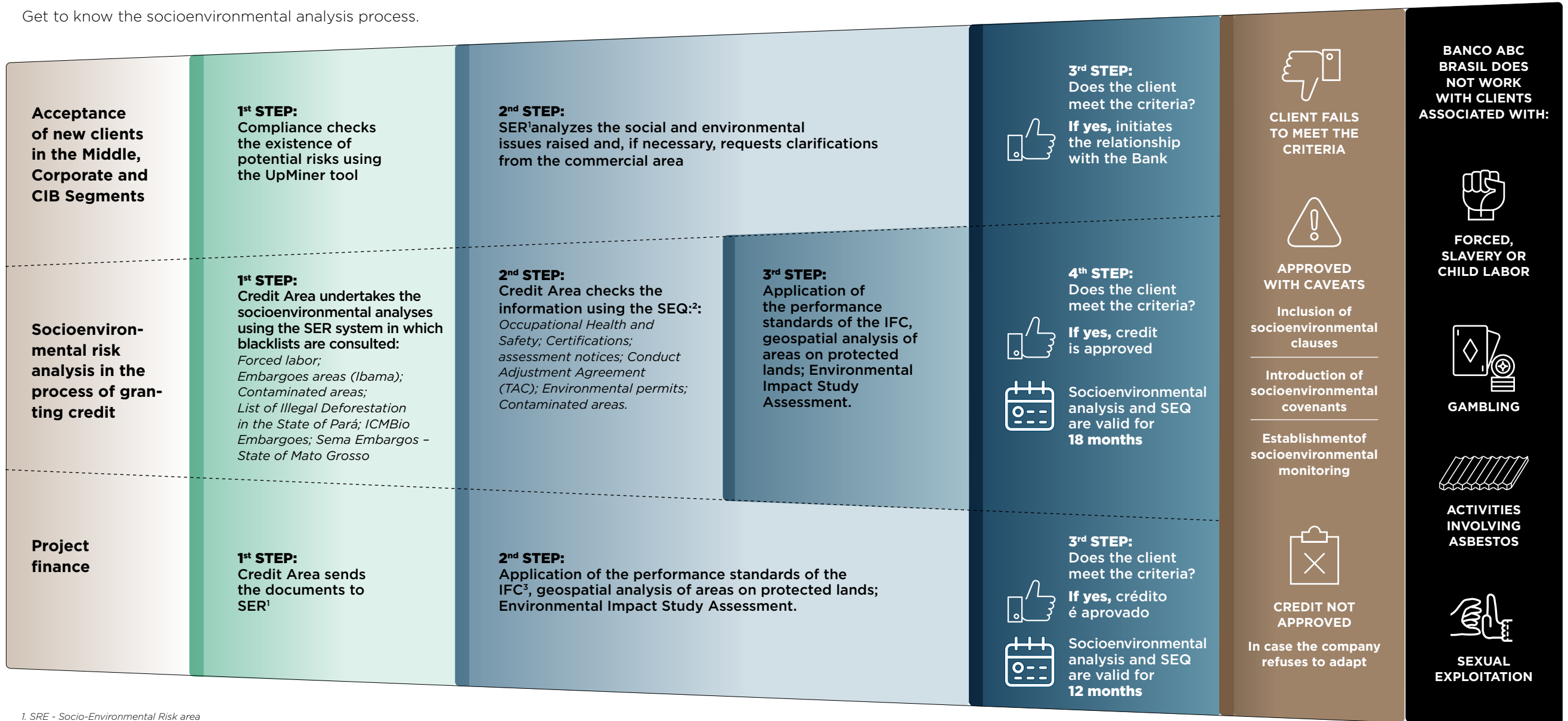
- **General aspects:** aims to detect whether the company has a socioenvironmental commitment that can be verified in internal policies, rules and regulations, an area dedicated to socioenvironmental responsibility, incentives for holding courses and trainings on the topic, the existence of codes of conduct and screening criteria for suppliers that have socioenvironmental commitments, among others.
- **Environmental aspect:** seeks to identify whether the company's activities are subject to environmental licensing, certifications and if there are any ongoing legal cases or investigations. A check is made as to whether the company requires specific authorizations such as a Biosafety Quality Certificate (CQB), Federal Technical Registration (CTF) and Hazardous Waste Transportation Permit, among others.
- **Social aspect:** seeks to identify issues of occupational health and safety, questioning if the client received fines or is undergoing any inquiries related to working conditions or the occurrence of work-related accidents, among others.

At the end, the responses are evaluated and the management approach to these topics is rated as Excellent, Good, Regular, or Poor. During 2021, ABC Brasil created a specific socioenvironmental questionnaire for the mining industry aiming to obtain information about dams in its operations.

The following infographic illustrates the socioenvironmental risk analysis process of ABC Brasil.

## How does socioenvironmental risk analysis work at Banco ABC Brasil?

Get to know the socioenvironmental analysis process.



1. SRE - Socio-Environmental Risk area  
 2. SEQ - Socio-Environmental Questionnaire may apply considering the client's sector and the credit product under discussion  
 3. IFC - International Finance Corporation



## OPERATIONS ALIGNED WITH VALUE CREATION

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Clients, products, and channels are the aspects contemplated in institution's ambition, which is also driven by sustainability parameters.

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## Operating and Financial Result GRI 201-1

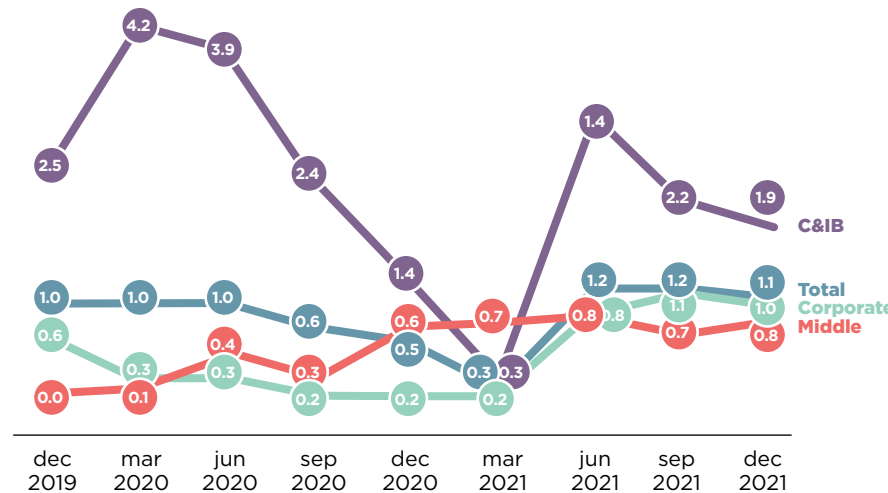
ABC Brasil ended 2021 with a strong client base expansion, adding in the period 852 total clients. This increase represents an expansion of 32% in the last 12 months, ending 2021 with 3,490 total clients. Besides contributing to revenue growth, this trend reduces the average credit exposure ticket per client, enhancing portfolio diversification.

The Expanded Credit Portfolio grew 9.7% year over year, the highlight being the Middle segment which expanded by 40.0% during the year and reached 7.9% share of the Expanded Credit Portfolio. The Corporate segment remains the most significant, with a participation of 54.0%, followed by C&IB with 38.1% at the end of December 2021.

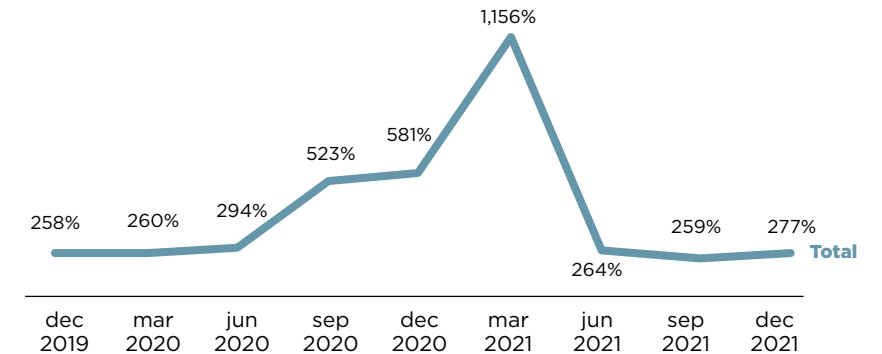
At the same time, and confirming the good moment of the credit cycle, Loans Overdue More Than 90 Days as a percentage of the Loan Portfolio ended the year at 1.1%, in line with the historical average of ABC Brasil. The coverage ratio, which considers the Loan Loss Reserve over the Loans Overdue More Than 90 Days, stood

EXPANDED CREDIT PORTFOLIO (R\$ MILLIONS)								
	Dec/21	% Total	Sep/21	% Total	3-month var.	Dec/20	% Total	12-month var.
<b>Loans</b>	<b>23,253</b>	<b>100%</b>	<b>21,905</b>	<b>100%</b>	<b>6.2%</b>	<b>20,940</b>	<b>100%</b>	<b>11.0%</b>
<b>C&amp;IB</b>	4,209	18.1%	3,668	16.7%	14.8%	4,001	19.1%	5.2%
<b>Corporate</b>	16,129	69.4%	15,630	71.4%	3.2%	14,849	70.9%	8.6%
<b>Middle</b>	2,915	12.5%	2,608	11.9%	11.8%	2,089	10.0%	39.5%
<b>Guarantees Issued</b>	<b>11,069</b>	<b>100.0%</b>	<b>11,435</b>	<b>100%</b>	<b>-3.2%</b>	<b>10,161</b>	<b>100%</b>	<b>8.9%</b>
<b>C&amp;IB</b>	8,712	78.7%	9,181	80.3%	-5.1%	8,124	79.9%	7.2%
<b>Corporate</b>	2,305	20.8%	2,213	19.4%	4.2%	2,004	19.7%	15.0%
<b>Middle</b>	52	0.5%	41	0.4%	25.4%	33	0.3%	54.6%
<b>Corporate Securities</b>	<b>3,393</b>	<b>100%</b>	<b>3,936</b>	<b>100%</b>	<b>-13.8%</b>	<b>3,277</b>	<b>100%</b>	<b>3.5%</b>
<b>C&amp;IB</b>	1,452	42.8%	2,148	54.6%	-32.4%	1,704	52.0%	-14.8%
<b>Corporate</b>	1,936	57.1%	1,783	45.3%	8.6%	1,573	48.0%	23.1%
<b>Middle</b>	5	0.1%	5	0.1%	(0.0)	0	0.0	-
<b>Expanded Credit Portfolio</b>	<b>37,715</b>	<b>100%</b>	<b>37,276</b>	<b>100%</b>	<b>1.2%</b>	<b>34,378</b>	<b>100%</b>	<b>9.7%</b>
<b>C&amp;IB</b>	14,374	38.1%	14,996	40.2%	-4.1%	13,829	40.2%	3.9%
<b>Corporate</b>	20,370	54.0%	19,626	52.7%	3.8%	18,426	53.6%	10.5%
<b>Middle</b>	2,972	7.9%	2,654	7.1%	12.0%	2,123	6.2%	40.0%

**Loans Overdue More Than 90 Days (falling due and overdue installments)**  
% of loan portfolio



**Coverage Ratio (loan portfolio)**  
Loan Loss Reserve/Loans Overdue More Than 90 Days





at 277%, presenting an appropriate level for the current credit scenario and close to pre-pandemic levels.

Regarding the financial results, Net Interest Income was R\$1,464.5 million, growing 28.6% over the previous year. The highlight was the Financial Margin with Clients, which totaled R\$986.4 million driven by a better product mix following the expanded offering to clients of structured transactions and the expansion of the Middle segment, which contributes with larger spreads.

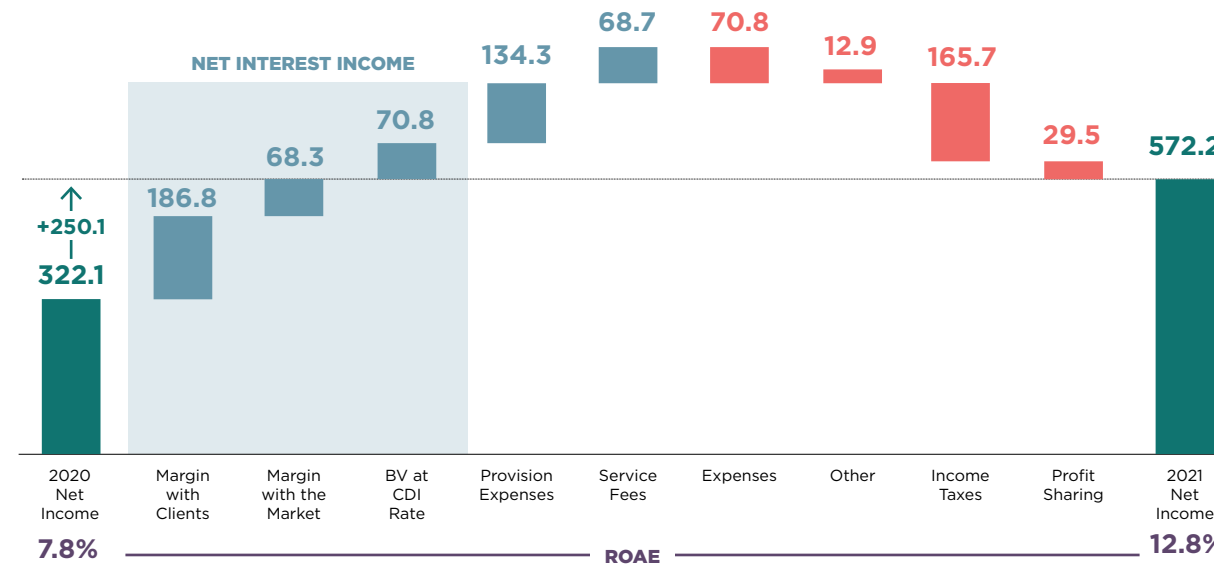
The Expanded Provisions Expenses stood at R\$193.0 million, 42.9% down in the same comparison and representing 0.5% of the Expanded Credit Portfolio, consolidating the transition to a phase in the credit cycle with lower provisions expenses.

Service Fees, in turn, reached R\$330.0 million, up by 26.3% over 2020, driven by the Investment Banking which enjoyed record revenue in the period.

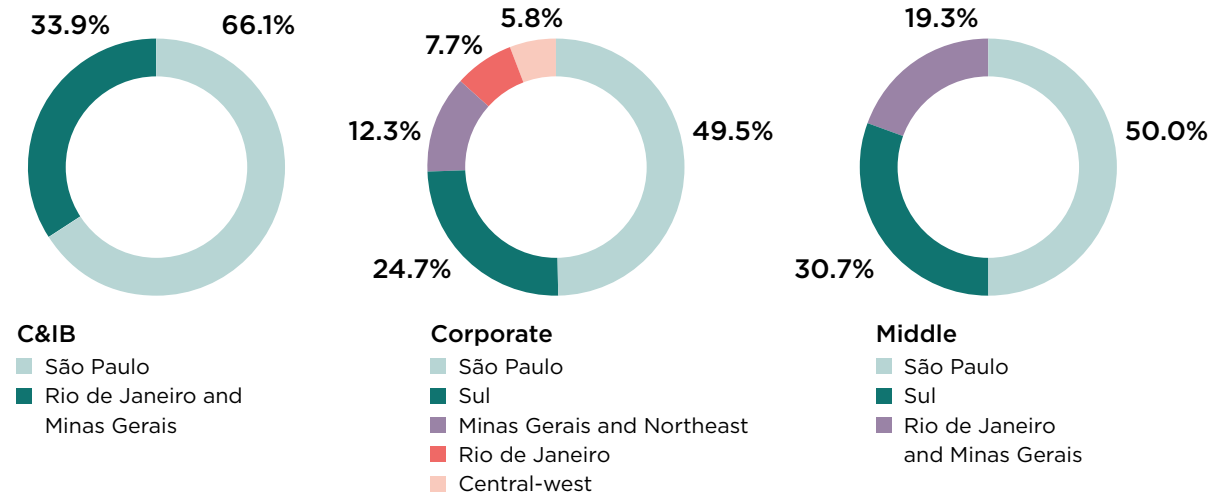
Personnel, Administrative and Profit-Sharing Expenses stood at R\$590.5 million, growing 20.5% over the previous year. The increase in expenses was driven by a higher inflation in the period and the development of struc-

turing initiatives, including the continued expansion of the Middle segment, the launch of new business lines and the innovation and digitization fronts. As these initiatives develop and gain in importance, it is expected that they accelerate the revenue growth and dilute costs and expenses. Net income stood at R\$572.2 million, representing an increase of 77.7% in relation to the previous year. The Return on Average Equity (ROAE) was 12.8%, up by 500 basis points in the same comparison.

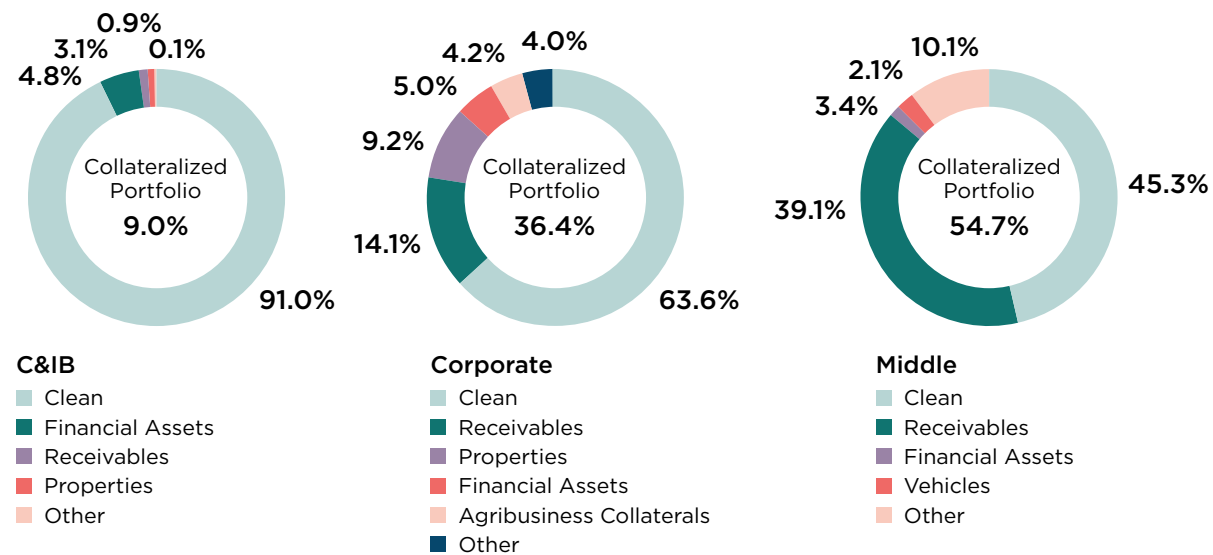
The increase in the ABC Brasil's results in relation to the previous year is explained primarily by the higher Financial Margin with Clients, the reduction in the Provisions Expenses, and higher Shareholders' Equity remunerated at the CDI rate. The result was partly affected by a higher rate of Income and Social Contribution Taxes during the second semester of 2021 and higher Personnel and Other Administrative Expenses arising from the development of structuring initiatives.



**Geographical Breakdown of the Expanded Credit Portfolio per Segment GRI G4 FS6**

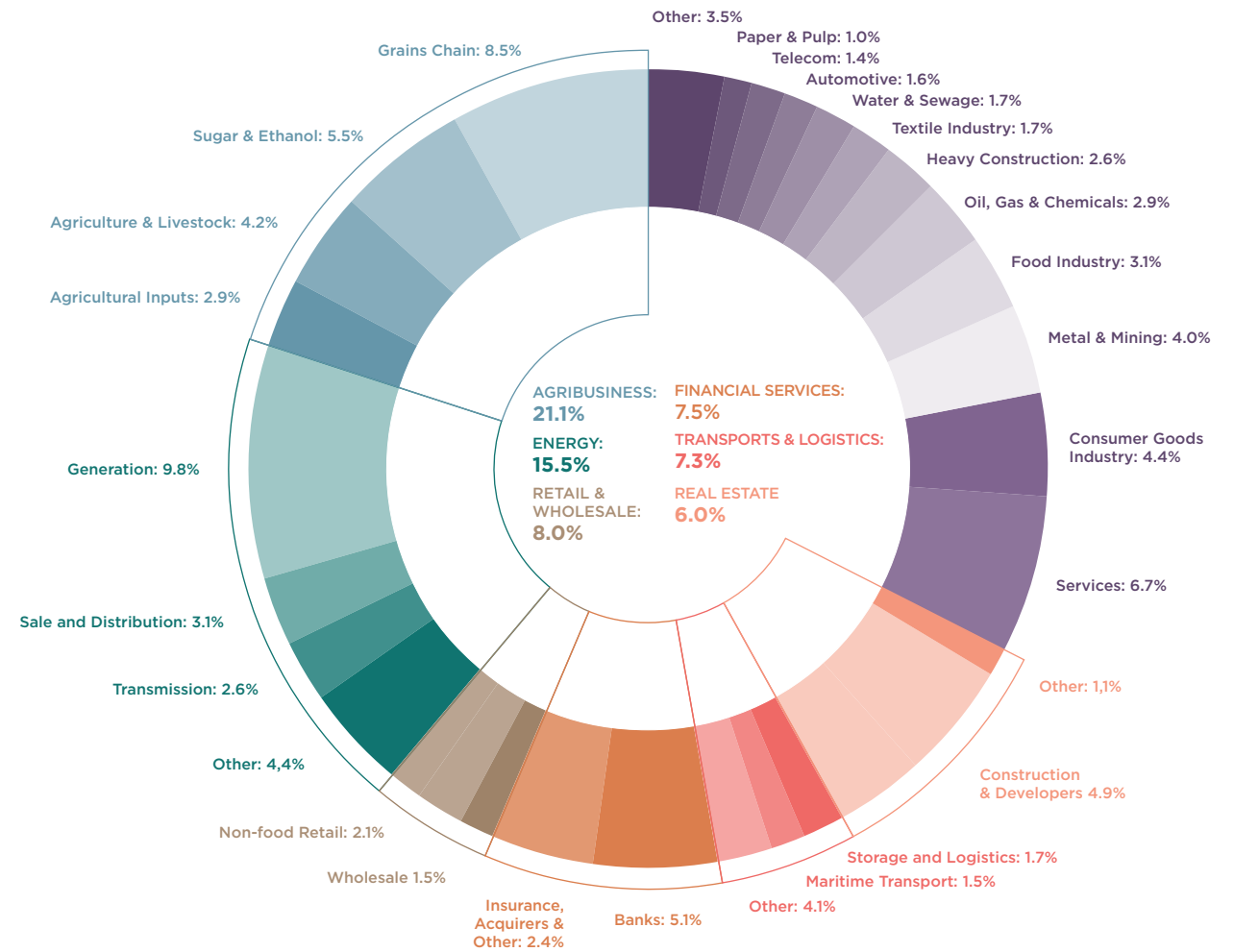


**Collaterals' Breakdown of the Expanded Credit Portfolio per Segment**



**Sector Breakdown of the Expanded Credit Portfolio GRI G4 FS6**

In December 2021, the Bank had a well-diversified and defensive credit portfolio, with a relative participation increase in the following subsector's: Agriculture & Livestock (0.8 p.p.); Energy Sale and Distribution (0.8 p.p.) and Services (0.6 p.p.).



For further financial and operational information please access the Earnings Releases and the accounting financial statements available on the IR [website](http://ri.abcbrasil.com.br) (ri.abcbrasil.com.br).

## Growth Strategy and New Businesses

ABC Brasil is a relationship bank and close to its clients, focused not only on providing products and services, but also taking a consultative approach. It is an institution that values long term relationships based on extreme trust. That is why its ambition is: **“To be the partner of choice for medium and large companies, their employees and suppliers, ba-**

**sed on a tailored relationship, multiproduct offering and omnichannel service model, leveraging talents, technology and analytics to deliver superior value with sustainable business practices”.** This ambition takes into account sustainability criteria and achieving it involves three pillars:



### 1. CLIENTS

- Expanding the number of clients and the volume of transactions.
- Serving the supply chains of ABC Brasil's clients, including their employees.



### 2. PRODUCTS

- Expanding the product portfolio.
- Leveraging the existing infrastructure, diluting the clients' acquiring and retaining costs.
- Reducing dependence on specific business lines.



### 3. CHANNELS

- Using third-party channels to distribute products of ABC Brasil.
- Distributing third-party products through ABC Brasil's channels.

In 2019, ABC Brasil embarked on a cycle of investments to diversify its operations and to initiate the process of digital transformation. The result of this investment in the subsequent years was the creation of the Middle segment, strengthening the Investment Banking area and launching new business lines like the Energy Trading Company, the Insurance Broker, the ABC Link, the Credit to Enterprise (C2e), and the Private Payroll Loans.

This movement saw the institution seek an increasingly digital culture involving the process of gradually entering new niches while maintaining an attentive and strict approach to the aspects of socioenvironmental responsibility and governance. This new approach was boosted in 2021 by the support of an experienced Executive Committee committed to creating long-term value.

#### ABC Link

ABC Link operates in capturing new business, an initiative that aims to create an alternative channel for distributing financial services through partner offices, using banking correspondents. In 2021, the initiative began scaling up, focusing on ex-

panding and concentrating its geographical presence by pursuing a Minimum Viable Product (MVP) process with 28 partner offices already operating and another 50 offices in the pipeline interested in signing up to the channel which offers a range of products including credit, cash management, guarantees, derivatives, foreign exchange, insurance, and investment banking.

These partners have available to them a team of specialists that cooperates in developing business by preparing analysis, supporting the client service management and offering training, certifications, and support material.

Within the context of the initiative, ABC Brasil is creating the ABC Link University with modules designed for the efficient performance of banking correspondent activity. The institution already runs on a specific platform the courses indicated by Febraban, which include aspects like anti-money laundering and fraud. Furthermore, it has invested heavily in developing its own technology by acquiring systems and integrating these to support the pursuit of new initiatives like the ABC Link.

## Insurance Broker

ABC Brasil Corretora de Seguros started operating in the third quarter of 2021, initially focusing on:

- **Surety Bonds:** a line directly linked to corporate credit analysis, complementing what ABC Brasil already offers by way of guarantees issued through bank sureties.
- **Credit Life Insurance:** life insurance for key shareholders in companies.
- **Global Capital:** group life insurance.

The initial lines to be offered were defined together with the commercial area – encouraged to intensify the relationship with the finance areas of client companies – and following a market evaluation that indicated the types of insurance most suited to banking products.

This alignment, together with the additional protection that insurance coverage adds to clients, facilitated rapid acceptance of the new service, leading to a growing number of transactions and volumes insured. Another contributing factor to the results was the expansion of the number of Middle clients and transactions throughout 2021.

Thanks to these initial positive results, the ABC Brasil Corretora de Seguros began offering in January 2022 property & casualty insurance (corporate, operational risks, D&O, E&O, equipment, engineering risks, cyber risks, civil liability, and fleet) as part of the process for expanding the portfolio of lines available to clients. The plans for 2022 include, in addition to consolidating the already existing portfolio, the gradual expansion to other lines of insurance such as agriculture insurance.

## Private Payroll Loans

Private payroll loans were initially offered between May and June to ABC Brasil's employees who could access, simulate, and contract the product in a 100% digital manner. In this case, the processes and systems developed underwent tests between December 2020 and April 2021 which revealed their efficacy.

Commencing in August, the institution began prospecting a universe of 700 corporate clients – primarily in the corporate segment – with pre-approved credit limits who, collectively, employed around 1.7 million employees.

The product is expected to gain traction to expand, with an increasing participation among corporate clients, enabling them to offer this to their professionals.

To ensure the best choice for its clients and employees in the case of payroll loans, in 2021 ABC Brasil created an online course in financial management. Available on the Bank's education platform, the focus of the course is to assist employees in finding healthy financial solutions for organizing how they manage their resources. In the case of private payroll loan clients, this enables the organization to present products with lower interest rates. **GRI DMA**

Using podcasts, activities and online simulations, the course consists of three modules: Self-awareness, where participants carry out an x-ray of their choices and check if these address, or not, their priorities; Check-up moment, verifying their financial health; and Credit and Debts, with an emergency approach in how to relieve themselves of debt and how to use credit in a responsible manner. The last module also deals with reserves and protection as a preventive approach, showing how to boost savings through investments..

## Digital Solutions

On another front dedicated to developing a digital ecosystem of banking and business management solutions for clients of ABC Brasil and their value chain, Credit to Enterprise (C2e) operation was launched as a business credit solution embedded in ecosystems that enable credit through third-party digital channels – including marketplaces, ERPs (Enterprise Resource Planning systems) and software programs.

This resource is available via an API (Application Programming Interface), with high scalability and easy connectivity, operating by means of automated flow encompassing the entire process of contracting the credit, from client's onboarding to the transaction disbursement.

## Energy Trading Company

With just over one year in operation, in 2021 the company was actively involved in transactions related to anticipation of contracts and trading on the “free market” for energy, which led to the expansion of its operations and enabled ABC Brasil to evaluate the functional points of view of the activity and identify synergies with other areas of the bank.

Similar to the organization, the product portfolio of the new business is expanding, a process that has already led to the inclusion of trading in long-term contracts (PPA) and flow transactions (purchases of excess energy from generators and sales of energy for GSF - Generation Scale Factor hedging of the energy generating plants).

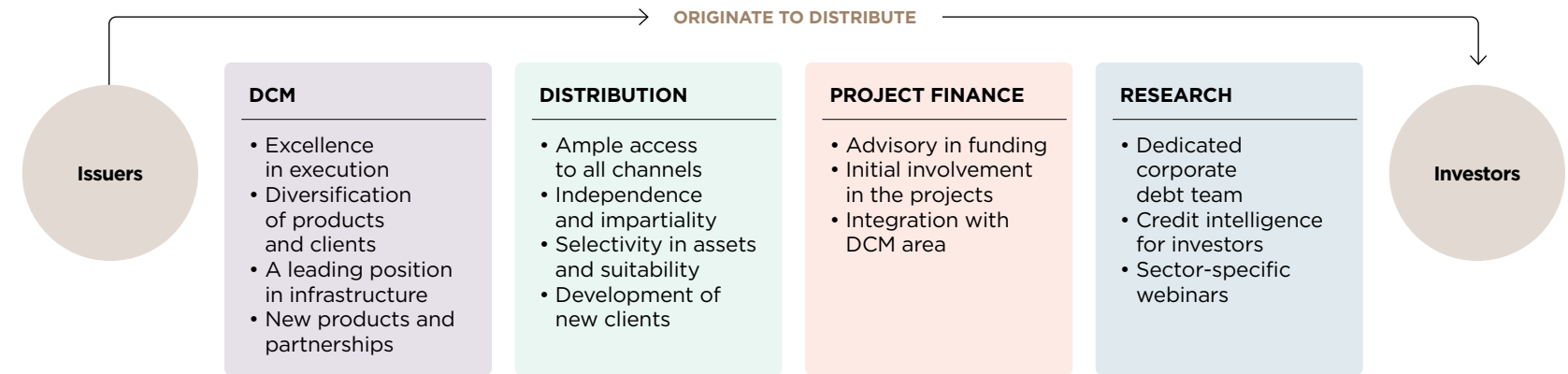
The value added to ABC Brasil resides in the fact that 30% of its clients are linked directly or indirectly to the energy industry and most of the others are purchasers of “free market” energy. This means presenting opportunities that goes beyond financial products, with the ability to support both those with high consumption and those with a lower demand. Thanks to this competitive advantage, the energy trading company is planning to embark on new businesses and diversify its operations to go beyond the revenue generation and become an important player in the energy market.

### Capital Markets and Investment Banking

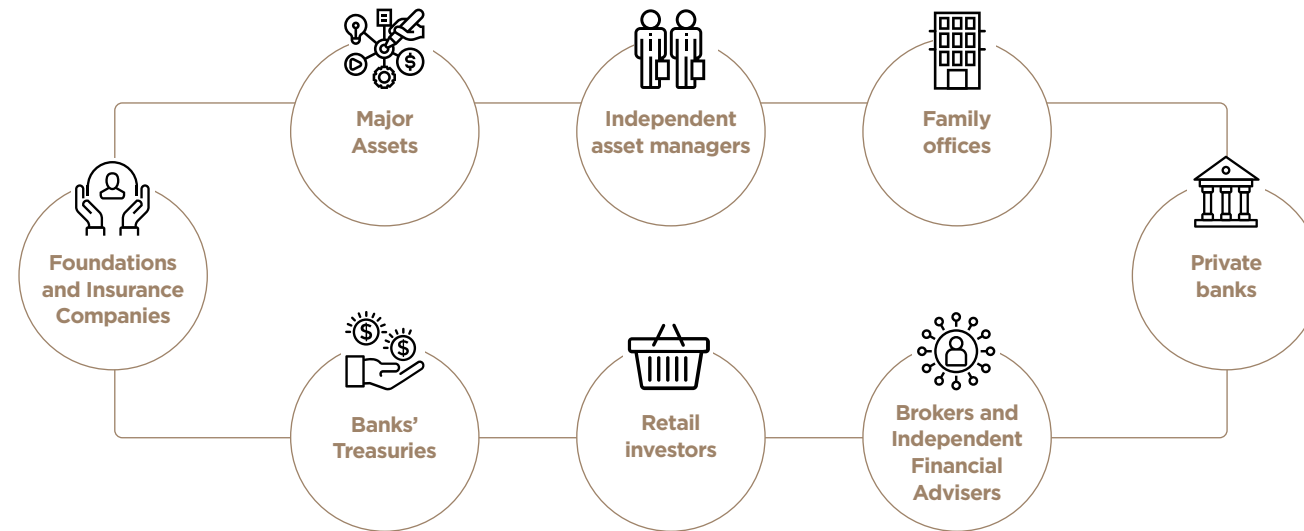
The emphasis of ABC Brasil in the capital markets is to create value for issuer clients and investors through distribution, advisory and information.

### Fixed income: focusing on the relationship and full-service portfolio

Creating value for issuer clients and investors through distribution, advisory and information



### Distribution: access to all channels





The Debt Capital Markets (DCM) area assists clients with structuring and distributing fixed income securities on the capital markets. This is the most traditional investment banking area at ABC Brasil, which in 2021 consolidated the organization's position among the ten largest domestic players in the fixed income segment – a status it has enjoyed for five years. In 2021, it priced 47 deals (21 in 2020), with a total issuance volume of approximately R\$6.2 billion in the year (R\$2.0 billion in 2020).

ABC Brasil enjoys extensive access and relationships with key investors in the local fixed income market, primarily institutional investors.

A new method of bringing capital market investors closer to issuers and discuss important topics has been through the ABC SmartTalks. This is a series of events that seek to address the doubts that arise during investor education processes. The format, which prior to the pandemic was in-person and more restricted, is now online and open to the public.

Another important front for the investment banking is the Mergers and Acquisitions (M&A) area. Over recent years, the organization has positioned its M&A franchise as a major player on the local market. More than 50 transactions have been successfully concluded, involving family-controlled, local

strategic and foreign companies, as well as private equity funds. These were important deals in a wide range of economic sectors, such as energy, consumption, mining, and infrastructure. This has only been possible thanks to an experienced team with in-depth knowledge of the various deal structures and sectors.

Reflecting the culture of providing clients with an all-round service, the Investment Banking has developed two other fronts: Project Finance, providing advisory in the analysis of investment projects that represent a doorway into capital markets transactions with the DCM area; and the Equity Capital Markets (ECM) platform involved in the process of enabling clients to access the equity capital markets through Initial Public Offering (IPO's) and Follow-Ons and which seeks to capture synergies with the commercial bank. This last initiative, launched in 2019, enabled the bank to conclude the first IPO deal before the end of 2020 and to participate in four other deals during 2021.

Tracking the movements of the market, the Investment Banking has made progress on sustainability issues to continuously enhance its practices. That is why it also has a representative on Anbima's Sustainability Working Group.

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Events open to the public, gathered under the ABC SmartTalks format, help to resolve doubts related to the capital market, in the context of the investor education process.

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## SMARTTALKS\*

The core idea of ABC SmartTalks is to assist investors in understanding important issues for evaluating local debt market assets. The webinar themes are chosen based on the doubts that arise during investor education processes. Previously, ABC SmartTalks was in-person meetings with investors, including lectures by consultants and counting with the presence of specialists. Today, it is promoted through webinars and are open to all stakeholders.

The ABC Brasil's YouTube channel makes 14 editions of the ABC SmartTalks available, meeting in which the participants dealt with a wide range of sectorial issues like highway traffic projects, wind farm risk assessment and regulatory problems of hydroelectric power plants. The sanitation, education, logistics and real estate sectors were also the subject of discussions.

In 2021, ABC Brasil promoted seven webinars: Court-supervised Reorganizations and Sureties, for a better understanding of the probability, term, and conditions for recovering credit assets. Distributed Generation, a segment that has grown exponentially in the energy market; Re-sale of Farming Inputs, to understand how the inputs re-sale business is reinventing itself in the current scenario; Real Estate, to discuss how the dynamics of costs, demand and interest rates have dictated the pace of new projects in the second semester; Sectorial Discussion about Generation, debating the prognosis and solutions for the energy generation sector in the face of the Covid-19 pandemic; Sectorial Discussion on Highways, with a prognosis and solutions for the highway sector, also in the face of the Covid-19 pandemic; and Fiber Optics, a discussion about the regional fiber optics market, changings in the sector, consolidation of local players and opportunities.

## Innovation and Technology

Part of the satisfactory business performance in 2021 is due to the intensive adoption of technology by the organization, enabling it to improve the service conditions for clients, as well as optimizing and enhancing credit models and product pricing. The use of technology has also contributed to originating transactions through more assertive analyses of their risk profile and, consequently, contributing to reduce nonperforming loans.

Much internal effort has gone into this aspect over the last three years when investments in personnel training, innovation and technology were intensified. This is because in the case of banking products, how institutions differentiate themselves depends on the experience they can offer to their clients. To embrace this understanding, ABC Brasil has drawn on the support of external consultants in reassessing its technological structure to support the expected greater scale and provide an elevated level of service.

From the operational point of view, worthy of note in this respect are the gains in process improvements, which have enabled the Bank to safely expand the Middle segment and to provide a more dynamic

service to clients, primarily in paying and receiving transactions – for which a cell was structured with several areas participating.

In the case of innovation, two challenges were successfully overcome during the year: the beginning of the private payroll loans operation in a 100% digital manner, and the granting of credit in marketplaces environment through the Credit to Enterprise (C2e) program – a totally digital process encapsulated in micro services using cloud computing that enables the entire credit granting process for all sizes of companies to be automated, including online simulation and proposal requests, with the proceeds released on the same day.

In the same context, ABC Tryouts is in its second edition, an intra-entrepreneurship program which consists of giving ABC Brasil's employees the opportunity to come up with solutions for clients' problems. It is an ideas bank, in which suggestions are registered and pre-screened, and their authors are trained to develop them based on specific methodologies.

In 2021, 60 projects were submitted by 39 employees, of whom 20 were successful at the first screening process and modeled





their businesses for presenting to a committee of directors from several areas. This committee elected five initiatives which, after submission to the Executive Committee, resulted in three being approved and submitted to undergo Proof of Concept with the market, producing two new solutions: the “Celeris” digital platform for trading court-ordered debt payments and the ABC Brasil’s insurance broker.

The digital approach is also result of studies with clients and the collection of their perceptions that form the bases for improvements and the development of solutions. ABC Personal, for example, has incorporated functionalities in line with the new organizational profile of a multi-product bank. Services like paying and receiving, transfers and private payroll loans were entered on the platform and can be contracted directly on the application. Facial biometry has also been implemented to enhance security.

The Technology area coordinates what it does with the Information Security and Infrastructure areas to deal with the so-called cyber risks, undertaking resilience testing and searching for protection solutions while continually evaluating both internal systems and those of our partners.

## OPEN INNOVATION

In line with its digital transformation, ABC Brasil launched the Startek during the year, an open innovation program to enable the connection with startups and fintechs, being able to contribute to solving the institution’s challenges and those of its clients. The initiative, a partnership with the innovation company Distrito, aims to identify new business opportunities by developing digital projects and solutions. In the first edition, challenges were defined based on three business axes: Now, focused on improving existing projects and products; Next, to create medium-term solutions; and New, whose purpose is to test long-term business models. As a result, three of the 20 startups analyzed were chosen and have begun development work on the solutions with ABC Brasil.

## Privacy and Data Protection

ABC Brasil maintains robust information security processes, with regular vulnerability testing that goes beyond the regulatory requirements, as well as constant training for employees – an initiative reinforced in 2021 by promoting internal simulations (phishing). The organization is represented on the Febraban Working Group dedicated to the topic, to ensure that its protection measures are up to date and to contribute to the evolution of the market.

Besides having applied all the adaptations imposed by the Brazilian General Data Protection Law (LGPD) over the last two years, ABC Brasil has developed its own data privacy structure that uses global tools for controlling and mapping how clients’ personal information is handled. The Bank has also invested in team training, bearing in mind the diversification of the business it encompasses, like private payroll loans, which has expanded the range of clients to individuals as well.

The institution has already internalized the privacy-by-design culture consisting of adopting aspects of privacy as guidelines, from when the products or services

are conceived. The methodology is encompassed in rules and regulations and supplemented by policies that deal with the topic – six of which were launched in 2021. Another five are expected to be published in 2022.

The concept of data governance still prevails, a differential that adds quality to the data and enables more assertive decisions to be taken in addition to ensuring strict compliance with the standards required by the market. This governance provides for sustainable management while avoiding the manual handling of data – since the flow is automated – and leakages, affording the clients security.

Frequent tests are also undertaken. As the first line of defense, the information security team carries out preliminary tests intensified once a year by the Risks area. The entire work, accompanied within the scope of the Operational Risk, Compliance and Information Security Committee (CROCS), has led to the inclusion of data privacy-related risk in the Bank’s Risk Matrix, since privacy and transparency are essential elements for a wholesale financial institution.





## Client Relations

At the end of 2021, ABC Brasil had a total of 3,490 clients of which 2,322 had exposure to credit, growth of 32% over the previous year. This evolution is the result of the expansion strategy for the Middle segment, marked by investments in technology, processes and personnel to support the increase in the number of clients. The availability of instruments, management tools and technological resources has also enhanced the assertiveness of the relationship between client relationship managers and clients and, consequently, their productivity.

The process of aligning the sales professionals with the corporate culture begins as soon as they join, when they go through an on-boarding period, followed by

frequent training – phases that in 2021 took place remotely without compromising quality. Management mechanisms function in the same manner, which favors the retention of leaders dedicated to business development.

Besides its own team, those in charge of the offices integrated to the ABC Link platform also benefit from training initiatives. During the year, 12 topic-specific webinars were held for the partner office teams, dealing with the culture of ABC Brasil and the characteristics of the products available. An innovation in the market, this movement for integrating alignment with the business management is likely to be intensified in 2022.

Another focus is the evolution in digital means of communication, embodied by the restructuring of the Internet Banking, a project expected to be concluded in 2022 which will make the institution more transaction-based, making access to efficient self-service possible. This measure is fundamental, given the intended continued expansion of the client base.

Feedback from clients, expressed in the NPS, are also considered when adopting improvements and putting together action plans, insofar as they enable occasional gaps and needs to be identified.

The expansion of the Middle segment led the institution to register a 32% increase in the number of clients in 2021 and to reinforce its investments in technology, processes, and people.

## ASSURED SUITABILITY

GRI 417-1 | GRI G4-DMA

ABC Brasil has a robust suitability structure, complying with its duty of verifying the suitability of products, services, and transactions to the client's profile – requirements enshrined in CVM Instruction 539 – which is strictly enforced and proven by sending semi-annual reports to Anbima.

Thus, employees certified to be part of the distribution system, as well as securities consultants, cannot recommend products, engage in transactions, or provide services without verifying that they fit the client's profile. When sending any material to a client, the professional must be certain that the addressee understands that such material does not constitute an offer of business and it is incumbent on the company to evaluate the suitability of the product to their needs/objectives.

One of the differentials of ABC Brasil in its funding business is the Suitability Committee, responsible for discussing issues involving the Derivatives Suitability Policy and the forum for dealing with matters concerning the policy and its procedures. Through this committee, the organization strives to reinforce clients' trust in line with its profile as a relationship bank.



## SUSTAINABILITY AT BANCO ABC BRASIL

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In addition to creating a dedicated area to the topic, a multidisciplinary Steering Committee was established, acting as a working group subdivided into four pillars.

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In 2021, ABC Brasil focused on strengthening and internalizing the thematic of sustainability in its business. As it already had appropriate socioenvironmental risk management, it concentrated its efforts on expanding its positive impacts and evolving in this direction. This led to the creation of the Sustainability area, aiming at consolidating its reputation regarding this topic and guiding the relationships with all stakeholders.

The new structure coordinates and undertakes sustainable business initiatives in addition to ensuring that it responds to the sustainability demands emanating from stakeholders while internalizing trends and scenarios that reflect the pertinent aspects. In the case of the sustainability agenda, the institution has also enhanced internal governance and expanded the transparency of its practices and initiatives.

Moreover, ABC Brasil is determined to expand the impact appetite, for which reason it intends to move ahead with ESG initiatives that are able to support and generate value in partnership with stakehol-

ders. This guideline matches the business strategy, primarily by strengthening the partnership with clients by means of supporting the transition to more sustainable business. Another focal point of ABC Brasil is to create innovative financial solutions in sustainability and to identify and capture business opportunities that are both viable and sustainable.

The ESG agenda is priority and strategic for the institution, therefore it is stimulated, supported, and tracked directly by the Executive Board and the Board. Further to that, in 2020 was established a management model in a network format by creating four working groups managed by and with the technical support of the sustainability team:

The key departments of ABC Brasil maintain focal points that are responsible for coordinating and performing the activities of each pillar - a model that enables the expansion of sustainability, since multiple areas participate in the activities directly, the topic becomes transversal at the organization.

## SUSTAINABILITY'S PILLARS OF ACTION



### INSTITUTIONAL

Its purpose, among others, is to abide by good practices and ensure the highest standards of management in sustainability issues; fostering adherence to domestic and international initiatives aligned with its purpose; maintain a good relationship with investors and rating agencies, responding to sustainability-related demands; collaborate in building a good reputation in sustainability; in addition to ensuring ethics and integrity at every step of this agenda.



### ACTIVITY IMPACT

Includes the commitment to mitigate and adapt to climate change; maximization of ecoefficiency; and maintaining a sustainable relationship with suppliers. Furthermore, this pillar is responsible for fostering the internal culture of sustainability through the environmental education project, ABC Consciente (ABC Awareness).



### SUSTAINABLE BUSINESSES

Its duties are to identify opportunities in the sustainable finance market; finance and boost positive impact sectors; promote and enable sustainable solutions and products for clients that can contribute to a green transition and positive impact economy, in addition to identifying and anticipating the global challenges.



### SOCIAL

Aims, among other objectives, at fostering respect for human rights, diversity, and inclusion; ensure a superior human capital management; cooperate with the society's socioeconomic development; and promote corporate citizenship.



## Sustainable Business GRI DMA

In 2021, ABC Brasil pushed ahead in building its sustainable finance strategy by internalizing the diagnosis of best market practices prepared by specialist consultants. This work inspired ABC Brasil's strategic ambition, where sustainable business is a priority in the relationship with stakeholders.

**“To be the partner of choice for medium and large companies, their employees and suppliers, based on a tailored relationship, multiproduct offering and omnichannel service model, leveraging talents, technology and analytics to deliver superior value with sustainable business practices”.**

This purpose is already part of ABC Brasil's activities, since in 2021 it allocated approximately R\$3.2 billion to finance projects focused on climate change, health, education, renewable energy, diversity, and job creation. **GRI- 203-2 | GRI G4-FS7 | GRI G4-FS8**

One of the initiatives was the line of credit of US\$72.3 million obtained from Proparco, a branch of the French Development Agency (AFD), to support projects linked to countering climate change, especially impacting companies in the agriculture and electricity generation sectors. With a term of eight years, the financing facility will contribute to diversifying the organization's portfolio earmarked for green projects, whether by improving the energy efficiency of its clients, or financing long-term investments in projects.

Another operation in the same vein was the first funding taken from Banco do Brasil to promote sustainable asset transactions. The proceeds will be used in activities classified as social, according to the International Capital Markets Association – Social Bond Principles (SBP). Additionally, the operation will support ABC Brasil's strategy of providing support to Middle companies, as well as those in the healthcare industry.

SIGNIFICANT INDIRECT ECONOMIC IMPACTS				
	Unit	2019	2020	2021
Total number of funding transactions classified as ESG	Qty	3	3	4
Total number of DCM transactions classified as ESG	Qty	8	6	3
Total volume of ESG and/or multilateral funding	US\$	595MM	580MM	612MM





In November 2021, the Bank also concluded the first Gender-classified transaction of the Trade Finance Facilitation Program (TFFP), a program developed by IDB Invest that aims to promote sustainable foreign trade through loans to banks in Latin America and the Caribbean.

The facility aims to impact companies whose CEO or principal shareholders are women, as well as companies whose strategy encompasses gender diversity. This transaction contributes to the Sustainable Development Goal (SDG) 5, dealing with gender equality.

Also in 2021, ABC Brasil concluded the earmarking of the funds raised through the Social Bond issued in 2020 – year when the Bank was chosen by IDB Invest as a member of the IDB Group, for the first social bond issued by a Brazilian bank domestically, by issuing financial notes. Amounting to R\$525 million, and with a five-year term, the transaction has expanded access to financing for four client groups: small and Middle companies (SMEs) in Brazil's north, northeas and central-west regions; SMEs

in any region of the country that have obtained financing during the Covid-19 crisis; SMEs in any region of the country that have obtained financing for some expansion plan; and Brazilian healthcare organizations of any size.

In addition to contributing to the development of the Brazilian capital market and the sustainable finance sector, this transaction represented the first social bond issued by a private financial institution in the local market and the first issue-related bond acquired by IDB Invest on the Brazilian market. The agreement expected the funds to be allocated in the next two years; however, the sharp growth in transactions in the Middle segment, as well as specific transactions in the healthcare sector enabled it to be concluded in three months.

Given its engagement in building this sustainable finance agenda, ABC Brasil participated in the roundtable at the event to launch the Thematic Guidebooks in Brazil, promoted by IDB Invest in partnership with Anbima, to share with the participants its story in the sustainable finance market.

### Offering Sustainable Products

For each product or service offered, ABC Brasil has developed policies and procedures manuals based on the discussions of the Products Committee, which consists of professionals from different departments like Products, Legal, Fiscal, Marketing, Credit, and Socioenvironmental Risk, among others. Each discussed topic, related to development and monitoring process of the products/services offered to clients, is evaluated by the entity taking into account the prevailing market conditions, laws and regulations.

The Products department counts with specialists in each product/service available, aiming at implementing and monitoring offerings that are both responsible and appropriate for the clients, in addition to presenting the necessary information to them and to the government bodies. The area also supports the internal departments in product-related issues, like Marketing, in the proper disclosure of the solutions.

Based on the diversified composition of its product portfolio, the Bank runs operations that contribute to the Agenda 2030 and, directly or indirectly, to achieving the Sustainable Development Goals (SDG). Through its activities, it especially encourages the SDGs below as follows:



Provides loans to healthcare companies using proceeds from the Social Bond.



Promotes investments that seek to guarantee sanitation for everyone, using sustainable water management.



Seeks to contribute to building a more renewable energy matrix.



Provides loans to middle companies in undeveloped regions by using the job creation by using the Social Bond proceeds.



Incentivizes sustainable industrialization, promoting innovation through investments.



invests and acts to tackle climate change and its impacts

## Impact of the Activity

The topic "Impact of the activity" involves issues related to managing the direct and potential environmental effects arising from the operations and the sustainable relationship with the supply chain, aiming at promoting the internal culture of sustainability and expanding ecoefficiency. It also underpins the actions aligned with the ABC Brasil's initiatives regarding mitigation of and adaptation to climate change.

### ABC Consciente Program

To raise employee awareness about environmental issues and their impacts, encouraging the adoption of sustainable habits inside and outside the bank, the ABC Consciente environmental education program was created in 2021. Within the scope of the initiative, various internal communication actions were undertaken aiming at internalizing the 5 Rs of sustainability among the employees, promoting the culture on the topic in five key segments: consumption of plastic, consumption of paper, waste management, greenhouse gas emissions and the consumption of water and energy.

### Supplier management

The supply chain of ABC Brasil consists of around three thousand small and large companies, 70% of them in the technology segment. **GRI 102-9**

When filling out the registration form, suppliers declare their agreement with the minimum conditions established by the organization for inclusion on its data base. ABC Brasil demands a commitment from its suppliers to best anti-fraud and money laundering practices and respect for social conditions, preserving the best worker labor relations with their employees and full compliance with the law.

These suppliers are submitted to a certification process in which the Procurement area analyzes their documents and reputation and arranges for the issuance of AML and anti-fraud search dossiers using the automated data search and collection system on several bases. These measures enable the evaluation of indications of irregularities or information that could unfavorably reflect on the company, its shareholders, and representatives. This monitoring process occurs annually.

In 2021, with the intention of boosting the procurement process, thereby benefiting every link in the chain, ABC Brasil undertook an extensive review of the procedures flow involving nine internal areas which resulted in a reduction from 70 to 15 days of the interval between the demand and the effective supply of the material. This flow was implemented in processes that do not require the engagement of technical areas, that is 72% of total demand, resulting in a reduction in the contracting time, in establishing standard drafts for certain services, simplification of the process and better governance.

Moreover, the alteration provided efficiency to the process, such as less involvement of the Legal Department, reduction in the flow of e-mail messages and clarity and objectivity in all communication.

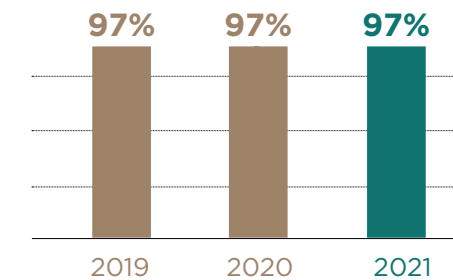
During 2021, 97% of purchases came from local suppliers, thus benefiting the organization's impact on the regional market.

**GRI 204-1**

In the year, 97% of purchases involved local suppliers, which contributes to boosting the development of the regions where the institution maintains activities.

**Percentage of the volume of expenditure on purchases from local suppliers**

**GRI 204-1**





### Ecoefficiency and Emissions Management

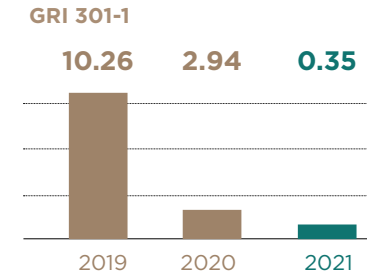
Aligned with the purpose of working towards a fairer and more sustainable society, ABC Brasil is undertaking a series of initiatives involving ecoefficiency and climate change management.

Its headquarters in the capital of São Paulo occupies a building with Leed (Leadership in Energy and Environmental Design) Gold certification granted by the Green Building Council, which ensure the adoption of sustainable construction practices. To approve the classification as a green building, the certification considers aspects like the rational use of water, energy efficiency, selection of construction materials, indoor environmental quality and innovative strategies.

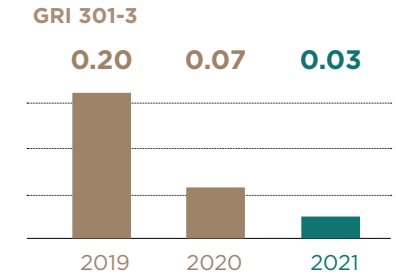
The organization also monitors the consumption of natural resources and the generation of waste in its operations to identify opportunities for reduction, avoiding waste and expanding its efficiency. Initiatives in this line include applying film on windowpanes and the use of blinds to reduce heat and avoid the excessive use of air conditioning while maintaining thermal comfort; intensive adoption of document digitization processes and the implementation of electronic signature tools to avoid using paper; as well as the selective collection of recyclable and non-recyclable residues.

#### Materials used by weight or volume

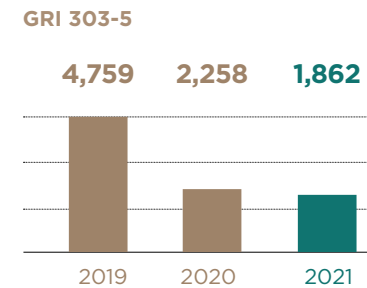
##### Consumption of paper (Tons)



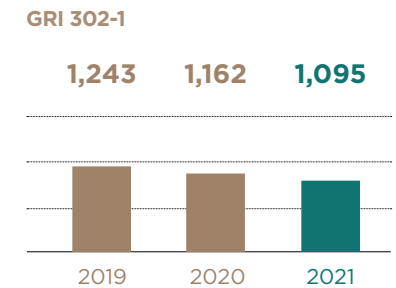
##### Consumption of cartridges<sup>1</sup> (Tons)



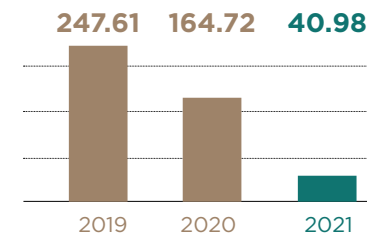
##### Water consumption (m<sup>3</sup>)



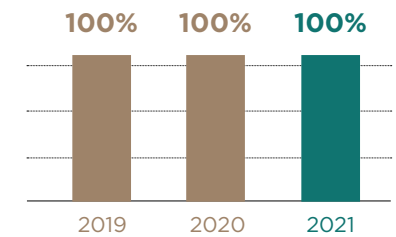
##### Electricity consumption (MWh)



##### Waste production and disposal (Tons) GRI 306-3 | 306-4 | 306-5



##### Waste sent for recycling (%) GRI 306-4 | 306-5





In the case of emissions management, the highlight of 2021 was the elaboration of the first Greenhouse Gas Emissions (GHG) inventory for the year 2020, according to the methodology of the Brazilian GHG Protocol Program. Due to presenting a complete and audited inventory, it was awarded the Gold Seal in the program. To access it [click here](#) (portuguese only).

In the same vein, the organization used carbon credits from a wind energy generation project to offset its scopes 1 and 2 emissions (170.0 tCO<sub>2</sub>e). Thus, it became a carbon-neutral company and member of the “Amigos do Clima” initiative, a voluntary environmental program whose objective is to support companies, orga-

nizations, events and people in offsetting their emissions.

In 2021, we sought to enhance the inventory by including scope 3, in addition to the emissions from business travel, emissions from commuting and the energy used by employees to maintain their laptops connected during working hours. During the year there was an increase in the emissions in all scopes due to on-site employees’ return and the increase in the emissions factor of the National Interconnected System (SIN) which refers to energy consumption.

**GRI 305-4 | 305-5**

The table below shows the emissions values of recent years:

GREENHOUSE GAS EMISSIONS GRI 305-1   305-2   305-3			
	Unidade	2020	2021
Direct emissions - Scope 1	tCO <sub>2</sub> e	96.89	89.64
Indirect emissions - Scope 2	tCO <sub>2</sub> e	71.78	138.45
Other indirect emissions - Scope 3	tCO <sub>2</sub> e	147.66	453.13





## Social

ABC Brasil intends to maintain an increasingly efficient corporate governance through the sustainable management of people and a healthy environment for the employees capable of enhancing their personal and professional development. It also encourages to promote citizenship among its teams, fostering initiatives in voluntary service as well as making donations as a way of directly supporting the development of society.

### Human Capital

At the end of 2021, ABC Brasil had a headcount of 899 employees, an expansion of 26% over the previous period, 67% men and 33% women, to whom it provides compensation compatible with the market, supplementary benefits to those stipulated by the legislation and opportunities for development. All professionals are covered by collective bargaining agreements. **GRI 102-7 | 102-8 | 102-41 | 401-1**

The initiatives available to the teams include the Commercial Development Program which aims to align methodologies, practices, and concepts of the commercial approach through successful cases to improve results and increase sales of products and services. Areas of knowledge,

with curatorship of specialized content by professionals renowned in the market and internally recognized enable a set of short and objective educational experiences which, when combined, generate a consistent learning. The program reported 213 courses completed in 2020 and 1,445 courses completed in 2021.

Another program is the ABC Tryouts that promotes intra-entrepreneurship, the combination of knowledge, skills, and processes for employees to disclose and develop their ideas, with the contribution of training in innovation and digital transformation. Within the scope of the initiative, the challenges in which the participants must develop their ideas are structured in three categories: Digital Business, Wholesale Banking, and Innovation. All members of the ABC Tryouts who reach the modeling phase are entitled to the following incentives and benefits: part-time work as stipulated in the regulations; mentoring by the Executive Committee; consulting in design for solutions and technology; and live exclusive courses in the Digital Transformation Journey.

ABC Brasil believes in the importance of people development. To identify potential talent

and maintain its internal structure renewed, it has an internship program, *Jovens Talentos* (Young Talent), which aims to project the institutional brand among young public and prepare professionals to assume future positions in the organization. The initiative includes both institutional and technical internships involving all internal areas. In 2021, 98 interns were offered full-time positions.

There is also the Educational Journey based on learning tracks whose objective is to develop in the intern technical and behavioral skills focused on the practical applicability of the knowledge acquired. This is also supplemented by the Appraisal Plan that includes an analysis of potential talent capable of expanding the possibilities of a professional career in the organization. To that end, objectives/challenges are taken on, with continuous feedback between the intern and the manager.

To further strengthen its brand among young people, ABC Brasil is part of the Mentor Company Program in partnership with Empower, with disclosures on social networks, and the #SOUABC front by which it shares knowledge and experiences with students: 245 of them were involved this year from seven universities.

The team's interaction and the dissemination of the corporate culture are maintained through an internal communication network for disclosing news and by means of groups known as ABC Cults, responsible for ensuring that everyone adheres to the set of practices, attributes and behaviors that guide the organization's way of being and doing things.

Under collective bargaining agreements, applicable to all financial institutions, ABC Brasil maintains differentials. It uses a consulting company to undertake an annual salary survey to ensure that its compensation levels are in line with those prevailing in the market. Additionally, in 2021 it adjusted the long-term incentives granted to the members of the Executive Committee, officers and key professionals under the Long-Term Incentive Program, a variable compensation structure based on phased granting of preferred shares.

Furthermore, the benefits package includes more than those required by law and defined in the collective agreements, such as financial support for employees to cover extra expenses arising from home office, such as internet and electricity. As a supporter of the Citizen Company Pro-



gram, ABC Brasil also grants extended maternity/paternity leave: 90 days and 15 days, respectively.

Another differential is the ABC com Você (ABC with You), a 24-hour support tool offering a range of professional services such as lawyers, psychologists, social workers, financial planners and others in a confidential manner. The objective is to provide employees with assistance in solving problems that can affect both their personal and family life as well as professional life.

With training and human development in mind, the ABC Brasil Corporate University was established to provide a series of programs intended for employees and external stakeholders (see this page). Internally, the courses are taught on the ABC Learning platform with over 135 items of content, which in 2021 were covered in 38,000 hours of training. **GRI 404-1**

In order for the performance appraisal and analysis of potential to provide support to the movements and actions involving the career of those professionals appraised, the 9Box methodology has been adop-

ted, applicable to directors, managing directors, managers, relationship managers, coordinators and specialists. The objective is to reveal those employees requiring development actions or who are qualified to assume other positions within the company.

This phase is combined with the targets plan - defined for directors and thereafter derived for the other levels - and considers performance in the following proportions: 70% to quantitative results and 30% to qualitative results, whereby 20% of the latter refer to the extent to which the employee embraces the desired culture, 10% to the extent to which they are aware of operational risks and 70% referring to corporate goals.

All initiatives in the Human Resources area are undertaken regularly, based on data provided by surveys. In 2021, three surveys were conducted to understand the employee's needs, two internal and one external. The internal surveys are conducted with specialized tools, and the data are analyzed by the Human Resources team and subsequently shared with the managers.

The HR actions that took place during the year were based on the key results and comments from the survey, attempting to address the specific employee's needs. The main aspects covered in the survey were the employee's satisfaction with life, work, the organization, and management; burnout; engagement; fear of Covid-19 and the workplace during the pandemic; propensity for and experience in volunteer actions; and quality of life.

External surveys are conducted by a specialist consulting firm and seek to recognize the best companies in people management, engagement, and organizational prosperity. Their results are a benchmark for strategic actions involving management in the 21<sup>st</sup> century. The survey is based on two pillars, Prosperity and Engagement, divided into eight dimensions, of which seven involve prosperity and one, engagement. These are presented in the box on the right:



### PROSPERITY

1. Organizational agility
2. Culture and integrity
3. Responsible leadership
4. Healthy work environment
5. Fair compensation
6. Attractive careers
7. Prosperous individuals



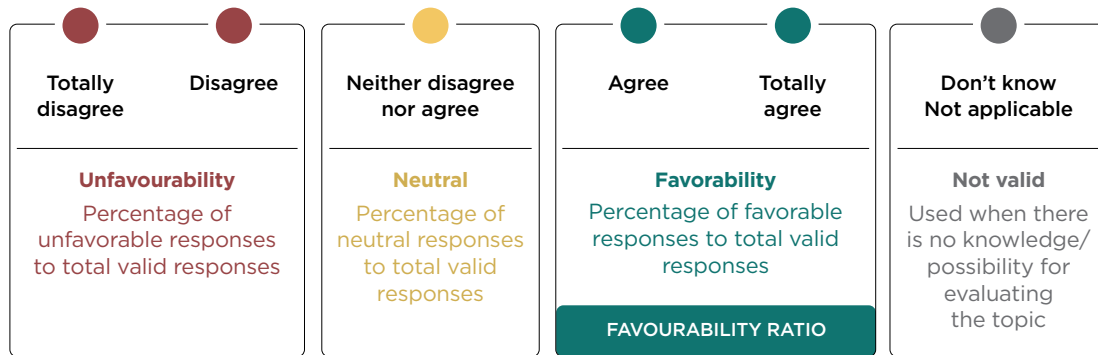
### ENGAGEMENT

1. Engagement (recommendation, pride, commitment and motivation)



The results of the affirmatives and the dimensions of the Prosperity and Engagement questionnaire are presented as a percentage of valid responses, according to the scale:

**QUESTIONNAIRE'S AFFIRMATIVE ANSWERS**  
**Evaluation scale with five response categories**



The level attained in the first column – Prosperity – according to the eNPS (Employee Net Promoter Score) calculation methodology was 82%, 3% above the previous year (2020), the same score as the category surveyed (501 – 1.000 employees) and 6% below the top 35.

In the second column – Engagement – also according to the eNPS (Employee Net Promoter Score) calculation methodology the level attained was 90%, 1% below the previous year (2020), one point above the category surveyed (501 – 1.000 employees) and 4% below the top 35.

**Humanities**

Under the motto “Our greatest investment is you” and in order to ensure a safe and healthy work environment, retain and attract talent and increase productivity and results, ABC Brasil launched the Humanities Program in 2021, which includes, among other fronts, webinars, engagement campaigns, decompression moments and online courses.

Among the more than ten initiatives promoted in the period within the scope of the program, the highlight was the presentations, among these the one launching the initiative by Doctor Jairo Bouer, about Preventing Burnout and Sustainable Productivity presented by Izabella Camargo, the online courses Life in Balance, Emotional Intelligence and the Antifragile Professional, and three editions of Vem com a Gente (Come With Us), discussing gastronomic, pets’ friends and mixing drinks. These and other actions resulted in a to-

tal of 3,329 participations, with an impact of 47% participation on a overall average. Each employee participated, on average, in four initiatives of the program.

Humanities also provides tools to support employees, like Gympass, which includes the Apps Therapy, Nutrition, and Meditation; health insurance, with coverage for therapies; dental plan; and ABC com Você, an employee support tool that provides confidential access to psychological, legal, financial and social assistance. **GRI 403-6**





## Social Responsibility

To encourage full exercise of citizenship among its employees, ABC Brasil intends to involve them in social initiatives, having given continuity to the ABC Solidário - a volunteer program, which seeks to support high-impact social actions. During the year, the highlight was the “Corrida do Bem” (Race for the Good Cause), a friendly competition among the Bank’s vice-presidencies to boost the “Contra Fome” (Against Hunger) campaign, which seeks to minimize the impacts caused by the pandemic through the donation of basic food staples.

The action engaged in the campaign 37% of the employees and generated the equivalent of more than 290 thousand meals. This amount was donated to the following institutions: Instituto Baccarelli, Ação da Cidadania - Movimento Brasil Sem Fome, Frente Nacional Antirracista, Central Única das Favelas (CUFA) and the Gerando Falcões.

In 2021, ABC Brasil’s social investment was R\$87 thousand allocated to three projects: IOS, École 42 and the ABBI Diversity Forum.

One main focus of the organization, diversity and inclusion, led it to sponsorship, for the second consecutive year, the IV Diversity Forum of the Brazilian Association of International Banks (ABBI), whose online edition addressed the theme with inspiring speeches by Rita Von Hunty (“A inclusão em si”), Eduardo Lyra (“Como se faz”) and Deives Rezende (“Exemplos”).

Another two social sponsorships in the period benefited students from Instituto da Oportunidade Social (IOS), who will undergo training in technological skills, and École 42, a technology school that develops programmers and developers. The task of the beneficiaries at École 42 is to come up with a solution to a technology challenge proposed by ABC Brasil.



## APPENDIX

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Appendix of Indicators  
Summary of GRI Indicators  
Summary of SASB Indicators  
Corporate Information/Credits

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## APPENDIX OF INDICATORS

DIVERSITY GRI 102-7   102-8   401-1   SASB FN-IB-330A.1								
2019								
Roles	Unit	Total/19	Women		Black people		PwDs	
			Number	%	Number	%	Number	%
Executives		8	0	0%	0	0%	0	0%
Directors	Qty	24	2	8%	0	0%	0	0%
Managing Directors	Qty	34	4	12%	0	0%	0	0%
Managers	Qty	44	14	32%	1	2%	0	0%
Coordinators	Qty	29	7	24%	1	3%	1	3%
Specialists	Qty	47	10	21%	1	2%	1	2%
Administrative, Sales, and Operations	Qty	394	155	39%	8	2%	6	2%
Interns	Qty	62	24	39%	1	2%	0	0%
Young Apprentices	Qty	9	4	44%	2	22%	9	100%
Total	Qty	651	220	34%	14	2%	17	3%

DIVERSITY GRI 102-7   102-8   401-1   SASB FN-IB-330A.1								
2020								
Roles	Unit	Total/19	Women		Black people		PwDs	
			Number	%	Number	%	Number	%
Executives		8	0	0%	0	0%	0	0%
Directors	Qty	20	2	10%	0	0%	0	0%
Managing Directors	Qty	35	2	6%	0	0%	0	0%
Managers	Qty	53	14	26%	1	2%	0	0%
Coordinators	Qty	31	8	26%	1	3%	1	3%
Specialists	Qty	53	14	26%	1	2%	1	2%
Administrative, Sales, and Operations	Qty	435	167	38%	8	2%	6	1%
Interns	Qty	63	20	32%	5	8%	1	2%
Young Apprentices	Qty	9	6	67%	3	33%	9	100%
Total	Qty	707	233	33%	19	3%	18	3%

DIVERSITY GRI 102-7   102-8   401-1   SASB FN-IB-330A.1								
2021								
Roles	Unit	Total/19	Women		Black people		PwDs	
			Number	%	Number	%	Number	%
Executives		7	0	0%	0	0%	0	0%
Directors	Qty	20	2	10%	0	0%	0	0%
Managing Directors	Qty	41	3	7%	0	0%	0	0%
Managers	Qty	72	19	26%	2	3%	0	0%
Coordinators	Qty	42	16	38%	1	2%	1	2%
Specialists	Qty	65	15	23%	2	3%	1	2%
Administrative, Sales, and Operations	Qty	560	216	39%	18	3%	7	1%
Interns	Qty	85	24	28%	3	4%	0	0%
Young Apprentices	Qty	7	6	86%	1	14%	6	86%
Total	Qty	899	301	33 %	27	3 %	15	2%

OWN EMPLOYEES GRI 102-7   102-8   401-1								
2019								
Occupation	Unit	Total/19	30<		30 to 50		>50	
			Homem	Mulher	Homem	Mulher	Homem	Mulher
Executives	Qty	8	0	0	1	0	7	0
Directors	Qty	24	0	0	15	0	7	2
Managing Directors	Qty	34	0	0	22	3	8	1
Managers	Qty	44	1	0	22	12	7	2
Coordinators	Qty	29	1	0	19	5	2	2
Specialists	Qty	47	0	3	34	5	3	2
Administrative, Sales, and Operations	Qty	399	55	32	170	110	15	17
Interns	Qty.	62	38	23	0	1	0	0
Young Apprentices	Qty.	9	5	4	0	0	0	0
Total	Qty.	656	100	62	283	136	49	26
Total indefinite term contracts	Qty	577	57	35	282	135	42	26
Total contracts with a defined period	Qty	79	43	27	1	1	7	0

OWN EMPLOYEES GRI 102-7   102-8   401-1								
2020								
Occupation	Unit	Total/20	30<		30 to 50		>50	
			Homem	Mulher	Homem	Mulher	Homem	Mulher
Executives	Qty	8	0	0	1	0	7	0
Directors	Qty	20	0	0	13	0	5	2
Managing Directors	Qty	35	0	0	25	1	8	1
Managers	Qty	53	0	0	30	11	9	3
Coordinators	Qty	31	2	0	18	6	3	2
Specialists	Qty	53	2	1	33	11	4	2
Administrative, Sales, and Operations	Qty	439	69	39	187	116	13	15
Interns	Qty	63	43	20	0	0	0	0
Young Apprentices	Qty	9	3	6	0	0	0	0
Total	Qty	711	119	66	307	145	49	25
Total indefinite term contracts	Qty	631	73	40	306	145	42	25
Total contracts with a defined period	Qty	80	46	26	1	0	7	0

OWN EMPLOYEES GRI 102-7   102-8   401-1								
2021								
Occupation	Unit	Total/21	30<		30 to 50		>50	
			Homem	Mulher	Homem	Mulher	Homem	Mulher
Executives	Qty	7	0	0	1	0	6	0
Directors	Qty	20	0	0	14	0	4	2
Managing Directors	Qty	41	0	0	31	2	7	1
Managers	Qty	72	0	2	42	14	11	3
Coordinators	Qty	42	2	1	23	13	1	2
Specialists	Qty	65	5	2	42	10	3	3
Administrative, Sales, and Operations	Qty	560	117	57	211	140	16	19
Interns	Qty	85	61	24	0	0	0	0
Young Apprentices	Qty	7	1	6	0	0	0	0
Total	Qty	899	186	92	364	179	48	30
Total indefinite term contracts	Qty	800	124	62	363	179	42	30
Total contracts with a defined period	Qty	99	62	30	1	0	6	0

SIZE OF THE ORGANIZATION GRI 102-7   GRI G4-FS6   FN-CB-000.B				
	Unit	2019	2020	2021
Total number of clients	Qty	1,892	2,638	3,490
Number of C&IB clients	Qty	324	340	331
Number of Corporate clients	Qty	1,121	1,262	1,457
Number of Middle clients	Qty	447	1,036	1,702
Expanded Credit Portfolio	R\$ millions	30,148	34,378	37,715
Expanded Credit Portfolio - C&IB	R\$ millions	12,706	13,829	14,374
Expanded Credit Portfolio - Corporate	R\$ millions	16,722	18,426	20,370
Expanded Credit Portfolio - Middle	R\$ millions	720	2,123	2,972

EXPANDED PORTFOLIO – BREAKDOWN OF THE EXPANDED PORTFOLIO BY REGION AND ECONOMIC SECTOR GRI G4-FS6   FN-CB-410A.1				
Sector	Unit	2019	2020	2021
Agribusiness	%	20%	19%	21%
Energy	%	13%	15%	15%
Financial Services	%	9%	8%	8%
Retail & Wholesale	%	7%	9%	8%
Transports & Logistics	%	8%	8%	7%
Real Estate	%	8%	7%	6%
Others	%	35%	34%	35%
Region				
C&IB				
São Paulo	%	60.9%	68.4%	66.1%
Rio de Janeiro and Minas Gerais	%	30.8%	31.6%	33.9%
South	%	8.3%	0.0%	0.0%
Corporate				
São Paulo	%	54.1%	51.8%	49.5%
South	%	23.9%	25.2%	24.7%
Minas Gerais and Northeast	%	9.3%	9.9%	12.3%
Rio de Janeiro	%	6.5%	6.4%	7.7%
Central-west	%	6.2%	6.7%	5.8%
Middle				
São Paulo	%	71.4%	50.6%	50.0%
South	%	20.3%	31.2%	30.7%
Rio de Janeiro and Minas Gerais	%	8.3%	18.2%	19.3%

OUTSOURCED EMPLOYEES' HEADCOUNT BY AREA 102-7   102-8   401-1				
	Unit	2019	2020	2021
Administrative Services	Qty	115	94	79
Technology	Qty	36	29	179
People	Qty	3	3	3
Legal	Qty	0	0	1
Marketing	Qty	0	0	1
Products and Operations	Qty	0	0	10
Retail and Personal Banking	Qty	0	0	4
Data and New Businesses	Qty	0	0	30
Finance	Qty	0	0	1
Internal Audit	Qty	0	0	1
Total	Qty	154	126	309

OUTSOURCED EMPLOYEES' HEADCOUNT BY GEOGRAPHICAL REGION				
	Unit	2019	2020	2021
Southeast	Qty	134	107	301
South	Qty	17	17	5
Central-West	Qty	2	1	2
Northeast	Qty	1	1	1
Total	Qty	154	126	309

SERVICE CHANNEL FOR ETHICAL ISSUES GRI GRI 102-17   FN-CB-510A.2				
	Unidade	2019	2020	2021
Total number of requests for advice received	Qty	2	2	2
Percentage of requests answered	%	100%	100%	100%
Percentage of concerns addressed	%	100%	100%	100%
Percentage of concerns resolved	%	100%	100%	100%
Percentage of unsubstantiated concerns	%	50%	50%	50%



PERCENTAGE OF EMPLOYEES WHO RECEIVED ANTI-CORRUPTION TRAINING GRI 205-2				
	Unit	2019	2020	2021
Executives	%	N.A	0%	0%
Directors	%	N.A	8%	90%
Managing Directors	%	N.A	9%	95%
Managers	%	N.A	13%	88%
Coordinators	%	N.A	14%	76%
Specialists	%	N.A	29%	77%
Administrative, Sales, and Operations	%	N.A	25%	87%
Interns	%	N.A	41%	76%
Young Apprentices	%	N.A	50%	100%
Total	%	N.A	25%	86%
NUMBER OF EMPLOYEES WHO RECEIVED ANTI-CORRUPTION TRAINING				
Executives	Qty	N.A	0	0
Directors	Qty	N.A	2	18
Managing Directors	Qty	N.A	4	39
Managers	Qty	N.A	8	63
Coordinators	Qty	N.A	5	32
Specialists	Qty	N.A	19	50
Administrative, Sales, and Operations	Qty	N.A	124	487
Interns	Qty	N.A	38	65
Young Apprentices	Qty	N.A	5	7
Total	Qty	N.A	205	770

N.A = not available.

DIRECT ECONOMIC VALUE GENERATED (R\$ MILLIONS) GRI 201-1				
	Unit	2019	2020	2021
Managerial Net Interest Income	R\$ millions	873.7	831.2	1,291.4
Service Fees	R\$ millions	327.5	261.3	330.0
Other Income/Expenses	R\$ millions	-88.1	-153.3	-171.5
Total	R\$ millions	1,113.2	939.2	1,449.9
Economic Value Distributed (R\$ millions)				
Payroll*	R\$ millions	364.2	373.2	447.9
Government	R\$ millions	245.4	228.8	412.7
Retained Profit	R\$ millions	263.8	214.7	371.5
IoC <sup>1</sup> /Dividends to Shareholders (Paid and Provisioned)	R\$ millions	225.3	107.4	200.7
Remuneration of third-party capital (rents)	R\$ millions	14.5	15.2	17.1
Total	R\$ millions	1,113.2	939.2	1,449.9
Economic Value Distributed (%)				
Payroll*	%	32.7%	39.7%	30.9%
Government	%	22.0%	24.4%	28.5%
Retained Profit	%	23.7%	22.9%	25.6%
IoC <sup>1</sup> /Dividends to Shareholders (Paid and Provisioned)	%	20.2%	11.4%	13.8%
Remuneration of Third-party Capital (Rents)	%	1.3%	1.6%	1.2%

\* Personnel Expenses + Profit Sharing.  
1. Interest on Capital.

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES GRI 206-1   FN-CB-510A.1				
	Unit	2019	2020	2021
Number of legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust and monopoly legislation	Qty	0	0	0

CARBON INTENSITY OF DIRECT EMISSIONS (SCOPE 1 AND 2) GRI 305-4		
	2020	2021
Per revenue (tCO <sub>2</sub> e/R\$MM)	0.00012	0.00013
For Profit (tCO <sub>2</sub> e/R\$MM)	0.52348	0.39820
Per employee (tCO <sub>2</sub> e/ colaborador)	0.23723	0.25345

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER GRI 401-1										
2019										
Turnover	Unit	Under 30s			From 31 to 50 years of age			Over 50s		
Gender		Men	Women	Total	Men	Women	Total	Men	Women	Total
Hires	Quant.	44	78	122	66	24	90	1	1	2
Dismissed	Quant.	54	34	88	34	20	54	13	1	14
Turnover	%	63%	65%	64%	13%	15%	14%	27%	4%	11%
2020										
Turnover	Unit	Under 30s			From 31 to 50 years of age			Over 50s		
Gender		Men	Women	Total	Men	Women	Total	Men	Women	Total
Hires	Quant.	71	27	98	60	15	75	6	0	6
Dismissed	Quant.	40	21	61	41	11	52	9	1	10
Turnover	%	37%	32%	35%	14%	8%	12%	20%	4%	14%
2021										
Turnover	Unit	Under 30s			From 31 to 50 years of age			Over 50s		
Gender		Men	Women	Total	Men	Women	Total	Men	Women	Total
Hires	Quant.	151	69	220	124	54	178	7	7	14
Dismissed	Quant.	88	45	133	65	23	88	8	4	12
Turnover	%	50%	49%	50%	20%	15%	18%	19%	15%	17%

PARENTAL LEAVE GRI 401-3								
Subdivision	Unit	2019		2020		2021		
		Men	Women	Men	Women	Men	Women	
Number of employees that were entitled to parental leave	Qty	8	10	13	6	16	11	
Number of employees that took parental leave	Qty	8	10	13	6	16	11	
Number of employees that returned to work after parental leave	Qty	7	10	13	6	16	11	
Number of employees still employed 12 months after their return	Qty	6	5	8	3	15	7	
Return to work rate	%	88%	100%	100%	100%	100%	100%	
Retention rate of employees 12 months after returning to work	%	75%	50%	62%	50%	94%	64%	

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE GRI 404-1									
Training Role	Unit	2020				2021			
		Total training hours		Average hours		Total training hours		Average hours	
		Men	Women	Men	Women	Men	Women	Men	Women
Executives	Qty	227.50	-	32.50	-	98.75	-	14.11	-
Directors	Qty	689.05	78.00	38.28	39.00	726.38	75.50	38.23	37.75
Managing Directors	Qty	1,331.50	143.50	40.35	35.88	1,483.33	161.08	38.03	32.22
Managers	Qty	1,497.13	623.88	40.46	41.59	2,286.61	759.60	40.12	44.68
Coordinators	Qty	1,022.55	267.00	37.87	38.14	888.86	460.00	30.65	30.67
Specialists	Qty	1,751.76	604.71	37.27	43.19	1,644.76	612.01	32.90	36.00
Administrative, Sales, and Operations	Qty	11,737.65	6,949.21	40.06	39.48	13,204.48	7,624.53	32.21	30.02
Interns	Qty	2,165.68	1,226.86	36.09	37.18	5,862.50	1,905.20	50.11	43.30
Young Apprentices	Qty	173.50	189.00	43.38	27.00	57.00	580.60	11.40	32.26
Total	Qty	20,596.32	10,082.16	39.16	39.08	26,094.70	12,178.65	35.60	32.74

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS GRI 404-3							
Role	Unit	2019		2020		2021	
		Men	Women	Men	Women	Men	Women
Executives	%	0%	0%	0%	0%	0%	0%
Directors	%	100%	100%	100%	100%	100%	100%
Managing Directors	%	97%	75%	97%	100%	97%	100%
Managers	%	97%	86%	92%	100%	96%	95%
Coordinators	%	100%	100%	96%	100%	100%	94%
Specialists	%	92%	90%	95%	100%	88%	80%
Administrative, Sales, and Operations	%	89%	95%	96%	96%	89%	88%
Interns	%	0%	0%	0%	0%	87%	86%
Young Apprentices	%	0%	0%	67%	75%	100%	82%
Total	%	81%	82%	85%	86%	80%	80%

**RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN GRI 405-2**

	Unit	2019	2020	2021
Executives	%	0	0	0
Directors	%	106	107	107
Managing Directors	%	93	107	101
Managers	%	98	94	89
Coordinators	%	96	92	91
Specialists	%	71	83	91
Administrative, Sales, and Operations	%	64	69	79
Interns	%	100	100	100
Young Apprentices	%	100	100	100

**NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL AND SOCIAL CRITERIA GRI 308-1 | 414-1**

	Unidade	2019	2020	2021
Percentage of new suppliers that were screened using environmental criteria.	%	0%	0%	0%
Percentage of new suppliers that were screened using social criteria.	%	0%	0%	0%
Number of contracts with suppliers containing clauses regarding human rights and social and environmental criteria	Qty	50	150	391
Percentage of contracts with suppliers containing clauses regarding human rights and social and environmental criteria	%	10%	80%	100%
Percentage of suppliers screened for significant risk of child labor cases	%	10%	80%	100%
Percentage of suppliers screened for significant risk of forced or compulsory labor	%	10%	80%	100%

**SUBSTANTIATED COMPLAINTS CONCERNING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA. GRI 418-1 | FN-CB-230A.2**

	Unit	2019	2020	2021
Complaints received from outside parties and substantiated by the organization	Qty	0	0	0
Complaints from regulatory bodies	Qty	0	0	0
Cases of non-compliance with voluntary standards	Qty	0	0	0
Total number of identified leaks, thefts, or losses of customer data	Qty	0	0	0
Total number of data violations	Qty	0	0	0
Total number of clients and employees affected by the violation of company data	Qty	0	0	0
Total value of fines/penalties paid due to violations of information security or other cybersecurity incidents	R\$	0	0	0

## SUMMARY OF GRI INDICATORS GRI 102-55

GRI 102 - GENERAL DISCLOSURE - GENERAL CONTENT		
Indicators: Organizational		Page
102-1	Name of the organization	9
102-2	Activities, brands, products, and services	9
102-3	Location of headquarters	Headquarter located at Av. Cidade Jardim, 803 - 2nd floor - Itaim Bibi, São Paulo - SP, 01453-000
102-4	Location of operations	9
102-5	Ownership and legal form	9
102-6	Markets served	9
102-7	Scale of the organization	10, 40, 45, 46, 47
102-8	Information on employees and other workers	10, 40, 45, 46, 47
102-9	Supply chain	37
102-10	Significant changes to the organization and its supply chain	There has been no notable change in the supply chain that could impact the operations.
102-11	Precautionary Principle or approach	18
102-12	External initiatives	In 2021, ABC Brasil was not involved in external initiatives related to sustainability. The Bank is reviewing its sustainability strategy and intends to identify the most aligned initiatives to support and adhere to.
102-13	Membership of associations	14
Strategy		
102-14	Statement from senior decision-maker	6
102-15	Key impacts, risks and opportunities	18
Ethics and integrity		
102-16	Values, principles, standards and norms of behavior	11
102-17	Mechanisms for advice and concerns about ethics	15, 16, 17, 47
Governance		
102-18	Governance structure	14
102-22	Composition of the highest governance body and its committees	14
102-25	Conflicts of interest	15

102-28	Evaluating the highest governance body's performance	In December 2021, ABC Brasil reviewed its Succession Policy to include the rules and frequency for evaluating its Board Members. The model adopted by the Bank consists of applying annual questionnaires containing questions about the body itself, its advisory committees (Audit, Compensation, and Risk Committees), and the performance of the Chairman in conducting the meetings, among other issues.
Stakeholder engagement		
102-40	List of stakeholder groups	3
102-41	Collective bargaining agreements	40
102-42	Identifying and selecting stakeholders	3
102-43	Approach to stakeholder engagement	3
102-44	Key topics and concerns raised	3
Prática de relato		
102-45	Entities included in the consolidated financial statements	2
102-46	Defining report content and topic Boundaries	3
102-47	List of material topics	3
102-48	Restatements of information	This document is the first sustainability report prepared by ABC Brasil
102-49	Changes in reporting	This document is the first sustainability report prepared by ABC Brasil
102-50	Reporting period	01/01/2021 - 12/31/2021
102-51	Date of most recent report	First report
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	ri@abcbrazil.com.br
102-54	Claims of reporting in accordance with the GRI Standards	Core Level - Essential
102-55	GRI Content Summary	51
102-56	External assurance	The report has not been submitted to external assurance.
Economic performance		
201-1	Direct economic value generated and distributed	23,48
Indirect economic impacts		
203-2	Significant, indirect economic impacts	35,43

Procurement practices		
204-1	Ratio of spending with local suppliers	37
Anti-corruption		
205-1	Operations assessed for risks related to corruption	19
205-2	Communication and training about anti-corruption policies and procedures	48
205-3	Confirmed cases of corruption and actions taken	In 2021, no cases of corruption were registered involving employees and business partners that could lead to dismissal and rescission or non-renewal of contracts. Nor were there any legal proceedings against the organization motivated by cases of corruption.
Anti-competitive behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	48
Taxes		
207-1	Approach to tax	17
207-2	Governance, control and fiscal risk management	14
Materials		
301-1	Materials used by weight or volume	38
301-3	Products and their packaging recovered	38
Energy		
302-1	Energy consumption within the organization	38
Water and effluents		
303-5	Water consumption	38
Emissions		
305-1	Direct (Scope 1) greenhouse gas (GHG) emissions	39
305-2	Indirect (Scope 2) greenhouse gas (GHG) emissions from the acquisition of energy	39
305-3	Other indirect (Scope 3) greenhouse gas (GHG) emissions	39
305-4	Greenhouse gas (GHG) emissions intensity	48
305-5	Reduction of greenhouse gas (GHG) emissions	39
Waste		
306-3	Waste generated	38
306-4	Waste diverted from disposal	38
306-5	Waste directed to disposal	38

Environmental compliance		
307-1	Non-compliance with environmental laws and regulations	In the last 3 years there have been no incidents of non-compliance with environmental laws and regulations.
Supplier environmental assessment		
308-1	New suppliers that were screened using environmental criteria	50
Employment		
401-1	New employee hires and employee turnover	40, 45, 46, 47
401-3	Parental leave	49
Occupational health and safety		
403-6	Promotion of worker health	42
Training and education		
404-1	Average hours of training per year per employee	41, 49
404-3	Percentage of employees receiving regular performance and career development reviews	49
Diversity and equal opportunity		
405-2	Ratio of basic wage and compensation received by women to those received by men	50
Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	No cases of discrimination have been reported in the last 3 years.
Freedom of association and collective bargaining		
408-1	Operations and suppliers with significant risk of cases of child labor	19
Forced or compulsory labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	19
Human rights assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	19
Supplier social assessment		
414-1	New suppliers that were screened using social criteria	50
Public policies		
415-1	Political contributions	As per Law 9.504/1997, amended by the Electoral Reform (Law 13.165/2015), ABC Brasil does not make donations to political parties.

Marketing and labeling		
417-1	Requirements for information and labeling of products and services	32
417-3	Incidents of non-compliance concerning marketing communications	Over the last 3 years, no cases have been reported of non-compliance relating to communication and marketing.
Customer Privacy		
418-1	Substantiated complaints concerning breaches of privacy and loss of customer data	50
Sectorial indicators		
G4-DMA	Product portfolio: Policies with specific social and environmental components applied to business lines (former FS1)	32
G4-DMA	Product portfolio: Procedures for assessing and classifying social and environmental risks in business lines (former FS2)	19
G4-DMA	Product portfolio: Process(es) for improving the competence of personnel in implementing social and environmental policies and procedures applied to business lines (former FS4)	19
G4-DMA	Product portfolio: Interactions with customers/ commercial partners regarding social and environmental risks and opportunities (former FS5)	19
G4-DMA	Percentage of the portfolio of business lines by specific region, by size (for example, very small/small and medium-sized/large) and by sector	19
G4-FS6	Monetary value of the products and services created to provide a specific social benefit for each business line, segregated by purpose	25, 46, 47
G4-FS7	Monetary value of the products and services created to provide a specific environmental benefit for each business line, segregated by purpose	35
G4-FS8	Percentage and number of companies in the institution's portfolio with which the organization has engaged on social or environmental issues	35
GRI G4-FS10	Percentage of assets subject to positive and negative social or environmental assessment	19
GRI G4-FS11	Percentual de ativos sujeitos a avaliação social ou ambiental, positiva e negativa	19
GRI G4-DMA (former FS15)	Product and service labeling: Policies for proper development and sales of financial products and services	32



## SUMMARY OF SASB INDICATORS

The summary below has been organized according to the standards for the financial sector in Commercial Banks and Investment Banking & Brokerage:

Data Security	<b>FN-CB-230a.2</b>	Description of approach to identifying and addressing data security risks	50
Employee Diversity & Inclusion	<b>FN-IB-330a.1</b>	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	47
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	<b>FN-CB-410a.1</b>	Commercial and industrial credit exposure, by industry	47
Business Ethics	<b>FN-CB-510a.1</b>	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	48
Business Ethics	<b>FN-CB-510a.2</b>	Description of whistleblower policies and procedures	17, 47
Activity Metric	<b>FN-CB-000.B</b>	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	46



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