



# SUSTAINABILITY REPORT 2022



# Summary

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# PRESENTATION

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# Message from the CEO [GRI 2-22]

The year 2022 was an intense one, with many changes and also with good results for Banco ABC Brasil. We began to reap the rewards of a consistent cycle of investments, which began in 2019, during which time we strengthened and modernized our technological infrastructure, increased the number of employees in our teams, opened new business fronts, and closed 2022 having reached our goal of expanding the client base without losing the high level of quality in the relationship that has always been our main asset. These were the first steps of a long journey that will build up as we implement the strategic initiatives planned for the making of the future we desire.

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**Currently, we have in our portfolio approximately 4,500 companies in the C&IB, Corporate and Middle segments, a growth of more than 130% in the three-year period, with a Net Promoter Score (NPS) of 63. Our equity surpassed R\$5 billion for the first time.**

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The results observed in 2022 show us that we are already reaping the rewards of the investment decisions made in recent years. We had a significant growth in our business fronts, with an increase in revenue and return on capital. It is important to emphasize that these achievements took place in a positive

internal climate, which led us to second place in the Valor Carreira 2022 award, in the 1,001 to 1,500 employee category, which recognizes the best people management practices.

In the midst of all these transformations, we carried out an organizational redesign, defining a horizontal structure, with fewer hierarchical levels, thus bringing more autonomy to employees, based on a culture with sound values. We have paved the way for even more robust business growth, creating the necessary conditions to take ABC Brasil to a new level over the next five years.

In this reorganization, it is important to highlight that we are reinforcing the governance and management of ESG (Environmental, Social and Governance) issues, making sustainability a transversal front throughout the organization, especially in the businesses where we have the greatest potential for impact. We thus reaffirm our commitment to responsible action aligned with the challenges of our time, also expressed in our Social, Environmental and Climate Responsibility Policy (PRSAC).

Far from considering our mission accomplished, we started 2023 by taking another step in the execution of our growth strategy. We continue to evolve, always committed to ethical

**Sérgio Lulia Jacob, ABC Brasil's CEO**



principles, good governance and a strong team prepared to reach new levels of growth and thus leverage the positive impacts of our activities. Year after year, we will show our evolution, always in a consistent and attentive way.



# Report Overview

For the second consecutive year, Banco ABC Brasil S.A. (ABC Brasil) is disclosing its **Annual Sustainability Report** to the market. The document was drafted in accordance with the Global Reporting Initiative (GRI) standards, and incorporates the indicators of the Sustainability Accounting Standards Board (SASB) in the categories of Commercial Banks and Investment Banking & Brokerage. The contents of this document provides information regarding the period from January 1st through December 31st, 2022, and the scope hereof includes all companies controlled by ABC Brasil<sup>1</sup>.

**[GRI 2-2 | 2-3]**

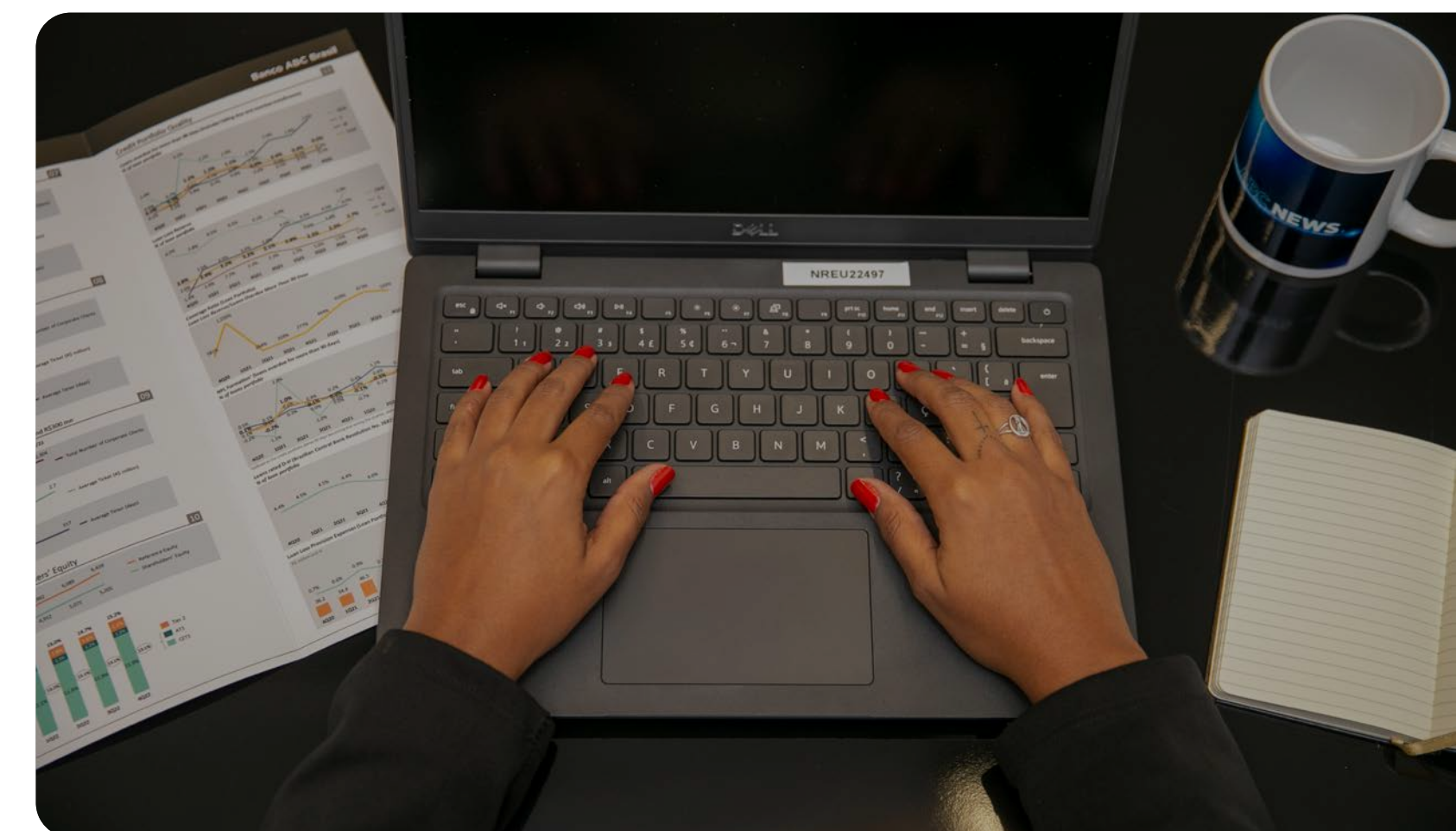
In addition to the effort to expand the disclosure of information related to social, environmental and corporate governance practices, for the first time the publication was submitted to independent external assurance. Thus, the organization seeks to reinforce its commitment to the high standards of transparency that have always guided its business. **[GRI 2-5]**

Here are layed down the challenges faced, the results achieved and the journey so far, aiming at expanding the generation of positive impacts and mitigating possible risks. The publication also portrays the strategic actions and tactics implemented throughout the year to make sustainability a transversal topic throughout the organization.

The selection of reported information was guided by the Materiality Matrix, prepared in 2021, which identified the most relevant topics for ABC Brasil's stakeholders. Approved in 2022 by the highest decision-making bodies, the material topics that have been mapped remain representative and have not changed. **[GRI 3-1]**

All information reported in this document was reviewed and validated by the areas responsible for the relevant topic, and subsequently approved by the Executive Committee and the Board of Directors.

For Banco ABC Brasil, to invest in relationships is to generate value. Therefore, sharing this report with our stakeholders is an invitation to the joint evolution of the markets and of society.



Earnings Releases, presentations and complete financial statements can be found in the **results center on the Investor Relations website**. **[GRI 2-2]**

Comments regarding this document can be submitted through the channel: **ri@abcbrazil.com.br**. **[GRI 2-3]**.

<sup>1</sup>. Banco ABC Brasil S.A, ABC Brasil Comercializadora de Energia Ltda., ABC Brasil Administração e Participações Ltda., ABC Brasil Corretora de Seguros Ltda. and ABC Brasil DTVM S.A.



# Highlights of the Year



## Profitability

**R\$800.2 Million net income,**

+ 39.9% compared to 2021

**16.2% return**

on average equity (ROAE)

+ 343 basic points compared to 2021

**R\$5.2 billion** in Net Worth equity

+ 11.4% compared to 2021



## Service Revenues

+ 17.7% compared to 2021

+ 35.2% revenue from Investment Banking

+ 67.2% revenue from Commercial Banking  
and Insurance Brokerage Fees



## Corporate Client base

**4,494**

+ 29% compared to 2021, with  
1,004 new clients in the year's portfolio



## Credit Portfolio

**R\$43.3 billion** in the expanded loan portfolio

+ 14.7% compared to 2021

+ 40.1% in the Middle segment



## Capital base

**Tier I Capital of 13.1%**

**Basel Ratio of 15.2%**



## ESG Business

More than **R\$5 billion** to finance initiatives  
related to climate change, health, education,  
renewable energies and job creation



## New Initiatives

Startup of the **Credit Recovery** initiative



## Social impact

**1,196 employees\*** in the team

+ 32.7% compared to 2021

**2<sup>nd</sup> place in the  
Valor Carreira 2022 award,**

in the category of companies  
with 1,001 to 1,500 employees

\* Sum of employed and outsourced workers, including the managing partner.



# Materiality

[GRI 2-29 | 3-1 | 3-2]

The contents of this report were defined based on the Materiality Matrix, built in a process that involved three steps:

- 1. Research of theoretical references and benchmarking.**
- 2. Consultation with key stakeholders through interviews and online surveys.**
- 3. Analysis of industry studies, regulatory standards and strategic documents of the organization.**

**This process involved the participation of the following ABC Brasil stakeholder groups: clients, investors, business partners (multilateral agencies and banking correspondents), suppliers, employees, community, regulators and industry entities. [GRI 2-29]**

The topics shown in the following table summarize the initial list prioritized by the stakeholders that have been consulted, and by the research and reviews that have been carried out. All were referenced with the GRI and SASB indicators and are addressed in this report.

In order to prioritize the most significant impacts, weights were assigned to each topic according to their relevance to the organization's main stakeholders. At the end of this review, the topics were classified as "priority", "very important" or "important". The first two groups ("priority" and "very important") were considered material for ABC Brasil.

After this review, it was established that the topics "Climate Change: Adaptation and Mitigation" and "Social and Environmental Aspects in Risk Management" should be considered material, due to their strategic importance for ABC Brasil.

In addition, an analysis of the organization's performance was carried out in each of the material topics investigated, with an assessment of policies, management plan and actions. Eventually, 11 material topics were defined as priorities, taking into account the performance and perception of stakeholders.

All stages of this process and its results were monitored and validated by the Sustainability area, and were subsequently reviewed and approved by the Executive Committee and the Board of Directors of ABC Brasil. A similar process was adopted for the information reported in this document, which was reviewed and validated by the areas responsible for the topic, and subsequently approved by the Executive Committee and the Board of Directors. [GRI 2-12 | 2-14]







## MATERIAL ISSUES FOR ABC BRASIL [GRI 3-2]

## Related SDGs

<b>Attraction, development and care of human capital</b>	<ul style="list-style-type: none"><li>Promote career management initiatives seeking development, attraction, retention, good internal mood and employee satisfaction.</li></ul>	401-1, 401-2, 403-6, 403-9, 403-10, 404-1, 404-3	
<b>Good corporate governance practices</b>	<ul style="list-style-type: none"><li>Ensure proper governance of processes and adopt practices that ensure an adequate management of ABC Brasil.</li></ul>	2-9, 2-15, 2-18, 2-21, 201-4	
<b>Sustainable and impactful business</b>	<ul style="list-style-type: none"><li>Offer products that promote sustainability and generate a positive impact on the community and the environment.</li></ul>	417-1, 417-3	
<b>Client relationship and satisfaction</b>	<ul style="list-style-type: none"><li>Maintain a good relationship with clients, ensuring a valuable experience and high level of satisfaction.</li></ul>	417-1, 417-3	
<b>Ethics, transparency and integrity</b>	<ul style="list-style-type: none"><li>Contribute to the transition of business to a fairer and more sustainable economy.</li></ul>	2-23, 2-26, 205-1, 205-2, 205-3, 206-1, 207-1, 207-2, 415-1	
<b>Innovation and digital transformation</b>	<ul style="list-style-type: none"><li>Offer digital products suited to market demands, using technology to improve processes and client experience.</li></ul>	-	
<b>Commitment to social development and human rights</b>	<ul style="list-style-type: none"><li>Contribute towards Brazil's development through operations, promoting and respecting human rights.</li></ul>	2-9, 2-15, 2-18, 2-21, 201-4	
<b>Diversity and inclusion</b>	<ul style="list-style-type: none"><li>Ensure a safe, inclusive, diverse environment.</li></ul>	2-7, 2-8, 401-3, 405-1, 405-2, 406-1, 202-1	 

## MATERIAL ISSUES FOR ABC BRASIL [GRI 3-2]

## Related SDGs

<b>Data privacy and security</b>	<ul style="list-style-type: none"><li>Implement processes that ensure the security of data and the privacy of the information of stakeholders.</li></ul>	418-1	
<b>Social and environmental aspects in risk management</b>	<ul style="list-style-type: none"><li>Incorporate social and environmental aspects in risk analyses of commercial relationships.</li></ul>	2-23	 
<b>Climate change: adaptation and mitigation</b>	<ul style="list-style-type: none"><li>Manage climate risks and opportunities.</li><li>Measure GHG emissions and contribute to the community's adaptation agenda, both in terms of impacts and in promoting the transition to a low-carbon economy.</li></ul>	305-1, 305-2, 305-3, 305-4, 305-5	

## NON-MATERIAL ISSUES MENTIONED IN THIS REPORT

## Related SDGs

<b>Prevention of corruption, money laundering and anti-competitive practices</b>	<ul style="list-style-type: none"><li>Implement management instruments to ensure the prevention of corruption, money laundering and anti-competitive practices.</li></ul>	205-1, 205-2, 205-3, 206-1	
<b>Sustainable supplier management</b>	<ul style="list-style-type: none"><li>Encourage and develop suppliers in sustainability practices.</li></ul>	204-1, 308-1, 414-1	 
<b>Soundness and generation of economic value</b>	<ul style="list-style-type: none"><li>Grow sustainably, generating the best value for shareholders and other stakeholders.</li></ul>	201-1, 203-1, 203-2	
<b>Financial education and healthy debt management</b>	<ul style="list-style-type: none"><li>Company capable of meeting its financial and business goals.</li></ul>	417-1, 417-2, 417-3	 







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# Who We Are

[GRI 2-1 | 2-6]

Founded in 1989, ABC Brasil is a multiple financial institution specialized in granting credit and offering services to large and mid-sized businesses in the most diverse sectors of the economy, including Agribusiness, Energy, Retail & Wholesale, Transport & Logistics, Financial Services and Real Estate. Experienced executives manage the Bank and are also shareholders, with independence to carry out the business.

ABC Brasil is qualified to operate the commercial, financial, investment, real estate credit, private payroll, foreign exchange, credit recovery, insurance brokerage and energy trading portfolios. The organization closed 2022 with 4,494 clients – distributed across the C&IB, Corporate and Middle<sup>1</sup> segments – and 1,196 employees<sup>2</sup>. [GRI 2-6]

The institution is a publicly-traded corporation listed on B3's Corporate Governance Level 2 since 2007, with the Arab Banking Corporation (Bank ABC) as its controlling shareholder, an institution headquartered in Bahrain. Headquartered in São Paulo, the Bank is present in 53 Brazilian cities. Overseas, it has a branch in Georgetown, in the Cayman Islands. [GRI 2-1]

The institution is perceived for its uniqueness in building high-value relationships, based on integrity and ethics guidelines that positively impact organizations. Having a relationship with ABC Brasil means siding with continuous evolution and the joint construction of results.

1. The C&IB (Corporate & Investment Banking) segment includes companies with annual revenues in excess of R\$4 billion (it may include clients from the Infrastructure, Energy and Private Equity sectors with revenues below R\$4 billion). Corporate segment encompasses companies with annual revenues between R\$300 million and R\$4 billion. Middle segment includes companies with annual revenues between R\$30 million and R\$300 million.

2. Sum of employed and outsourced workers, including the managing partner.

## Size of the organization

[GRI 2-6 | SASB FN-CB-000.B]

### Number of clients (Qty)

	2019	2020	2021	2022
C&IB	324	340	331	331
Corporate	1,121	1,262	1,457	1,859
Middle	447	1,036	1,702	2,304
Total	1,892	2,638	3,490	4,494

### Expanded Credit Portfolio (R\$ million)

	2019	2020	2021	2022
C&IB	12,706	13,829	14,374	14,594
Corporate	16,722	18,426	20,370	24,498
Middle	720	2,123	2,972	4,163
Total	30,148	34,378	37,715	43,255

# Geographical Footprint [GRI 2-1]

## CENTER-WEST:

Brasília, Campo Grande, Cuiabá, Goiânia, Lucas do Rio Verde, Rondonópolis, Sinop and Tangará da Serra.

## NORTHEAST:

Fortaleza, Recife and Salvador.

## SOUTHEAST:

ABC Paulista, Americana, Araraquara, Araras, Barueri, Belo Horizonte, Campinas, Divinópolis, Indaiatuba, Ipatinga, Juiz de Fora, Jundiaí, Linhares, Marília, Mogi das Cruzes, Pouso Alegre, Presidente Prudente, Ribeirão Preto, Rio das Ostras, Rio de Janeiro, São José do Rio Preto, São José dos Campos, São Paulo, Sorocaba, Teresópolis, Uberlândia and Vitória.

## SOUTH:

Blumenau, Cascavel, Caxias do Sul, Chapecó, Criciúma, Curitiba, Florianópolis, Joinville, Londrina, Maringá, Novo Hamburgo, Passo Fundo, Ponta Grossa, Porto Alegre and São José dos Pinhais.

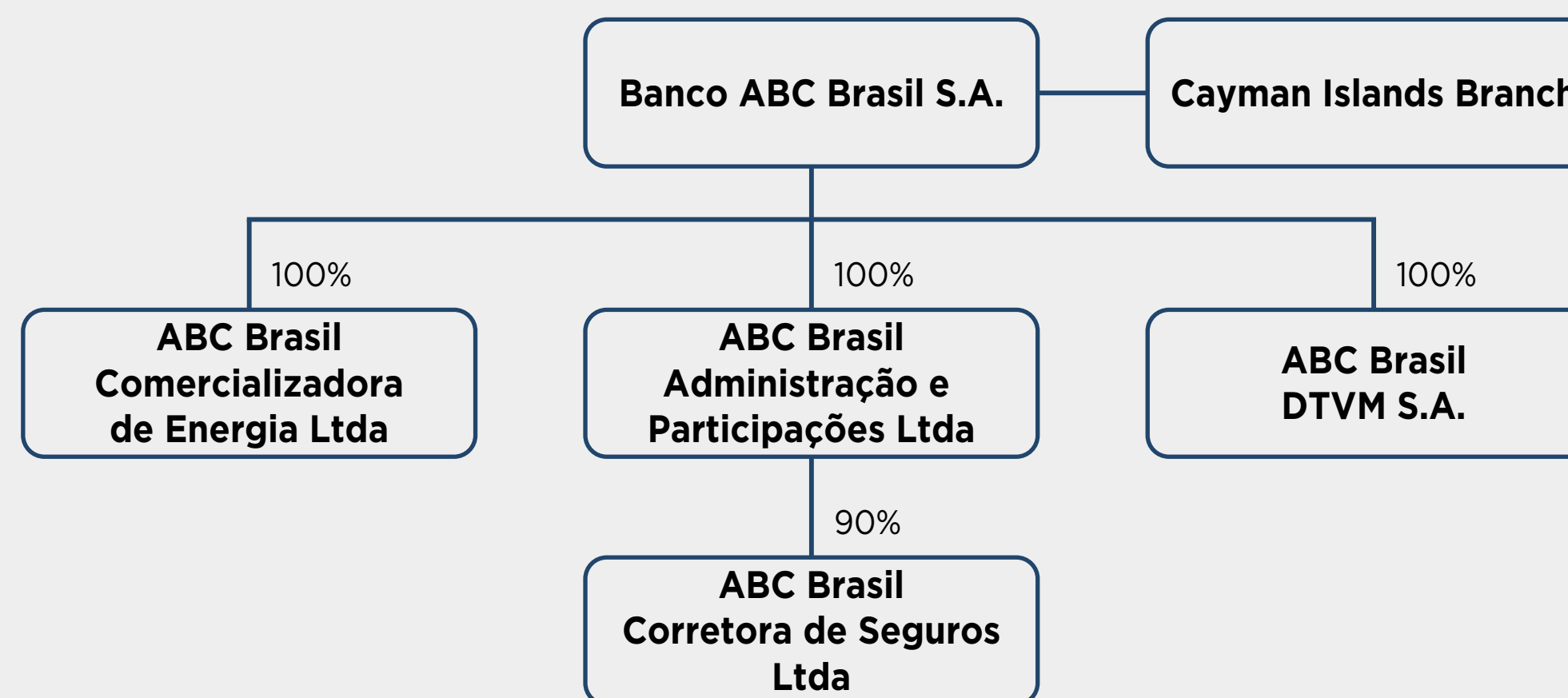


In 2022, ABC Brasil's commercial footprint was expanded to **53 Brazilian cities**, an increase of 14 cities compared to 2021.



# Affiliates - Corporate Structure

On December 31st, 2022



# Our Way of Being and Doing [GRI 2-23]

## Values

### Ethics and austerity

Act with high moral standards, establishing a relationship of transparency, trust and respect with employees, clients, investors, shareholders and regulators.

### Commitment

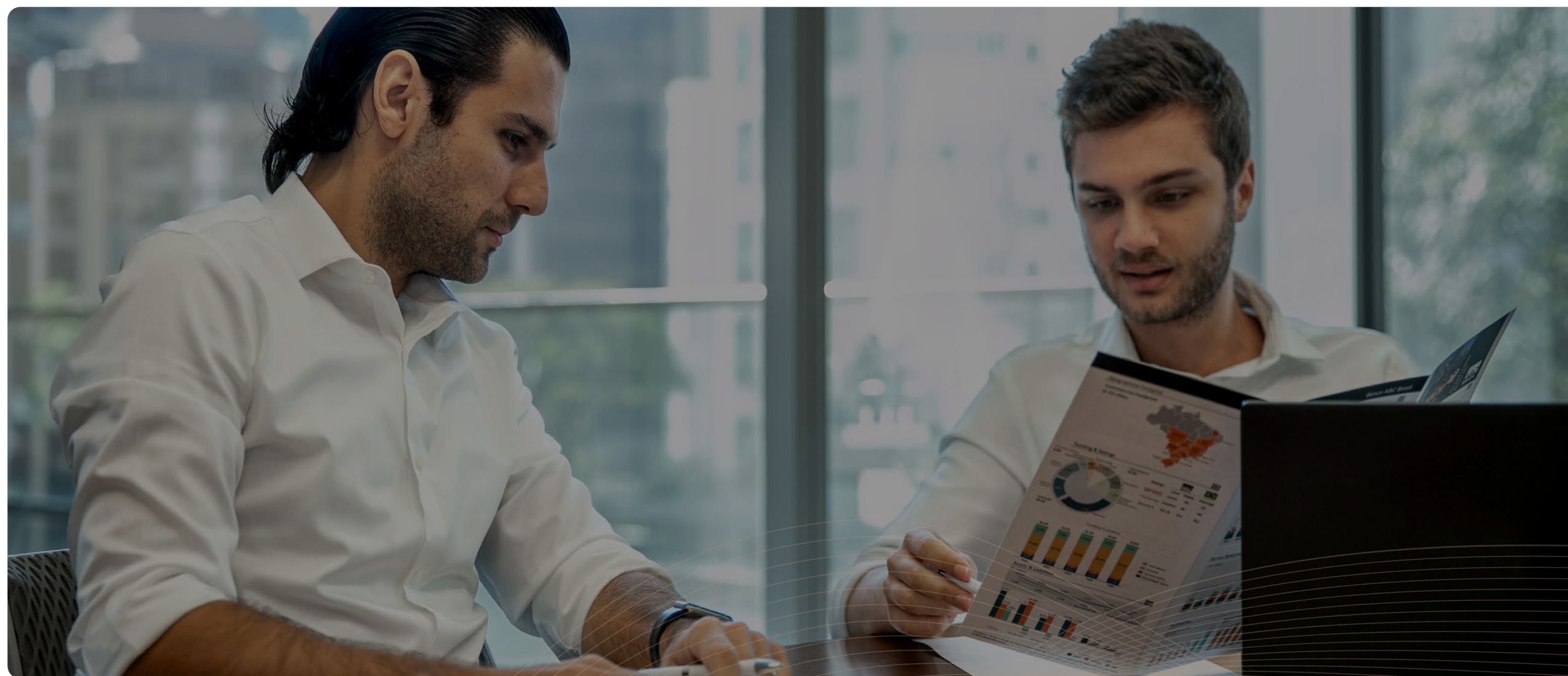
Offer the best business conditions, in line with the needs of clients, investors and shareholders.

### Entrepreneurship

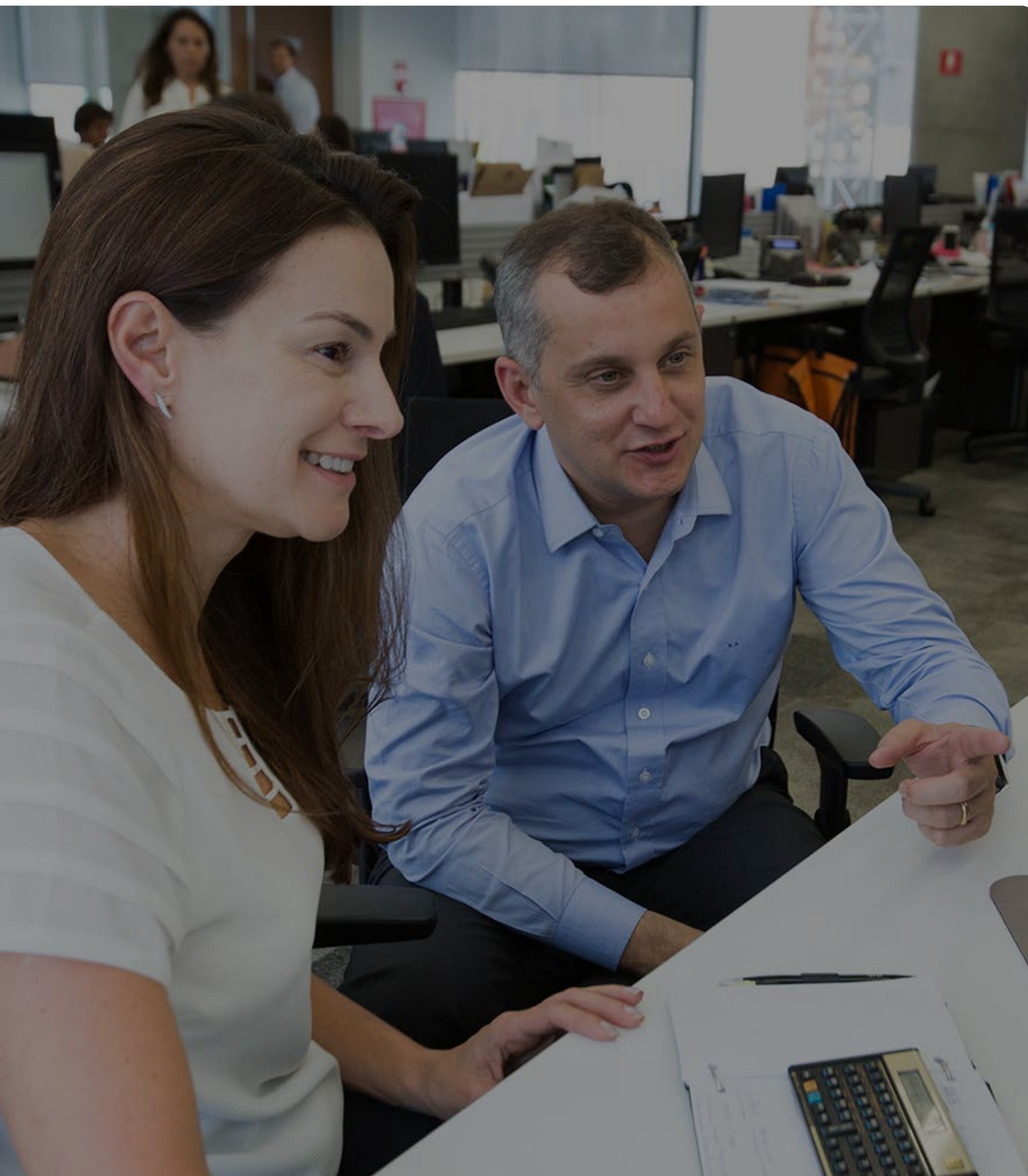
Encourage a constant search for innovations that promote growth, development and increased efficiency.

### Governance

Use mechanisms and processes to ensure alignment of interests of the various stakeholders.





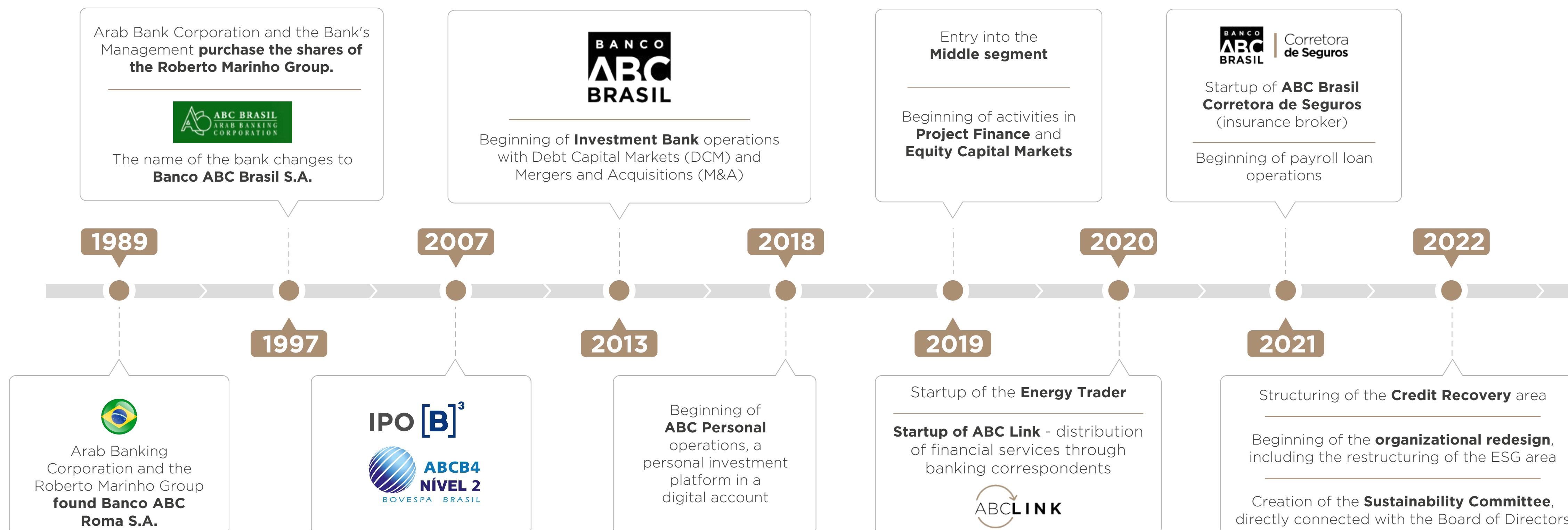


## Pillars of Operation

- **Incessant search** for competence in everything we do.
- **Comprehensive knowledge** of the market in which we operate.
- **Credibility** among clients.
- **Agility in finding adequate**, innovative solutions for each client.
- **Commitment** to good results.
- **Continuous investment** in technology, systems and processes, aiming at greater efficiency.

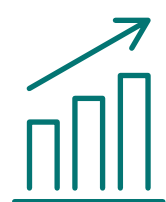


# Our Timeline





# Business Segments



## Commercial Banking

Commercial consulting and financial solutions for large and medium-sized businesses with annual revenues in excess of R\$30 million.



## Investment Banking

Support for strategic decision-making and fundraising, which involves M&A, issuance of debt instruments and project structuring (Project Finance), in addition to the structuring and distribution of initial public offerings (IPOs) and subsequent public offerings (Follow-Ons).



## Insurance broker

Insurance brokerage with relationships with several insurers to offer the best alternatives to ABC Brasil's clients.



## Energy Trader

Provision of unique services within the scope of the Free Energy Market, including negotiation of short, medium and long-term contracts (PPA), sale of energy in Dollars, extension of existing contracts and structured transactions.



## ABC Personal

Personal investment platform that offers fixed income products in a free digital account with various features.



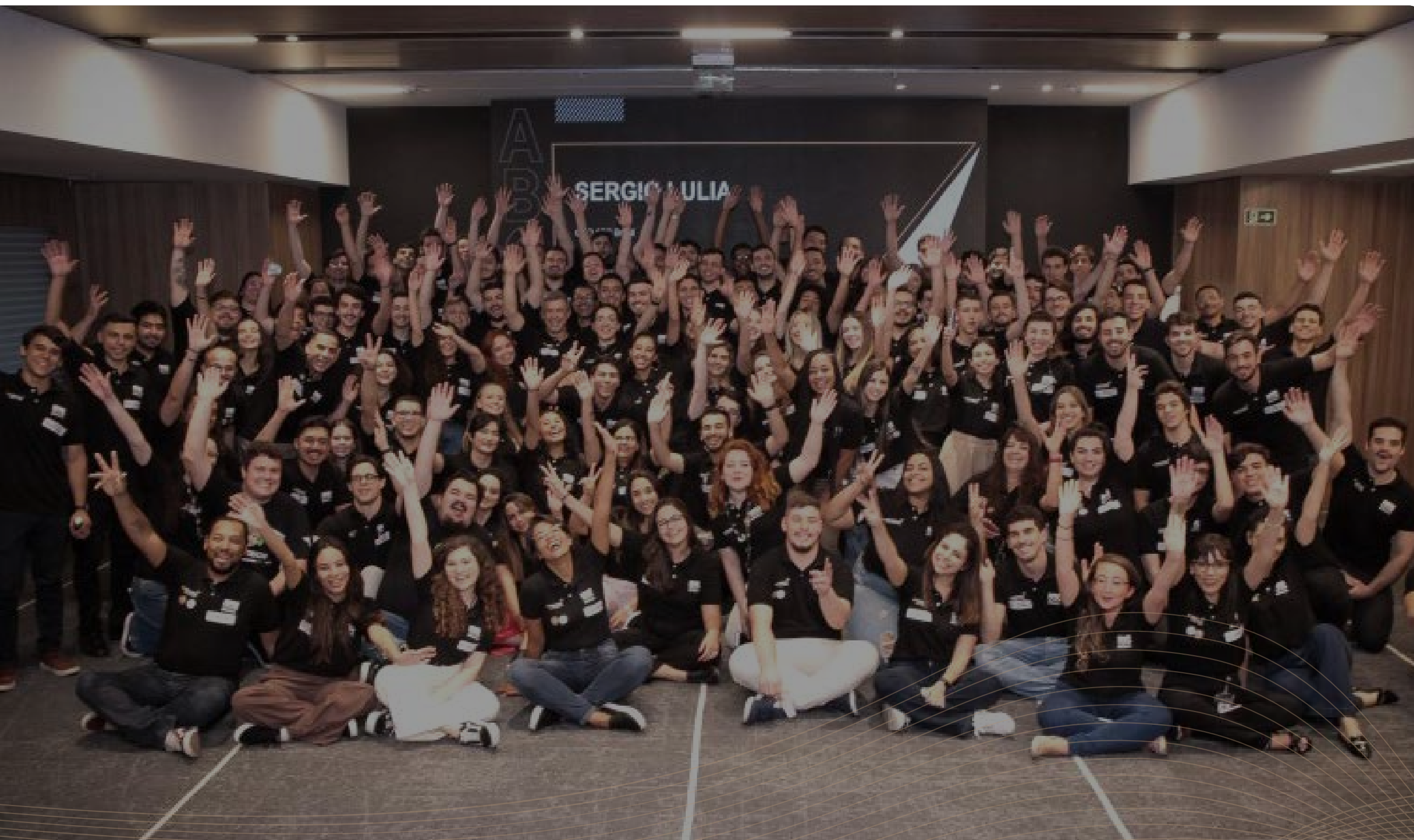
## Private Payroll Loan

Product available to employees of affiliated client companies, with 100% digital engagement and quick release of funds.



## Credit Recovery

Review and pricing of non performing loans portfolios and advice to clients on receivables management solutions.



## Awards



### Valor Carreira 2022 Award

Based on Mercer's research, the award recognizes best people management practices. ABC Brasil ranked second in the category of companies with 1,001 to 1,500 employees.



### APIMEC/IBRI Award

ABC Brasil was the only company selected in 2020, 2021 and 2022 by APIMEC/IBRI among the top five organizations in the Best Practices and IR Initiative – Small Mid/Cap category, ranking first in 2020.



# External Forums and Associations [GRI 2-28]

ABC Brasil is a member of several associations and organizations through which it monitors discussions in the banking sector:

- **Brazilian Federation of Banks (Febraban)**, as a member of the Board of Directors and Board of Executive Officers.
- **Brazilian Association of Banks (ABBC)**, as a member of the Executive Committee and the Board of Directors, as well as member and coordinator of the Environmental, Social and Climatic Risk Committee.
- **Brazilian Association of Financial and Capital Market Entities (ANBIMA)**, with representatives in the entity's Board of Directors and in other 23 forums, commissions, working groups and advisory groups, such as the Sustainability Advisory Group, the Diversity and Inclusion, Carbon and Sustainability WGs and the Tax Support Forum.
- **Brazilian Association of Listed Companies (ABRASCA)**, as a member of the Capital Markets, Legal, Auditing and Accounting Standards, Corporate Innovation, Institutional and Governmental Relations, ESG, and Liquidity, Finance and Taxation Committees.
- **Brazilian Association of International Banks (ABBI)**, with representatives in the Fiscal Council, the Board of Executive Officers and the Technical Board.
- **National Association of Securities Brokers (ANCORD)**.

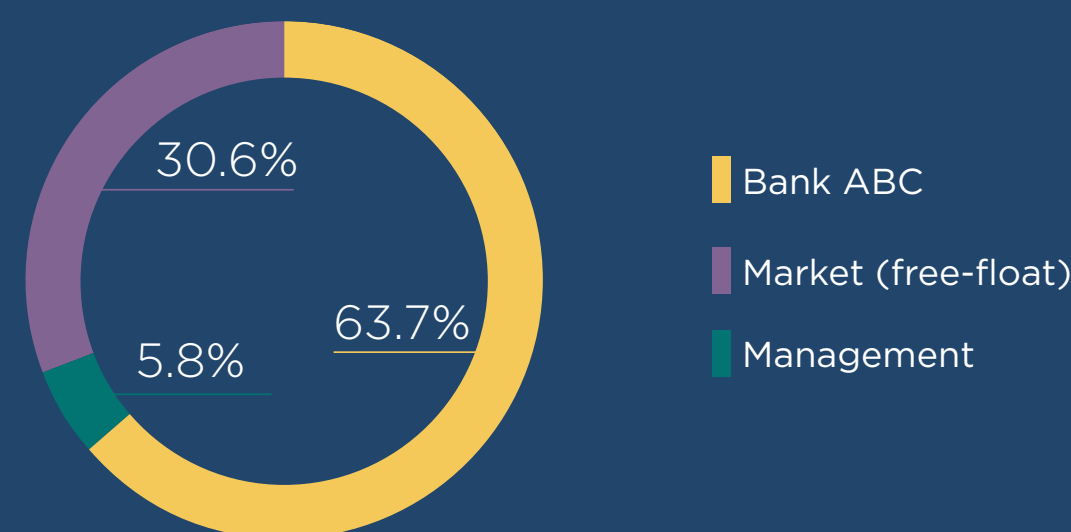


# Corporate Governance [GRI 3-3]

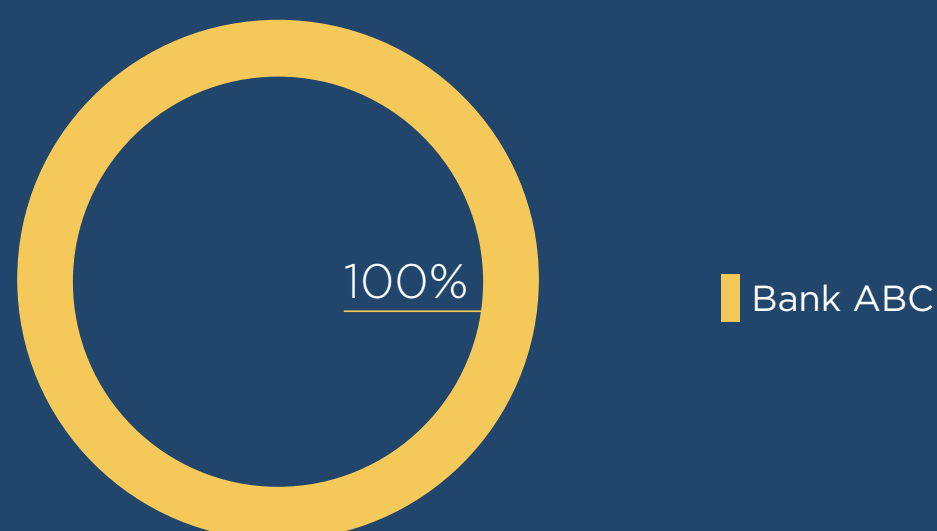
## Ownership Breakdown [GRI 2-1]

On December 31st, 2022, the shareholding structure of ABC Brasil was represented as follows:

### Total Capital



### Voting Capital



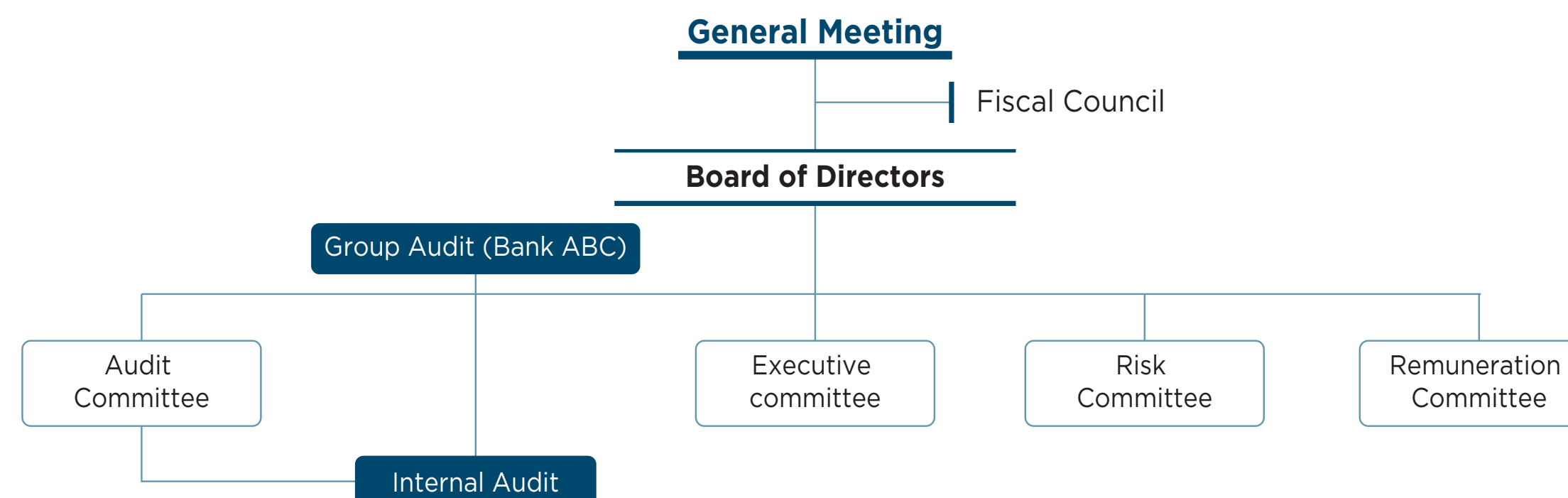
## Decision-making bodies [GRI 2-9 | 2-13 | 207-2]

**After the General Shareholders' Meeting, which is responsible for electing the members of the Board of Directors and the Fiscal Council, among other attributions, the Board of Directors is the highest governance body of ABC Brasil.** It is responsible for defining the organization's long-term strategies and policies, and supervising their execution by the Executive Committee, in accordance with the authorities and duties established in the Bylaws. The Board of Directors is assisted by the Audit, Compensation and Risk Committees.

The Audit Committee supervises the independence of the Internal Audit at ABC Brasil and its activities (effectiveness and

performance), reporting them regularly to the Board of Directors. The Internal Audit (with a matrix reporting line to the Group Audit) follows the entire audit methodology of the controlling shareholder, which also reviews the quality of the work conducted in Brazil.

Established in 2022, at the request of shareholders at a General Meeting, the Fiscal Council is an independent, non-permanent body responsible for overseeing the operations of officers, analyzing and issuing opinions on the financial statements, and other authority as defined by Article 163 of Law No. 6,404/76. The board meets every three months or, extraordinarily, whenever resolutions are necessary on urgent matters.





# Board of Directors

It is formed by seven members, of which two are independent. It is responsible for the overall direction of the business, including the long-term strategy and the control and supervision of business performance.

As established in the Bylaws of ABC Brasil, directors are elected by the shareholders at the General Meeting for unified terms in office of two years, with reelection permitted. The members of the Board of Directors can be residents in Brazil or abroad, and at least 20% of them must be independent. **[GRI 2-10]**

At the Annual and Extraordinary General Meeting held on April 29th, 2022 (AGOE 2022), the new members of the Board of Directors of ABC Brasil were approved, with terms in office until April 30th, 2024.

Over the past year, the Board has met at least eight times, during which time no matter considered crucial for the management of potential or actual negative impacts caused by ABC Brasil's activities on the economy, the environment, the community and human rights<sup>1</sup>. **[GRI 2-16]**

1. according to data collected through reporting channels and other processes, or identified through other mechanisms used to assess the business conduct of Banco ABC Brasil.

## Members **[GRI 2-9]**

**Khaled Said Ramadan Kawan**  
CEO

**Anis Chacur Neto**  
Vice President

**Nicholas Church**  
Member

**Brendon Hopkins**  
Member

**Tony Berbari**  
Member

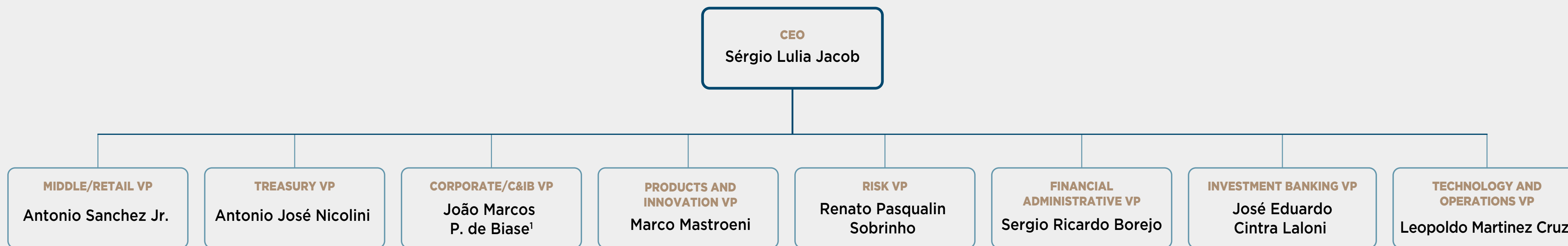
**Juliana Buchaim Correa da Fonseca\***  
Independent Member

**Roberto Pedote**  
Independent Member

\* Elected in January 2023, and took office in March 2023.

## Executive Committee

Formed by the CEO and Vice-Presidents of ABC Brasil, as established in the Bylaws, it operates as an institutional decision-making body for the discussion and approval of matters assigned by the Board of Directors and in the interest of the institution. Its scope of action includes the responsibility for managing the organization. For more information, refer to the [Bylaws](#).



<sup>1</sup>. Elected in January 2023, and took office in March 2023.

<sup>2</sup>. Elected of Directors on April 20, 2023. Pending approval by BACEN.



## Advisory Committees [GRI 2-9]

Each of the committees that advise the Board of Directors has specific responsibilities\*:

### Audit Committee

Body that advises the Board of Directors. It oversees the consolidated activities of ABC Brasil and promotes intermediation between internal and external audits. It has responsibilities regarding the quality and integrity of the Financial Statements; qualification and independence of internal and external auditors; performance of internal and external auditors; and the quality and effectiveness of the internal control system, including compliance with laws and regulatory requirements. [GRI 2-5]

Currently, the Audit Committee is composed by the following members: Juliana Buchaim Corrêa da Fonseca (Chairman), Claudio Roberto Frizão Rey (Member) and José Luis Leite Doles (Member).

### Risk Committee

Responsible for overseeing risk management processes, approving risk management policies and processes, reviewing and monitoring the macroeconomic, legal and regulatory environments, focused on the impact on business and capitalization ratios.

Currently, the Risk Committee is composed by the following members: Anis Chacur Neto (President), Tony Berbari (Vice-President) and Juliana Buchaim Correa da Fonseca (Member).

### Remuneration Committee

As part of its duties, it prepares the policy and proposes to the Board of Directors the various forms of remuneration and benefits, in addition to special recruitment and termination programs for officers. It is made up of internal and external members, including a remuneration advisor who contributes with his experience and global vision of the market, in addition to recurrently participating in surveys and engagement of specific services to review the organization's Compensation Policies and Programs. [GRI 2-20]

Currently, the remuneration committee is composed by the following members: Roberto Pedote (President), Brendon Hopkins (Member) and Joaquim Monteiro Patto Netto (Independent Member).

\* Advisory committees to the Board of Directors are not responsible for making decisions or supervising the Bank's impacts on the economy, the environment or people, which are the responsibility of the Bank's Board of Directors. [GRI 2-9]

## Performance assessment of governance bodies [GRI 2-18]

According to the assessment model adopted by Banco ABC Brasil, the **Board assesses its own performance and the performance of its advisory committees.**

**The items addressed in the questionnaire have the following objectives:** to assess the operation of the Board; assess the performance of each advisory committee in light of its specific purposes and responsibilities; assess the work of each Director, his or her attendance at meetings, and his or her constructive involvement in discussions and decision-making processes; and assess the current members of the Board, aiming at the appropriate balance of skills and experiences, and ensure the planned and progressive replacement of members.

## Compensation of directors and senior executives [GRI 2-19]

ABC Brasil's remuneration policy adheres to the applicable legislation and the best corporate governance practices. For that purpose, fixed values and variables consistent with the duties of each role are defined, seeking to balance both the internal relevance of the activities for the business and market benchmark in organizations of the same industry and size.

To align the vision of executives and shareholders, and enable the organization to attract and retain professionals with qualifications and seniority consistent with each role, the Bank adopts the following parameters:

- **Board of Directors:** fixed monthly remuneration consisting exclusively of fees.
- **Fiscal Council:** fixed monthly remuneration consisting exclusively of fees in an amount not less than 10% of the average fixed remuneration of each Executive Officer, excluding benefits, bonuses and profit sharing.
- **Audit Committee:** fixed monthly remuneration consisting exclusively of fees.
- **Remuneration Committee:** fixed monthly remuneration consisting exclusively of fees. Members who already carry out executive activities within the Bank do not receive additional payment for such activity.
- **Other Committees:** no additional remuneration for executives or members of the Board of Directors who are members of other Committees.
- **Statutory Board:** remuneration consisting of a fixed portion, with fees and benefits, and a variable portion, calculated annually based on individual and collective results. At least 50% of the variable remuneration is paid in shares or instruments based on shares, with deferral for future payment of at least 40% of the amount, according to Resolution No. 3921/10 of the National Monetary Council. Thus, the organization seeks to recognize the contributions made by these executives to the construction of short, medium and long-term results. In 2022, the Matching Shares program was also implemented. Through the program, an executive can buy his or her shares and, in return, the bank invests the same volume for a specified period. After a certain period of time, these shares are released and, following all the rules, the executive will be able to vest his portion and that of the bank in full.



## Compliance [GRI 3-3 | 2-26 | 2-23 | 2-24]

Compliance management seeks to ensure conformity with laws, rules, national and international standards and self-regulatory guidelines of the banking sector, in addition to managing the risk of fraud, preventing money laundering and combating terrorist financing. The bank has a structured flow for dealing with regulatory risk, covering the stages of capturing and distributing the new laws and regulations applicable to the bank, and subsequent monitoring of their implementation and monitoring of compliance. All these processes are defined in internal regulations of the Compliance Area.

This structure involves several internal areas and is formed by: a structure with three lines of defense; follow-up of law bills, notices and public consultations; capture of new standards and definition of action plans; relationship with regulators and representative entities; follow-up of action plans; and control of compliance with court decisions and any Consent Decrees (TAC) in public civil actions.

The Compliance team has the responsibility of multiplying the culture of compliance and ensure the integration of commitments into the organization's various strategies, practices and relationships.

For that purpose, the preventive actions adopted internally include mandatory reading of the policies by the employees,

All internal policies have a **specific chapter that lists the responsibilities of each area for their implementation.**

who declare to be aware of the standards, and completion of mandatory training, whether face to face and online, in addition to compliance with procedures related to the subject.

**For the employee onboarding process, some training is mandatory, such as:**

- Anti-money laundering (AML)
- Information Security
- Operational Risk
- Integrity Program
- Anticorruption Law
- Suitability – Derivatives
- Personal Investments
- Data Protection
- Public Offering Code
- Investment Product Distribution Code
- Regulatory Compliance

In order to constantly reinforce and update the teams' culture building regarding these topics, the desired behaviors are addressed in internal communications and training designed jointly by the Compliance and People areas, meeting not only legal orders, but also the internal culture of zero tolerance towards any case of corruption.

In addition, the Compliance Week was held in December 2022 and included various institutional communication actions and a series of videos on the Reporting Channel, the Ethical Principles and Rules of Conduct, the Compliance Program and the Integrity Program.

## Policies and Programs

ABC Brasil provides on the Investor Relations website its **policies and procedures** related to compliance. The contents of these guidelines are reviewed and updated at least annually or whenever necessary. **In 2022, the following new policies were created:**

- Operation and engagement of correspondents in Brazil
- Writs of payment
- Transactions with related parties
- Data governance
- Cyber and technology risk management
- Referral program
- Performance, load and stress tests

**All policies must be approved in accordance with the appropriate level of responsible authority:**

- **Level 1** - Finance and IR Vice President / Risk Vice President / Back Office Vice President: responsible for approving all policies that do not have a regulatory nature. Approval must involve two of the three vice presidents.
- **Level 2** - Executive Committee: responsible for approving policies developed to meet legal and regulatory requirements or when recommended.
- **Level 3** - Board of Directors: responsible for approving policies developed to meet legal and regulatory requirements or when recommended by the Executive Committee / Back Office VP / Risk VP. Policies will rise to Level 3 when there is a recommendation or an express forecast of the need for approval by the Board of Directors. **[GRI 2-23]**

Instructions on proposing and implementing policies are made available to employees through documents 4000.ORG – Corporate Policies, and 4001.PRC – Drafting of Corporate Policies. At **politic@abcbrasil.com.br**, you can request clarifications on ABC Brasil's policies and practices on responsible conduct. **[GRI 2-26]**



## Combating Corruption [GRI 205-1]

The Compliance and Anti-Money Laundering and Combating the Financing of Terrorism areas are responsible for identifying, mitigating and possibly dealing with cases of corruption involving employees, clients, partners or suppliers of ABC Brasil. **The guidelines and procedures related to this topic are described in the following policies:**

- [Ethical Principles and Rules of Conduct](#)
- [Integrity Program](#)
- [Reporting Channel](#)
- [Money Laundering Prevention and Terrorism Financing Policy](#)

The policies and standards related to the subject are observed during the initiation and renewal processes of relationships held by ABC Brasil. In case of detection of crimes that may precede money laundering, the Bank adopts measures and monitors compliance.

From acceptance to the entire client relationship cycle, cases of litigation and negative media are continuously monitored, including issues related to corruption. When necessary, judicial or administrative procedures are considered to define whether or not the operations will proceed. Another procedure applicable in cases of a situation or person suspected of being connected with money laundering or financing of terrorism is the submission of reports to the relevant bodies, such as the Council for the Control of Financial Activities (COAF).

An anticorruption clause is included in all contracts with partners and suppliers. This audience is also involved in training and corporate policies on the subject.

Any type of negative or positive impact generated by ABC Brasil's activities is considered a relevant factor for the [Risk Management](#) (learn more on page 34). In 2022, no significant risks related to corruption were identified.

## Ethics and Integrity

Regarding the culture of ethics, ABC Brasil has a sound structure that involves the Code of Ethical Principles and Rules of Conduct, the Reporting Channel and the Ethics Committee, which manages demands with the support of the Compliance area.

The behavioral parameters that must guide ABC Brasil officers and employees are defined in its **Code of Ethical Principles and Rules of Conduct**. For the institution, banking activities are based on mutual trust, which is why it is critical that all professionals operate under the most appropriate standards. Everyone is aware that they must operate with the highest professional integrity and secrecy regarding financial, business and personal matters relating to clients.

In addition, the code provides for issues related to money laundering, inspection agents and auditors, gifts and hospitality, and the reporting channel.

### Integrity Program [GRI 205-1]

The bank has an Integrity Program to prevent corruption and other harmful acts against domestic or foreign public administration, consisting of a set of rules and operational and control procedures adopted in an organized, integrated manner. The program is the responsibility of the Integrity Committee, formed by the Compliance, People, Legal and Audit areas, covering the following operational and control procedures and integrity mechanisms:

- Risk assessment
- Code of Ethics, standards of conduct, policies and procedures
- Third-party relationship management
- Management of corporate operations
- Management of biddings, public contracts and interaction with the public sector
- Management of accounting and financial information
- Communication and training
- Investigation of complaints and violations, and imposition of disciplinary measures
- Internal controls and monitoring
- Continuous improvement

More information is available on the  
**Investor Relations Website.**



## Conflicts of interest

All ABC Brasil employees are required to avoid conflicts between their personal interests and those of the Bank or its clients, and they must not promote any relationships that may have a potential for conflict or compromise. This behavior is provided for in the **Code of Ethical Principles and Rules of Conduct**.

Any violation can be reported by employees, suppliers, clients or other stakeholders through the **ABC Brasil Reporting Channel**. [GRI 2-15]

ABC Brasil also has a Personal Investment System, a channel for requesting investments, in line with the Personal Investment Policy, which establishes the guidelines to be followed by all employees, if they intend to trade securities, and particularly to avoid inappropriate use of insider information that override the interests of the institution, investors and clients. The request channel uses the Business Process Management (BPM) system, in which the review of

information is automated, which renders the process agile, with immediate responses to requests.

To ensure the mitigation of any conflicts of interest in the governance bodies, as provided for by the Bylaws of ABC Brasil, the positions of Chairman of the Board of Directors and CEO, or strategic executives, cannot be taken by the same person. In addition, the participation of Officers and members of the Board of Directors in bodies of other institutions is provided for in the Reference Form, a public document updated on a regular basis, and widely published **on the investor relations Website**.

The same level of transparency is afforded to information regarding the Controlling Shareholder and other Related Parties – including the description of rules, policies and practices, as well as Transactions **with Related Parties**. [GRI 2-11 | 2-15]

## Constant Evolution

**ABC Brasil remains in line with the best Compliance practices through integration with sector entities – such as the Brazilian Federation of Banks (Febraban), in which it participates in the Board of Directors and the Sustainability Committee, and the Brazilian Association of Banks (ABBC), in which it is a member of the Social and Environmental Risk Committee.**

It also participates in discussions promoted by the Brazilian Association of International Banks (ABBI) and by the Brazilian Association of Financial and Capital Market Entities (ANBIMA), disseminating lessons learned and guidelines to the entire internal team.

One of the advances implemented in 2022 was the reorganization of the Money Laundering Prevention and Terrorism Financing area due to the increase in the client base and the new business fronts opened by ABC Brasil. The team was strengthened and processes were automated, which brought important advances in operational efficiency.

The adjustments involved improvements in the supplier analysis process and assessments of banking correspondents, which are partner offices of ABC Brasil (find out more about [supplier management in the Value Generation chapter](#), on page 71).

The Money Laundering Prevention area also plays an important role in identifying negative media and processes

linked to social and environmental issues, forwarding to the technical area responsible for the subject any discredit that it finds during the onboarding analysis or renewals of relationships.

The Fraud Prevention area has been restructured with the engagement of professionals dedicated to the strategic vision and data analysis and new security mechanisms to mitigate fraud, focusing on the Bank's lines of business. This structure is continuously assessed and updated based on best market practices and benchmarking with specialized organizations.

For the Regulatory Compliance area, controls were implemented in 2022 on the regulatory agenda and the legal obligations of ABC Brasil with all regulatory bodies in the financial system. With the support of an external advisor, the company started to map all standards applicable to the organization. The map will serve as a basis for regulatory compliance tests, which will be carried out from 2023 onwards.



## Transparent communication

In its relationship with the market, the institution excels in the transparency and quality of its communications – which is recognized by variable and fixed income investors, research analysts (sell-side research) and credit rating agencies, in addition to internal collaborators.

With each of these audiences, the Investor Relations area keeps frequent contact, updates them in a timely fashion and responds to specific demands, providing information on a dedicated website ([ri.abcbrasil.com.br](https://ri.abcbrasil.com.br)) and through the Talk to IR channel ([ri@abcbrasil.com.br](mailto:ri@abcbrasil.com.br)).

On the website, investors can find documents and information disclosed to the market to help them review and assess ABC Brasil's businesses.

The [Client Service Center \(SAC\)](#) and the [Reporting Channel](#) are available to external audiences (learn more on [page 32](#)). **[GRI 2-26]**

## Tax approach **[GRI 207-1 | 207-2]**

**ABC Brasil's Tax Legal area works proactively to ensure the organization's compliance with industry regulations.** In order to keep up-to-date and ensure compliance with the best practices for reporting of tax contents, the area participates in various class associations and organizations, including the Brazilian Federation of Banks (Febraban), the Brazilian Association of Financial and Capital Market Entities (ANBIMA), the Brazilian Association of Listed Companies (ABRASCA), the National Association of Stockbrokers (ANCORD) and the Brazilian Association of International Banks (ABBI).

The Tax Legal department guides the Tax Department, which is responsible for calculating and collecting all taxes and duties. Thus, the organization keeps the functions of regulatory

assessment (Tax Legal) and the execution of calculations and tax collections (Tax Department) separate, ensuring a high standard of corporate governance and mitigating any risks of inconsistencies.

ABC Brasil's fiscal strategy is analyzed and approved by the Executive Committee. To ensure the quality and integrity of its decisions, the information also undergoes internal and external audits.

For the reporting of concerns related to unethical or illegal behavior or the integrity of the organization in complying with its tax duties, the organization has a [Code of Ethical Principles and Rules of Conduct](#) and a [Reporting Channel](#).



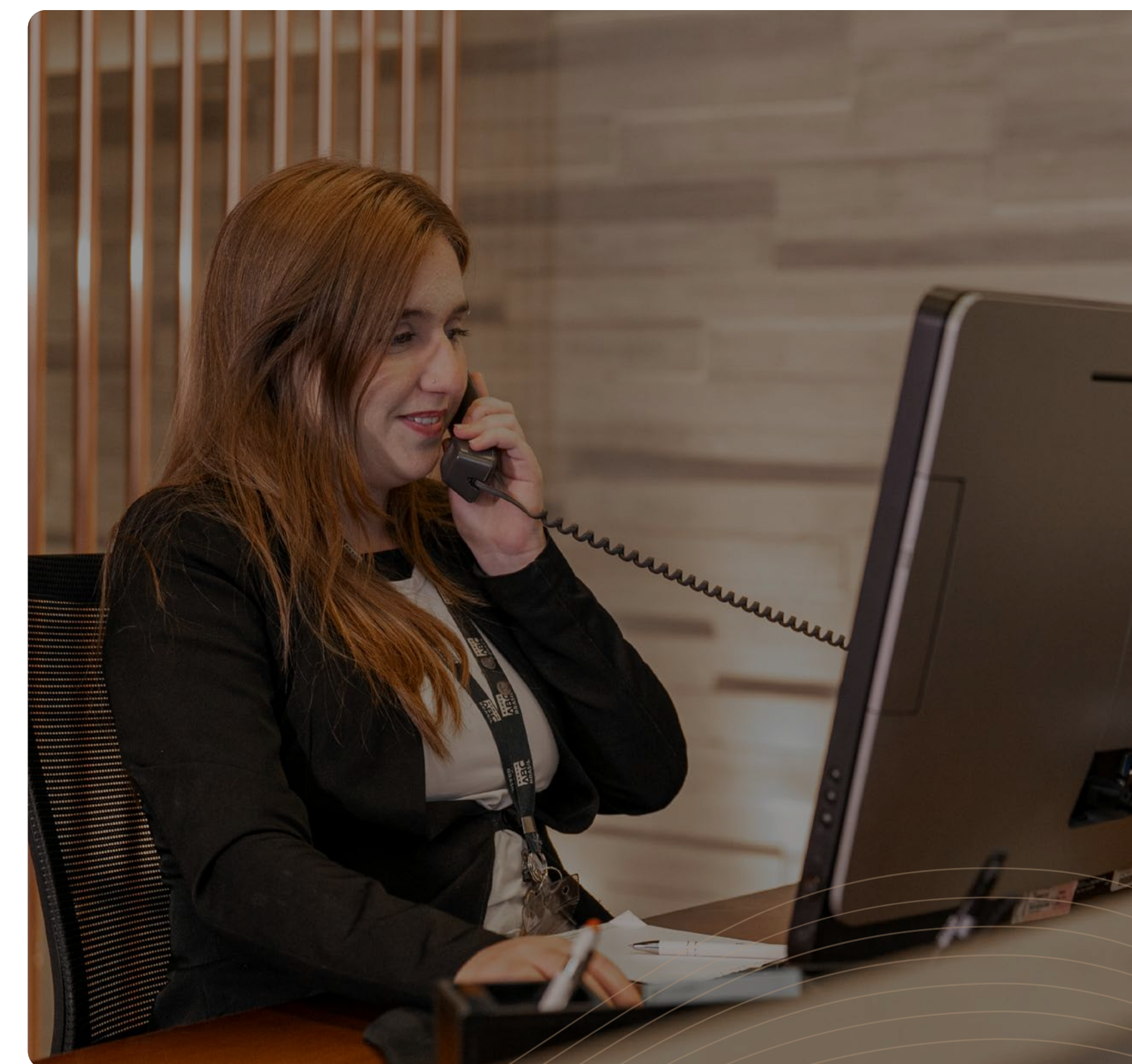
## Reporting Channel [GRI 2-25 | 2-26 | 2-27 | SASB FN-CB-510A.1 | FN-CB-510A.2]

In line with the commitments of integrity, honesty and transparency in conducting its activities and business, described in the **Code of Ethical Principles and Rules of Conduct** and in other internal policies, ABC Brasil also has an **independent Reporting Channel**. Through wide dissemination, the institution encourages its use for reporting criminal and unethical conduct and ensure the proper treatment of facts, free from judgment of values and protection of the data of any person that may be reporting, considering further that reports may be made anonymously.

The **Reporting Channel** is available to employees, suppliers, third parties, partners, clients and other interested parties through the **institutional website and the hotline (0800 300 4726)**, from Monday to Friday, from 10 a.m. to 8 p.m.

The channel is managed by Instituto Centro de Tecnologia de Software (ICTS), an independent external consultancy, responsible for sorting and storing records in the system, directing complaints and preparing recommendations for dealings with the Ethics Committee. The Committee investigates complaints with the support of a consultancy that is independent of the ICTS, in order to ensure an impartial process. All occurrences are managed by the Compliance area and treated with absolute secrecy, monitored throughout the process by the Audit Committee.

Every six months, a report is prepared to inform the Board of Directors and the Audit Committee of the complaints received and the actions taken. During the year, there were no incidents or legal proceedings, with or without losses, related to fraud, privileged information, antitrust, anticompetitive behavior, market manipulation, malpractice or other laws or regulations of the financial sector. There were also no cases of noncompliance with laws and regulations that resulted in fines or nonmonetary sanctions. [GRI 2-27]





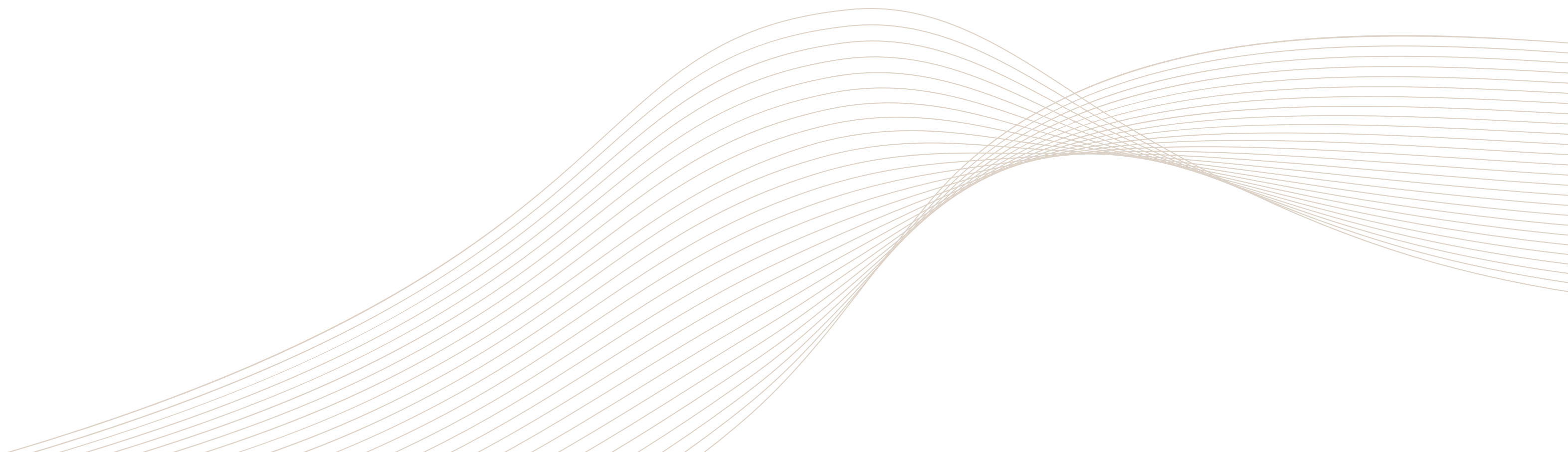


## Women's Support Channel

In compliance with the Collective Bargaining Agreement of the banking sector and in line with commitments to integrity, honesty and transparency in conducting its activities and business, ABC Brasil also provides a **Support Channel for Women**, through which it offers shelter to women victims of domestic and family violence.

With a proposal of assistance and guidance, the channel is widely publicized internally and is available to all ABC Brasil employees through its [institutional website](#) and the hotline (**0800 300 4730**), from Monday to Friday, from 10 a.m. to 8 p.m.

The service is carried out by professionals specialized in this type of service, such as psychologists and social workers, who follow up on each case individually. The welcoming team is provided by an independent, specialized company (Instituto Centro de Tecnologia de Software - ICTS), which has the autonomy to seek the best solution for each woman in a situation of violence.





# Risk Management

At ABC Brasil, **risk management is shared** among all employees and **rooted in Our Way of Being and Doing**

([learn more on page 14](#)).

To further disseminate this culture across the organization, all employees complete a mandatory training journey in the areas of Compliance, Operational Risk, Socio and Environmental Risk, and Data Protection and Privacy. This culture is also encouraged by the [Integrity Program](#).

This process is supported by the Risk Management area, which reports to the Vice-Presidency of Risks, being made up of teams of specialists and generalists who work, in an integrated and independent manner, for the identification, assessment, measurement and management of risks on the daily routines of business. In 2022, this entire structure was trained and prepared to identify and monitor risk factors and threats, thus optimizing the allocation of resources and mitigation measures, and contributing to the continuity of business and creation of value for the bank's different stakeholders.

Based on the above, ABC Brasil understands that it has evolved in the integrated management of risks in operations by encouraging the strengthening and maturing of its teams and the people involved, as well as the main role of its teams, empowering them to lead risk processes.

## Governance

- **Board of Directors**
- **Board of Directors' Risk Committee**
  - **Local Committees**
    - **Credit Committee**
    - **Financial Committee**
    - **Operational Risk, Compliance and Information Security Committee**

## Structure

- **Board of Directors**
  - **CEO**
  - **CRO**
    - Credit Granting Board
    - Credit Risk Board
      - Risk Management Superintendence
        - Market and Liquidity Risk Department
        - Credit Risk and Integrated Risk Department
        - Socio-environmental and Climate Risk Department
        - Operational Risk, Internal Controls and Cyber Risk Department



## Main Risk Factors

### Corporate Risk

Banco ABC Brasil understands that risk management is a process aimed at creating and preserving the institution's value by providing reasonable guarantee that events that may affect the intuition are identified and continuously managed in accordance with its risk appetite. For this purpose, Banco ABC Brasil maintains dedicated structures to perform risk management activities that assess, monitor and report both, the risk assumed and the organization's risk appetite, by proposing measures to reinforce the performance of processes, correct failures and curb practices that are not consistent with the required standards. It also aims at complying with Resolution No. 4.557 of the National Monetary Council, which governs the activities of risk management structures; and Circular 3.930, which addresses the disclosure of information on risk management and capital that is important for the business.

### Operational Risk

The Bank manages Operational Risk as a specific risk category. Its scope comprises the entire institution, involving all employees, and considering all processes, activities, systems, products, and physical structure. Operational risk also includes legal risks with the support of the Legal Area. The objective of operational risk management is the weighted and constant assessment of risk exposure, and the consequent definition of risk response: acceptance, reduction, sharing or elimination of risks. The operational risk management structure has the mission of identifying, assessing, monitoring, controlling and mitigating operational risk in accordance with the organization's risk appetite.

Detailed information on Risk Management can be found in **“Risk Management Structure - Pillar 3”**, on the **Investor Relations** website.

### Market Risk

Market risk is defined as the possibility of losses resulting from fluctuations in the market values of positions held. This concept includes the risks of operations that are subject to changes in exchange rates, interest rates, inflation, share prices, indexes, and credit and commodity spreads. Market risk management is performed using internal information that the Risk Management Area, which centralizes control activities and monitors portfolio exposures, provides to Management, Treasury and members of the Financial Committee on a daily basis.





## Liquidity Risk

Liquidity risk basically has two forms:

- **Funding risk:** relating to the access to funds to pay obligations or expand activities; it has a temporal component defined by the occurrence of disbalances between the inflow and outflow of resources that may affect the payment capacity, taking into account the currencies and settlement terms of its rights and obligations;
- **Market liquidity risk:** relates to the ability to operate in markets without causing large price or rate shifts.

Liquidity risk management is performed by the Financial Committee and carried out by the Treasury, within the limits determined for their performance, by raising and investing cash resources and managing mismatches between inflows and outflows throughout time. It is supported by the Risk Management area, which monitors acceptable levels of liquidity in the present and the future, and by the Strategic Planning area, which concentrates information to control cash positions. The daily reports generated are sent to the Treasury, the Board of Directors and the Internal Audit. Every fortnight, the Financial Committee reassesses the strategy for the next period.

## Reputation and Image Risk

Reputation and image risk management identifies and minimizes risks and threats to the Bank and its stakeholders. It is a strategic corporate risk and a key challenge that, when not properly managed, may lead to situations of crisis.

Banco ABC Brasil employees are primarily responsible for assuming the management of reputation and image risks in the exercise of their duties, and forwarding threats and incidents to their line managers, in accordance with the risk appetite. Depending on the nature of the threats and risks, supervision is provided by the Compliance, Credit, Information and Cybersecurity and/or Socio-Environmental Risk areas.

## Credit Risk

As it operates with small, medium and large corporate clients, the Bank has created specialized structures for analysis and granting of credit, with the purpose of being more efficient and precise in the analyses, establishment of limits, and definition of the required guarantees. The approval of credit facilities is the responsibility of the Credit Committees, up to the limit of their authority. Above these limits, approval is the sole responsibility of the Board's Risk Committee. Management is a duty of the Credit Analysis area with regard to individual lines for clients and economic groups. It is supported by the Credit Management area, to ensure that the risks are within the stipulated limits, and by the Guarantees area, to ensure that they meet the required standards of coverage and quality. The Credit Risk Management Area monitors risk from the point of view of the portfolio, monitoring concentrations and assessing the impacts of adverse scenarios. The reports generated are sent regularly to the Board's Risk Committee, the Audit Committee and the Executive Committee.

## Socio-environmental and Climate Risk

Socio-environmental and climate risk management is linked to the authority of the Credit Committee, which is ultimately responsible for approving the Bank's relationship conditions with its clients. Socio-environmental and climate risk is present mainly due to the activities of Bank's clients and their social, environmental and climate impacts. Such impacts, if not properly managed, may trigger compensation for damages or payment of fines; delay or interrupt ongoing projects; adaptation of business; or even affect the clients' ability to pay. Additionally, the Bank must also evidence its diligence in evaluating these relationships. The commercial areas, which are primarily responsible for relationships, must understand their clients' socio-environmental and climate risks, and how they may impact the bank, in addition to closely monitoring material information on changes in such risks. The assessment of socio-environmental and climate risk is an integral part of the process of granting credit to clients by using data captured from official public databases, media information and information provided by clients.



## Risk Agents Program

Created to spread the culture of mitigating operational risks across the Bank, the program encompasses a set of activities aimed at Risk Agents, ranging from reviewing the mapping of risks and controls, to training and creation of action plans.

The group of Risk Agents is currently composed by 76 employees (6% of the staff), who represent all areas of the bank, and involves managers (74%) and specialists (14%). The program is added to other institutional training initiatives on the subject, totaling more than 32 hours of training that start as from the onboarding of new collaborators.

The bank incorporates specific risk **management goals for each employee**, aligning performance management with the **organization's risk culture**.

### Risk management at ABC Brasil follows a model of three lines of defense:



#### 1<sup>st</sup> LINE

The 1<sup>st</sup> line is the area that conducts the activity and takes primary responsibility for identifying and managing risks, ensuring the capacity for effective controls with self-assessment processes from time to time.



#### 2<sup>nd</sup> LINE

It comprises the Risk Management area and, for certain matters, also includes the Finance and Compliance areas. It independently ensures that the 1st line of defense is able to identify, measure and manage risks in accordance with the regulatory environment, the organization's policies and its risk appetite parameters. It also operates strongly in fostering a risk management culture, challenging the business areas to improve their risk management tools and metrics and reporting to the Operational Risk, Compliance and Information Security Committee, the Finance Committee, Executive Committee and Board's Risk Committee.



#### 3<sup>rd</sup> LINE

The Internal Audit operates as the 3rd line of defense, independently analyzing processes, internal controls and risk management programs by conducting general and thematic audits.

## Social, Environmental and Climate Risk

### Social and environmental Risk Assessment

#### [GRI 3-3]

Socio-environmental risk is transversal, and not anticipating and managing it may have consequences for the institution and generate other risks, such as credit, legal, reputational and market risks. These impacts may require the reimbursement of damages or payment of fines, delay or interrupt ongoing projects, or even affect clients' ability to pay.

In order to mitigate possible social and environmental risks in its operations, ABC Brasil has adopted since 2015 a **Social and Environmental Risk Analysis Policy**, that covers:

- Acceptance of new clients in the Middle, Corporate and C&IB segments
- Process of granting credit and renewing limits
- Financing large-scale projects and operations (Project Finance)
- The analysis of environmental compliance in real estate guarantees (rural and urban)

Client relationship areas are the first line of defense to ensure that strategies of origination and conduction of relationships are based on knowledge of the socio-environmental risk profile of clients, and that transactions are aligned with the risk appetite and the strategic objectives outlined in the **Social, Environmental and Climate Responsibility Policy** (find out more in the “Sustainability” chapter at ABC Brasil, on page 88).

ABC Brasil understands that fundamental labor rights are of paramount importance. To this end, the bank does not carry out operations with companies associated with forced, slave or child labor. These and other reputational aspects are verified through a screening at the time of client acceptance, being monitored throughout the relationship period. For this purpose, the bank relies on automatic verification that is carried out by robots, generating alerts in cases of inclusion of persons or companies in the “grey list” of the Ministry of Labor, or in cases of denouncements published in the media.

#### [GRI 408-1 | 409-1]

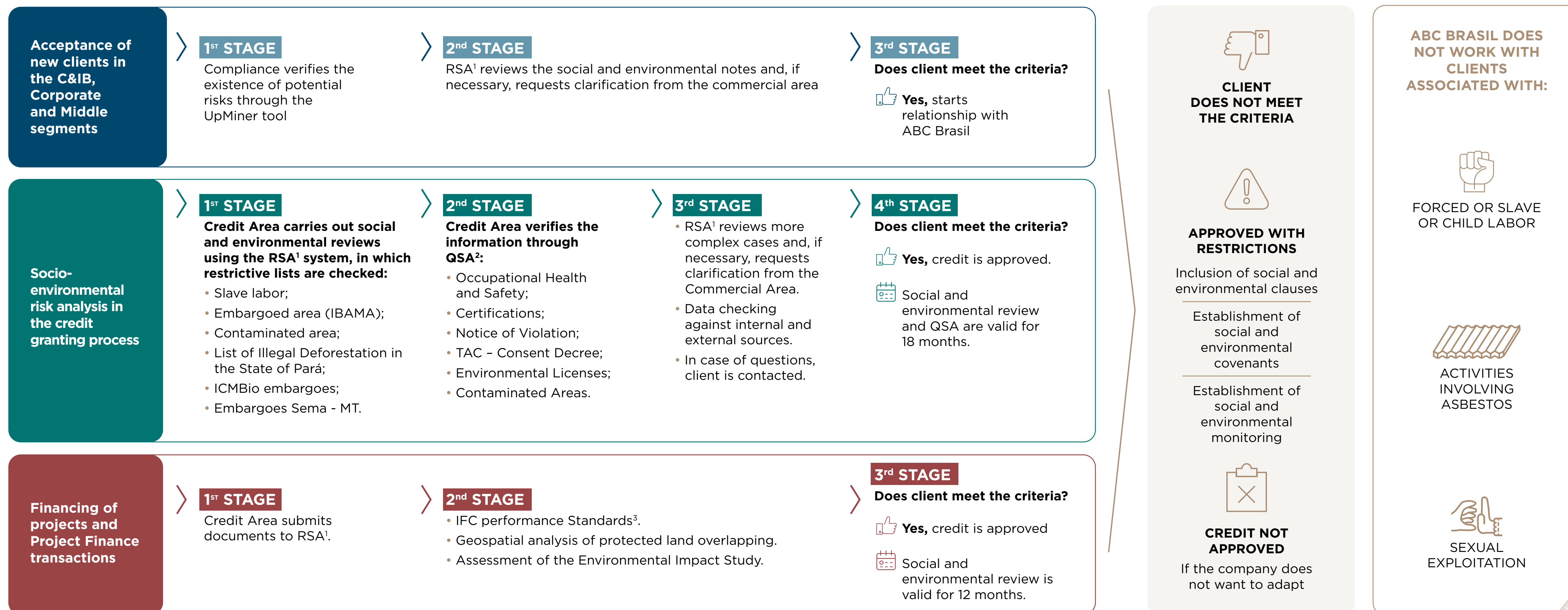
Regarding credit operations and renewal of limits, the Credit area performs an analysis based on criteria defined by the Social and Environmental Risk area, which, in turn, carries out specific assessments of more complex cases; manages the risk identification structure; and implements and manages

monitoring systems and databases. The Credit Committee is empowered to make decisions on socio-environmental and image risks associated with clients and specific transactions.

In project financing operations, when the socio-environmental and climate analysis identifies an issue that is not addressed, the client is required to handle the issue. In case of refusal by the client, the operation may be denied or approved with certain conditions. In the event of non-compliance with socio-environmental and climate obligations, contractual mechanisms are activated to allow the bank to withdraw from the operation.



## How the Social and Environmental Risk Analysis Works at ABC Brasil



1. RSA - Social and Environmental Risk Area

2. QSA - Social and environmental Questionnaire is subject to application criteria, taking into account the combination between the client's line of business and credit product.

3. IFC - International Finance Corporation.

## Analysis process

The social and environmental risk analysis process consists of assessing the social and environmental aspects with which the client is involved and determining their risk level according to the defined methodology. Among the aspects assessed are compliance with environmental laws, working conditions, use of natural resources and waste management.

Over the course of 2022, a georeferencing tool was incorporated to find any properties overlapping with protected areas, such as indigenous land and conservation units. From 2023 onwards, this check will be used in three scopes: project financing, valuation of real estate guarantees, and business plan (real estate developments).

To ensure the dissemination of this process within the organization, the Social and Environmental Risk team participates in the onboarding of sales managers, in which the risk assessment process is introduced. The team also works together with the Legal department on the preparation of social and environmental provisions that are included in all contracts, while preparing contents and providing training to the departments involved in the process.

In 2022, two training programs were provided for the Sales team, totaling 71 employees trained in social and environmental risk management over 75 hours of training.

**[GRI 3-3]**

## Social and Environmental Risk Management System and social and environmental rating

To consolidate the entire analysis process and ensure its database, ABC Brasil implemented the Social and Environmental Risk Management System. The process considers the client's potential risk and assessed risk of, which arise from the following factors:

### Potential risk

- A potential social and environmental impact inherent in the counterparty's business.
- The credit product to be provided to the counterparty

### Assessed risk

- The counterparty's social and environmental management capacity.
- The social and environmental note from the counterparty (if any).

In this system, assessed factors include the type of business of the clients and their social and environmental management capacity as captured by the **Social and Environmental Questionnaire** (learn more in the box). After data entry and analysis, a **social and environmental rating** is automatically assigned and integrated into the wholesale credit rating model.

Currently, 100% of clients undergo social and environmental risk analysis, from a simple social and environmental screening to a more elaborate assessment, as appropriate. In 2022, there was a case of a client with whom we declined to start a relationship for posing a significant risk, as they flouted the requirements set forth in policies on the use of forced labor, compulsory labor or child labor. **[GRI 205-1 | 408-1 | 409-1]**



## Social and environmental questionnaire

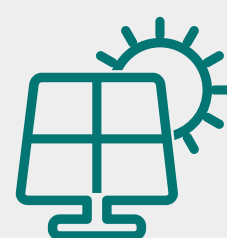
Document filled in by clients with the objective of evaluating the capacity and form of socio-environmental management of their companies.

The document includes three aspects:



### General

Seeks to identify whether the company has a socio-environmental commitment that can be verified in its policies, standards, internal regulations, area dedicated to socio-environmental responsibility, incentives for courses and training on the subject, existence of codes of conduct, and criteria for selection of suppliers with a social and environmental commitment, among others.



### Environmental

Seeks to identify whether the company's activities are subject to environmental licensing and certifications, and whether there are ongoing assessments or investigations. The company's need for specific authorizations is checked, such as the Biosafety Quality Certificate ("CQB"), the Federal Technical Registration ("CTF") and the Transport of Hazardous Waste, among others.



### Social

Seeks to identify occupational health and safety issues, checking whether the client has assessments or is investigated regarding work conditions and the occurrence of occupational accidents, among others.

The answers are analyzed, and the way in which these topics are managed by clients is classified as Excellent, Good, Regular or Bad, influencing the classification of the Client in the Socio-Environmental Rating. Regarding the Mining sector, ABC Brasil adopts a specific Socio-Environmental Questionnaire that was developed in order to capture information relating to the company's dams, if any.

In order to update the topics to be observed in the assessments, and also to adapt their content to Bacen's new rules, such as CMN Resolution No. 4,943 of 9/15/2021, the content of the Socio-Environmental Questionnaire was reviewed. Additionally, to speed up the process of capturing information, a robot was developed in 2022 to read sustainability reports and generate an automatic score of the client's social and environmental management capacity. This tool will be incorporated into the Social and Environmental Risk Management System starting in 2023.

## Advancements in Climate Risk Management

Over the course of 2022, **ABC Brasil made progress in incorporating climate risks** into its social and environmental risk analysis process.

The new methodology, to be implemented from 2023 onwards, now includes climate impacts as one of the evaluated variables, in compliance with Resolution No. 4.943 of the National Monetary Council. To that end, the following factors will be considered:

- The potential for climatic exposure of a given economic activity, as per TCFD (Task Force on Climate-Related Financial Disclosures) guidelines for sectors more exposed to climate change.
- If a client is considered high-exposure, information will be captured to assess their ability to manage their risks through the Sustainability Report (if the client has one) or by applying the Social and Environmental Questionnaire. To this end, the questionnaire will now include questions about greenhouse gas (GHG) emissions, reduction and offsetting targets, climate commitments made and management plans for physical and transitional climatic risks.

As is already done with social and environmental risks, the climate variable will be included in the SAC (Social, Environmental and Climate) rating of each client, influencing their credit rating. Accordingly, starting in the coming years, ABC Brasil will have the necessary data to analyze its portfolio's exposure to climate risks in the long term, while being able to determine its appetite for these risks and its management and mitigation strategies.

In addition to credit risk, the institution acknowledges that climate risks are also associated with:

- Market and liquidity risks: In the course of 2022, physical and transitional climate risks were parameterized to be included in stress tests from 2023 onwards.
- Operational risks: They are already included in the Operational Risks Policy, in the procedures for controlling losses and monitoring clients and in actions to disseminate the risk management culture in the organization.
- Legal and reputational risks: These are considered during the analysis of financial transactions, taking into account any points of attention and/or sectoral sensitivity. The incorporation of climate risks into contractual provisions is being studied for potential adoption in 2023.

Among the challenges found to implementing the provisions of CMN Resolution No. 4.943/2021, we can highlight the job of creating a database containing client scores in connection with social, environmental and climate risks and attributes and integration with other risks. To overcome the aforementioned difficulties and challenges, ABC Brasil decided to set up an IT Squad, using the Agile methodology, to handle and address the provisions of that Resolution.



# VALUE CREATION

Operating and Financial Results 45

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# Value Creation

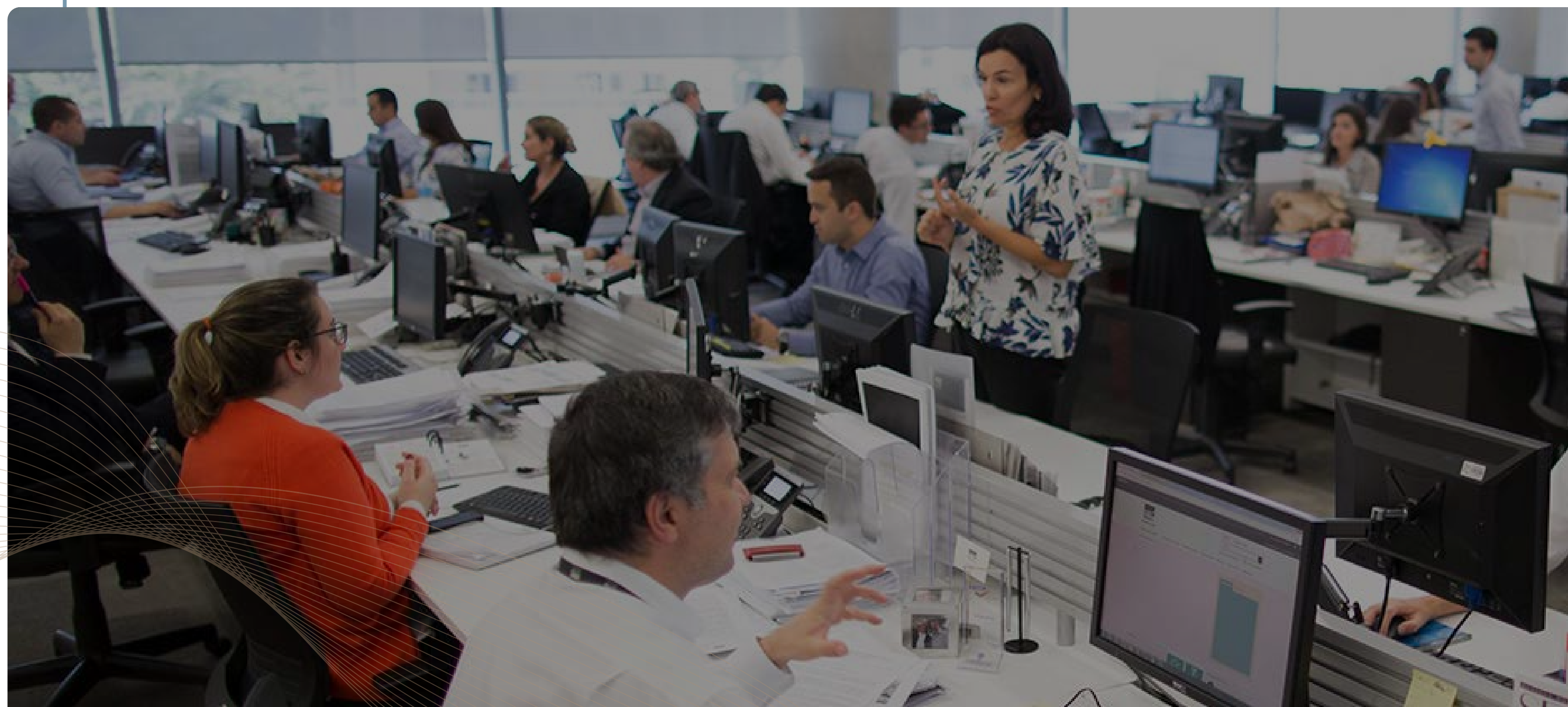
**ABC Brasil has historically had a business strategy focused on its relationship and closeness with clients to understand their needs and deliver the best solution, at the right time and in the most suitable way.** Accordingly, it takes a consultative approach to business, which goes beyond providing products and services and prizes long-term relationships based on trust.

With that approach, the Bank has been at work on boosting its value creation by expanding its portfolio of solutions for strategic partners, suppliers and employees, supporting the growth of its approximately 4,500 clients and delivering consistent results to shareholders.

Learn on the next pages what is being done toward that end.

## The ambition of ABC Brasil

To be the partner of choice of medium-sized and large enterprises and their employees and clients based on a customized relationship, on the offering of multiple products and on the omnichannel service model, leveraging talent, technology and data analytics to deliver more value with sustainable business practices.





# Operating and Financial Results

[GRI 201-1 | 2-6]

**The year 2022 brought significant results for ABC Brasil, with progress made on several business fronts.**

The Bank continued the process of consolidating its strategy, started in 2019, to expand its product portfolio, expand its client base and diversify its distribution channels. Shareholders' equity reached R\$5.2 billion, against R\$4.7 billion at the end of 2021.

Net income totaled R\$800.2 million for the year, an increase of 39.9% compared to 2021. Return on Annualized Equity (ROAE) was 16.2% for the period, an increase of 343 base points compared to the previous year. This result was mainly due to increases in Financial Margin with Clients, Shareholders' Equity remunerated at the CDI rate, and Service Fees, partially offset by increases in Operating Expenses and Provision Expenses.

Revenue from Services, in turn, was R\$388.3 million, 17.7% higher than in 2021. If you look at revenue by line of business, you can see that it was boosted once again by the Investment Banking, which posted record revenues of R\$145.1 million for the period. The Commercial Banking and Insurance Brokerage Fees line ended the year with a 67.2% increase, reflecting both the growing contribution of the Insurance Broker and the increase in client base.

**The client base grew 29%, jumping from 3,490 clients in December of the previous year to 4,494.** In addition to contributing to growth in revenues, this trend reduces the average ticket of credit exposure per client, improving portfolio diversification.

The Expanded Credit Portfolio displayed an increase of 14.7% in the annual comparison, with emphasis on the Middle segment, which saw a 40.1% expansion for the year and reached a 9.6% share. The portfolio remains highly diversified by sector, with a well-spread and defensive loan portfolio.

The Corporate segment remains the most significant, in line with the bank’s business trajectory since its inception, with an increase of 20.3% in 12 months and a 56.6% share of the portfolio, followed by C&IB, with 33.7%, at the end of December 2022.

Even with this growth in the asset base, ABC Brasil kept its capital ratios at satisfactory levels, ending 2022 with Basel Ratio at 15.2% and Tier I Capital at 13.1%.

At the same time, the quality of loan portfolio remains high. Operations overdue for more than 90 days as a percentage of the portfolio ended the year at 0.5%, below the historical average for ABC Brasil.

In December 2022, the funding balance totaled R\$45.6 billion, an 18.4% increase in 12 months. The diversification of funding lines and broad access to local and foreign markets, under competitive conditions, continue to be strategic pillars of ABC Brasil’s businesses.

## Guidance v Realized for 2022 and Guidance for 2023

	Guidance 2022	Actual 2022	Guidance 2023
Expanded Loan Portfolio Growth	12% to 16%	14.7%	12% to 16%
Growth of the Middle Segment Expanded Loan Portfolio	40% to 50%	40.1%	35% to 45%
Expense Growth (Personnel, Other Administrative and PLR)	30% to 40%	48.5%	15% to 20%
Efficiency Index (Expenses/Revenues)	36% to 39%	38.4%	35% to 38%



## Expanded Loan Portfolio by segment and by product

[GRI 201-1 | SASB FN-CB-000.B]

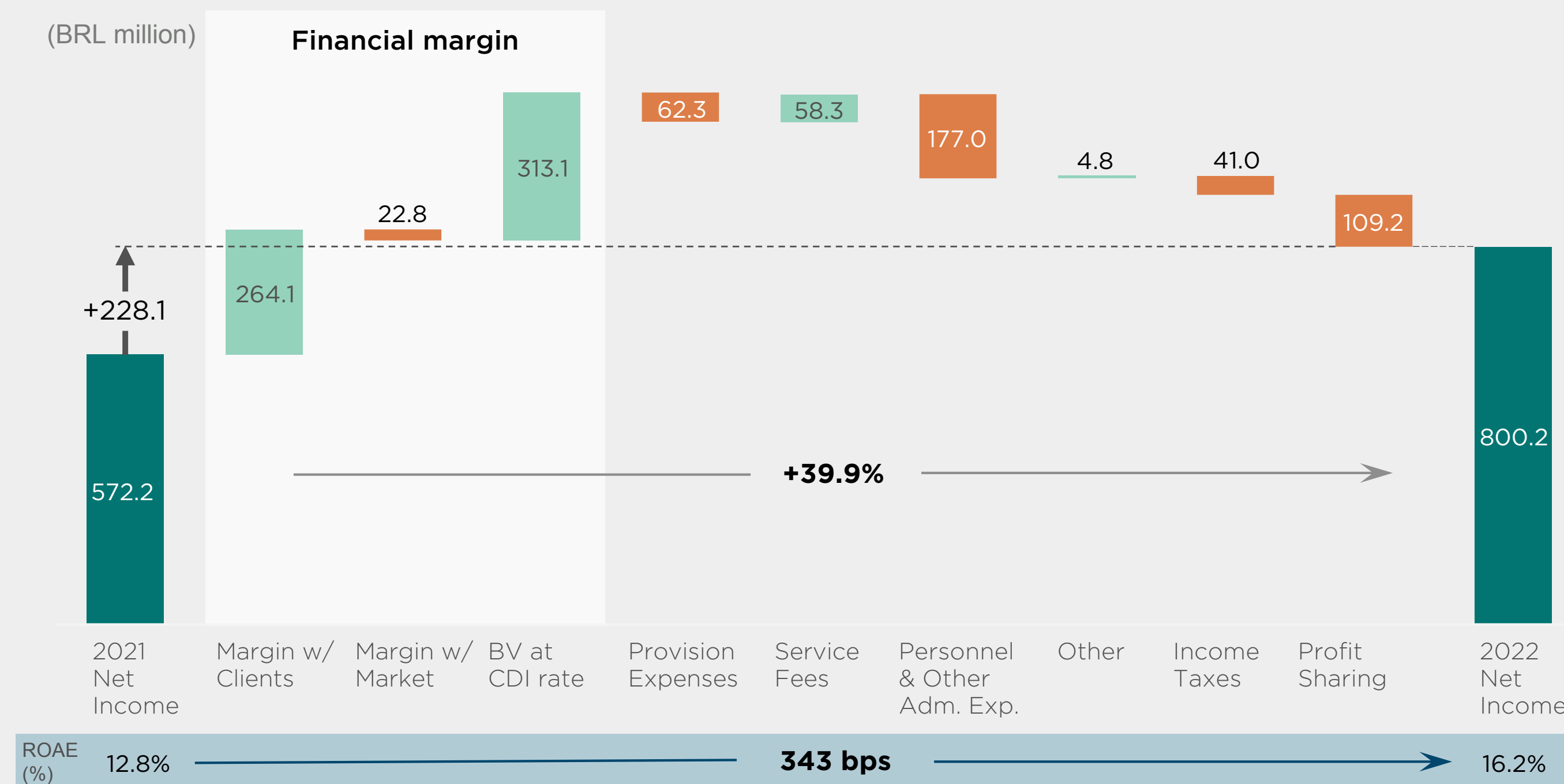
	Dec 22	% Total	Sep 22	% Total	Var 3M	Dec 21	% Total	Var 12M
<b>Loans</b>	25,770	100%	25,636	100%	<b>0.5%</b>	23,253	100%	<b>10.8%</b>
<b>C&amp;IB</b>	4,470	17.3%	4,271	16.7%	<b>4.7%</b>	4,209	18.1%	<b>6.2%</b>
<b>Corporate</b>	17,209	66.8%	17,511	68.3%	<b>-1.7%</b>	16,129	69.4%	<b>6.7%</b>
<b>Middle</b>	4,091	15.9%	3,854	15.0%	<b>6.1%</b>	2,915	12.5%	<b>40.3%</b>
<b>Guarantees Provided</b>	11,460	100%	10,927	100%	<b>4.9%</b>	11,069	100%	<b>3.5%</b>
<b>C&amp;IB</b>	8,324	72.6%	7,750	70.9%	<b>7.4%</b>	8,712	78.7%	<b>-4.5%</b>
<b>Corporate</b>	3,076	26.8%	3,108	28.4%	<b>-1.0%</b>	2,305	20.8%	<b>33.5%</b>
<b>Middle</b>	60	0.5%	69	0.6%	<b>-13.2%</b>	52	0.5%	<b>16.4%</b>
<b>Private Securities</b>	6,025	100%	4,972	100%	<b>21.2%</b>	3,393	100%	<b>77.6%</b>
<b>C&amp;IB</b>	1,801	29.9%	1,514	30.4%	<b>19.0%</b>	1,452	42.8%	<b>24.0%</b>
<b>Corporate</b>	4,212	69.9%	3,448	69.3%	<b>22.2%</b>	1,936	57.1%	<b>117.6%</b>
<b>Middle</b>	13	0.2%	11	0.2%	<b>0.2%</b>	5	0.1%	<b>1.5%</b>
<b>Expanded Loan Portfolio</b>	43,255	100%	41,535	100%	<b>4.1%</b>	37,715	100%	<b>14.7%</b>
<b>C&amp;IB</b>	14,594	33.7%	13,534	32.6%	<b>7.8%</b>	14,374	38.1%	<b>1.5%</b>
<b>Corporate</b>	24,498	56.6%	24,067	57.9%	<b>1.8%</b>	20,370	54.0%	<b>20.3%</b>
<b>Middle</b>	4,163	9.6%	3,934	9.5%	<b>5.8%</b>	2,972	7.9%	<b>40.1%</b>

The C&IB (Corporate & Investment Banking) segment encompasses companies with annual revenues above R\$4 billion (which may include clients in the Infrastructure, Energy and Private Equity sectors with revenues below R\$4 billion). The Corporate segment encompasses companies with annual revenues between R\$300 million and R\$4 billion. The Middle segment includes companies with annual revenues between R\$30 million and R\$300 million.

## 2022 v 2021 | Net income evolution and ROAE (BRL million)

[GRI 201-1]

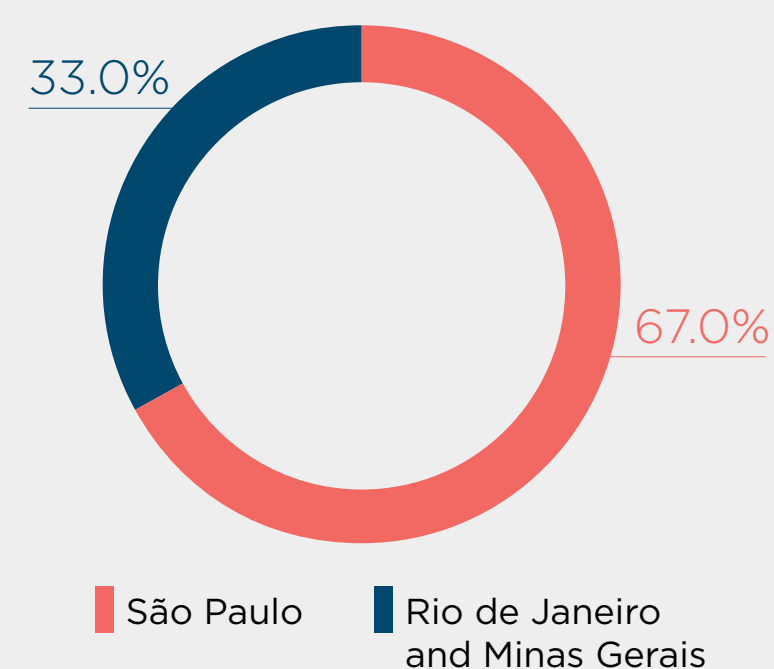
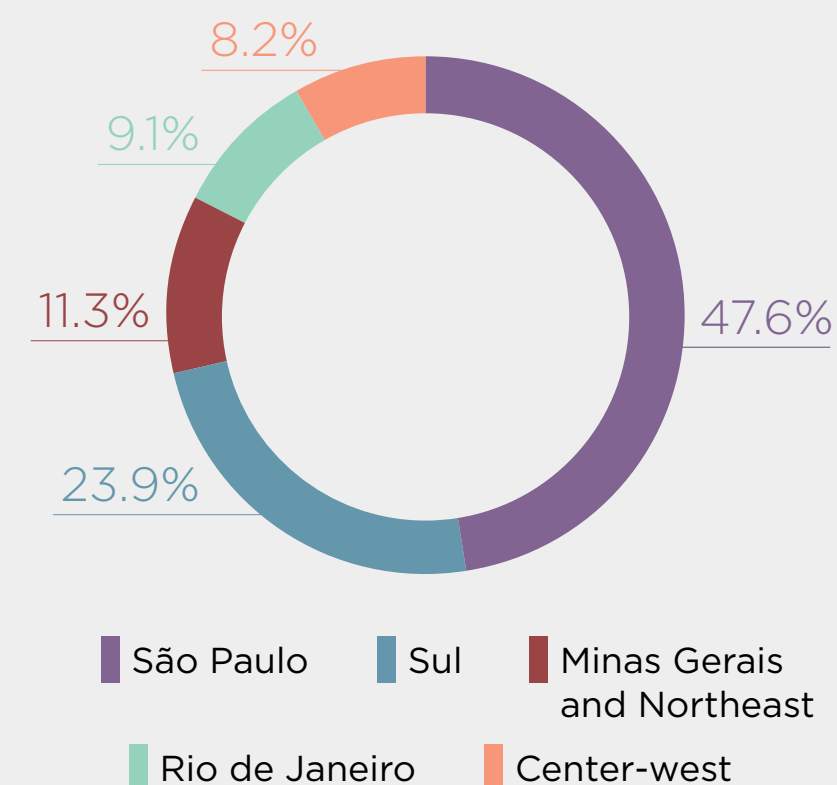
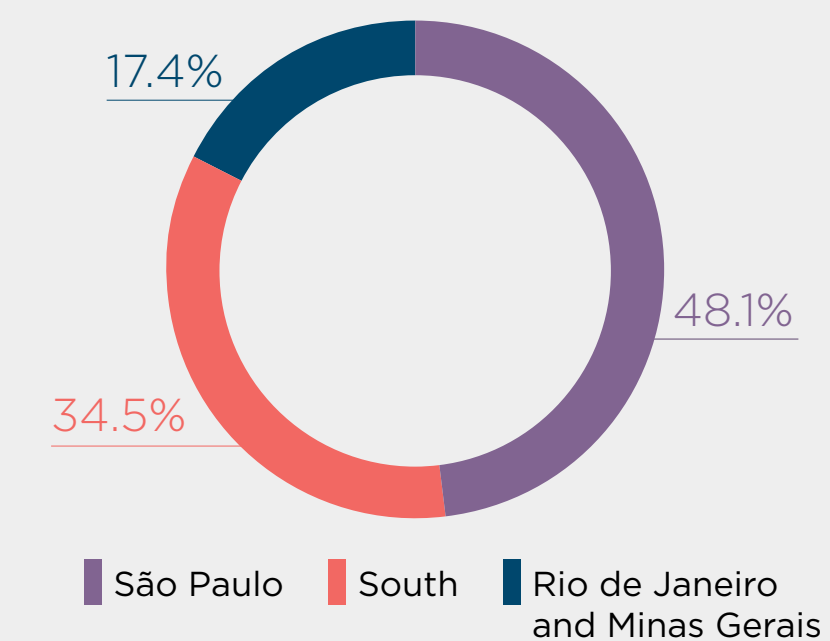
The chart below shows the main changes in the accumulated earnings for 2022 compared to the previous year.





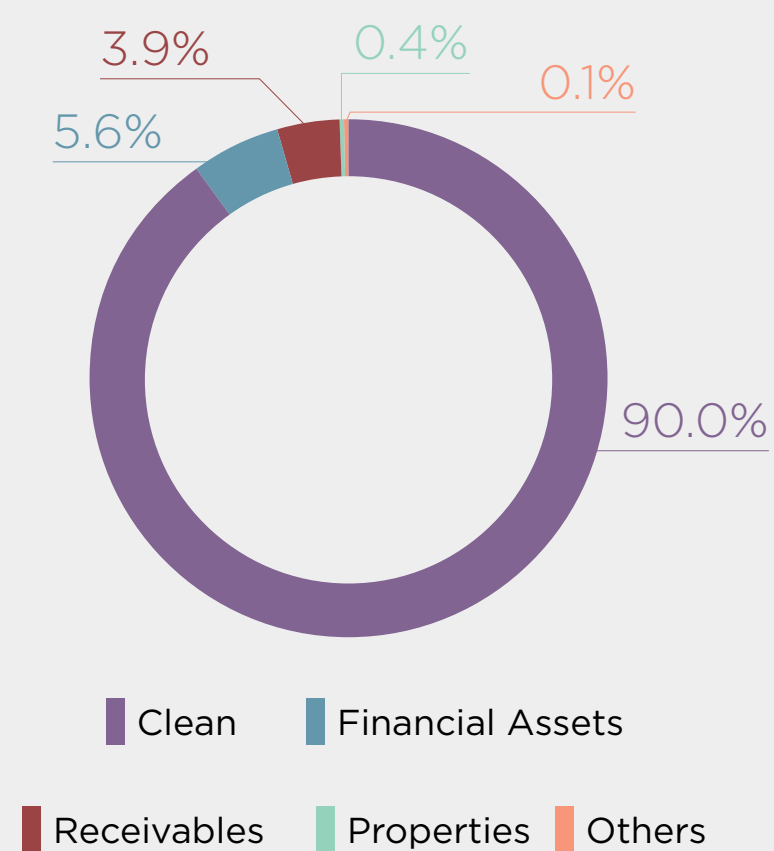
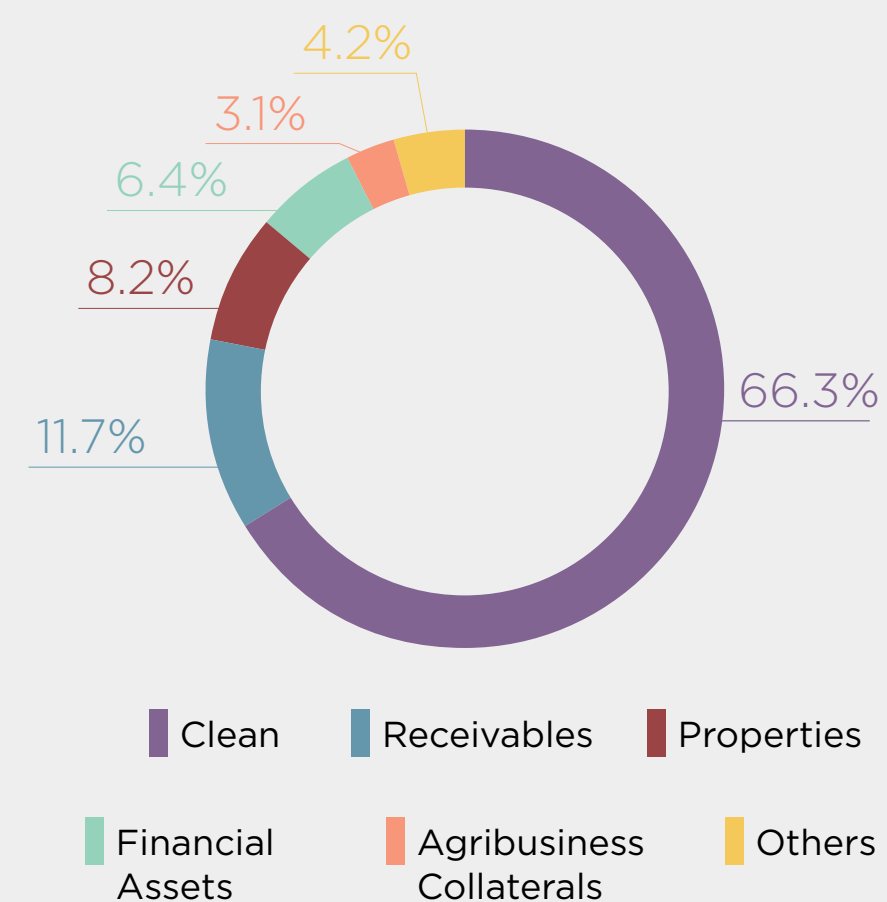
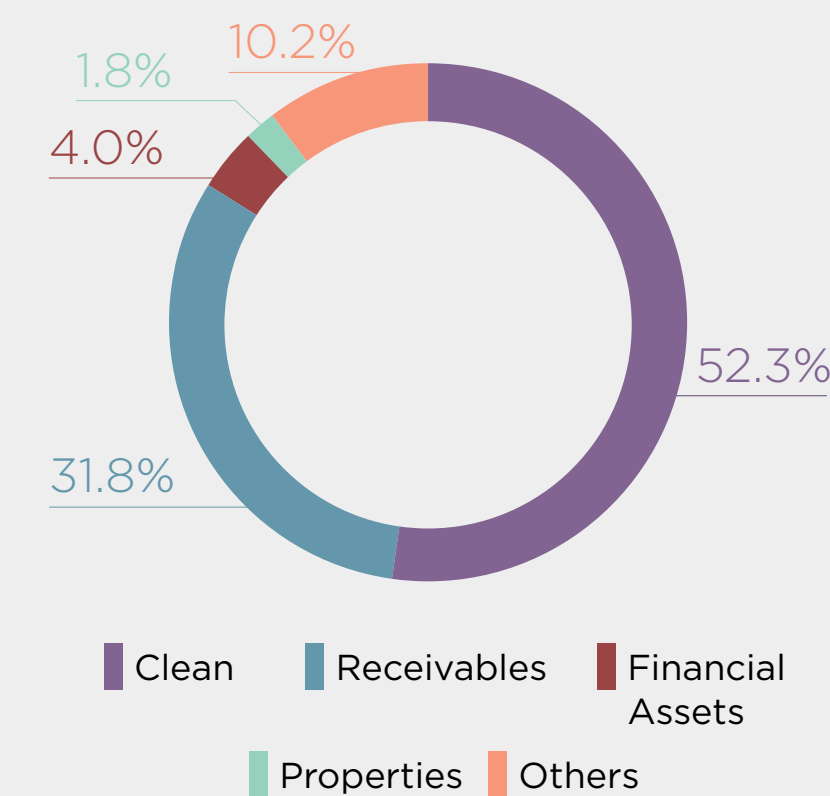
## Geographic breakdown of the Expanded Loan Portfolio by segment\*

[GRI 201-1]

**C&IB****Corporate****Middle**

## Opening of collaterals in the Expanded Loan Portfolio by segment\*

[GRI 201-1]

**C&IB** (Collateralized Portfolio: 10.0%)**Corporate** (Collateralized Portfolio: 33.7%)**Middle** (Collateralized Portfolio: 47.7%)

\* The geographic distribution presented considers the region/office of the Officer and is calculated using the volume of the loan portfolio of each client (economic group view).

Breakdown of Expanded Loan Portfolio by Sector

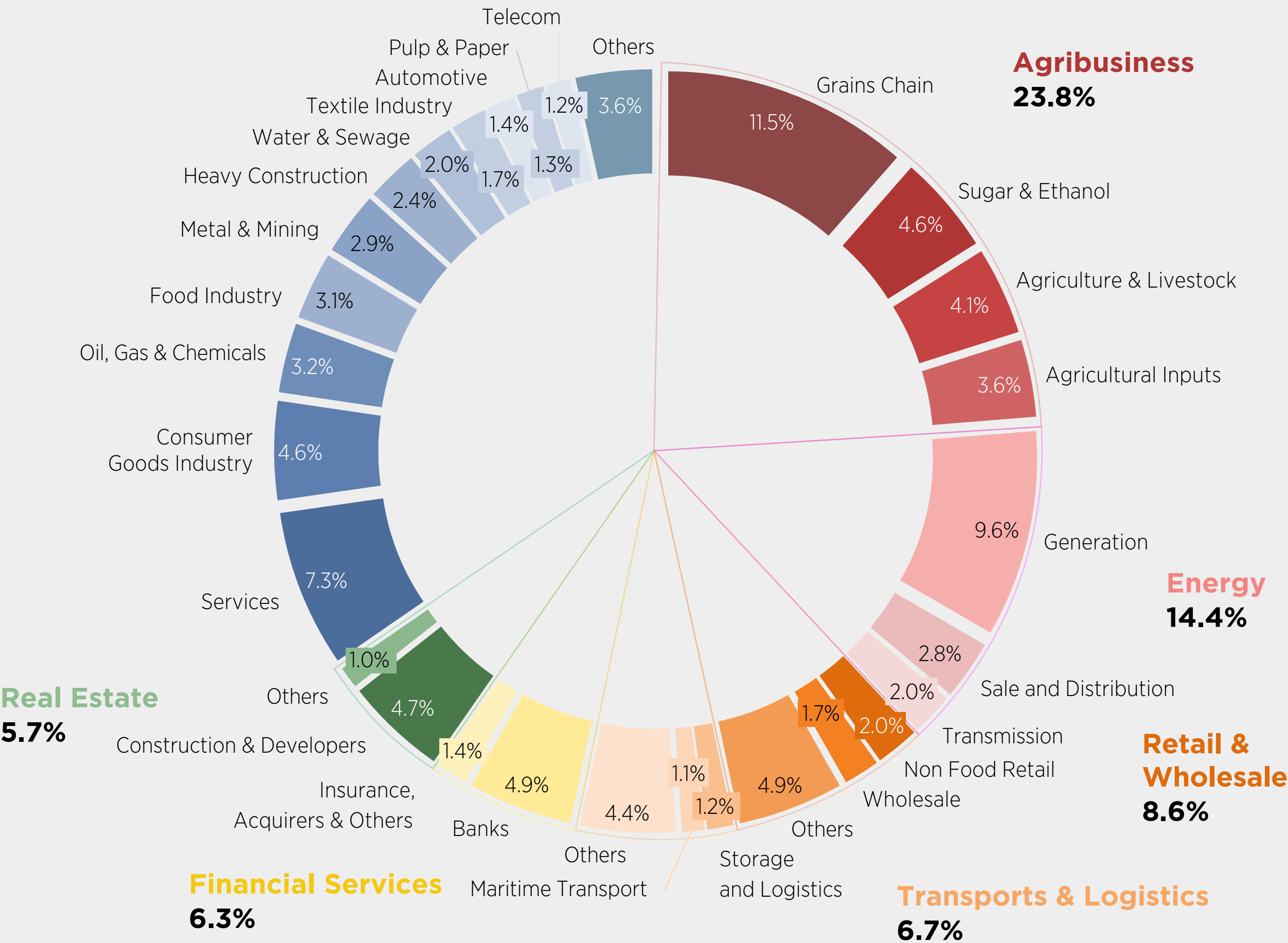
[GRI 201-1 | SASB FN-CB-410A.1]

ABC Brasil boasted a well-diversified and defensive loan portfolio in 2022 compared to 2021, with an increase in the participation of the Agribusiness (+2.6 pp), Services (+0.6 pp) and Retail & Wholesale (+0.5 pp) sectors and a decrease in the shares of the Energy (-1.2 pp), Financial Services (-1.2 pp) and Metal & Mining (-1.1 pp) sectors.

Expanded portfolio – breakdown of the expanded portfolio by economic sector

[SASB FN-CB-410A.1]

	Percentage	2019	2020	2021	2022
Agribusiness	%	19.6	19.4	21.1	23.8
Energy	%	12.6	14.8	15.5	14.4
Financial Services	%	9.2	7.5	7.5	6.3
Retail & Wholesale	%	7.2	9.1	8.0	8.6
Transports & Logistics	%	8.5	8.3	7.3	6.7
Real Estate	%	7.8	7.3	6.0	5.7
Other	%	35.1	33.6	34.6	34.5

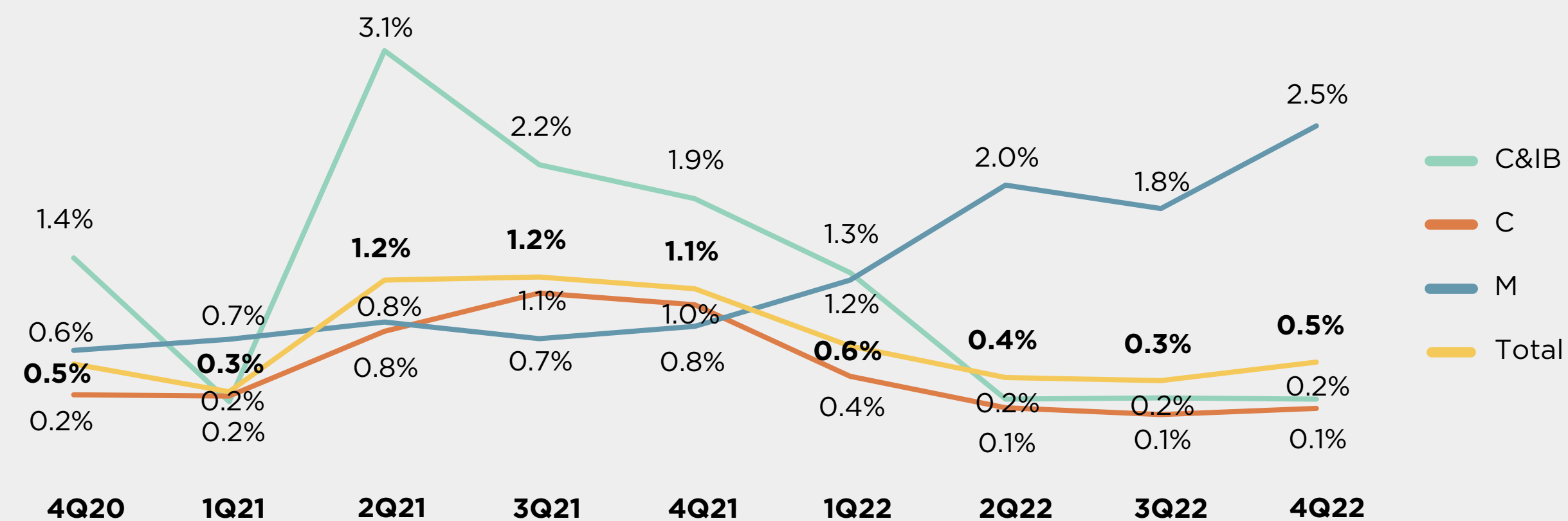




## Loans Overdue More Than 90 Days (falling due and overdue installments)

% of loan portfolio

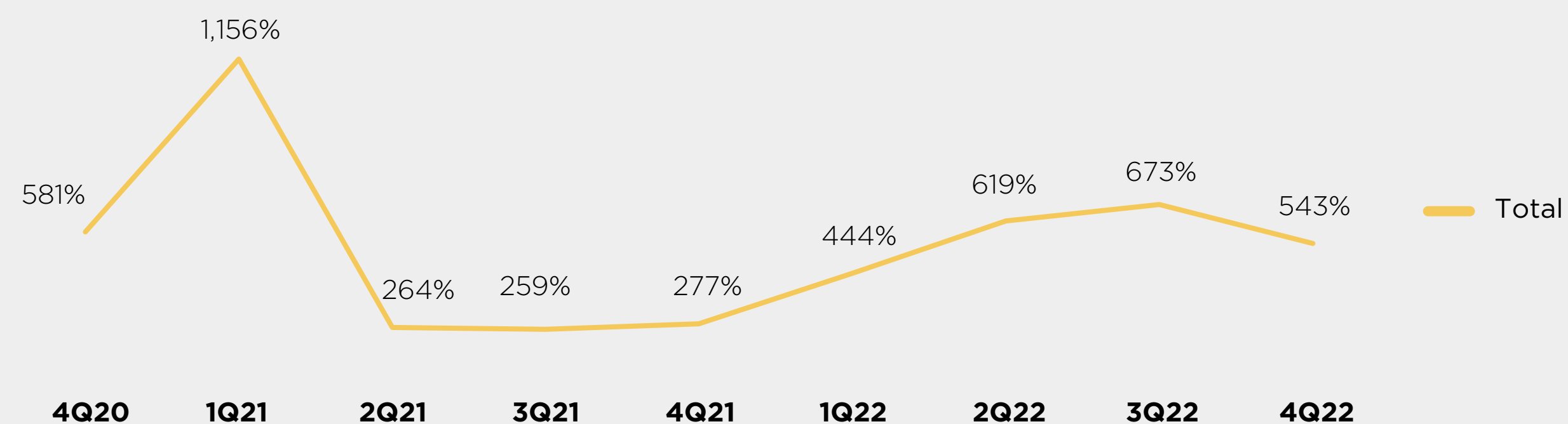
[GRI 201-1]



## Coverage Ratio (loan portfolio)

Loan Loss Reserve/Loans Overdue More Than 90 Days

[GRI 201-1]



## Net Interest Income vs. Expenses

[GRI 201-1]

The financial margin totaled R\$2.0 billion for 2022, an increase of 37.9% compared to the previous year. The highlight was the financial margin with clients, which totaled R\$1.2 billion, driven by a better product mix and the expansion of the Middle segment, which contributes to greater spreads.

The expanded provision expenses was R\$249.3 million, an increase of 29.2%, which represents 0.6% of the Expanded Loan Portfolio. Personnel Expenses, Other Administrative Expenses and Profit Sharing (PLR) reached R\$876.7 million, an increase of 48.5% in relation to the previous year. The increase in expenses was mainly impacted by the cycle of investments in structural initiatives, including the continued expansion in the Middle segment, the launch of new lines of business and the innovation and digitalization fronts. Gradually, with the consolidation of these initiatives, growth in revenues and dilution of costs and expenses are expected, with a drop in the Efficiency Ratio.

As a financial institution that serves corporate clients and does not have physical bank branches, the main impacts of ABC Brasil on the economy, the environment and people stem from its business relationships, from the provision of financial products and services to its clients and partners. ABC Brasil's measurements for Risk Management are reported from page 34.

For more financial and operational information, view the Earnings Releases and Financial Statements, available on the [Investor Relations website](#).





## Direct Economic Value Generated and Distributed [GRI 201-1]

	Unit	2019	2020	2021	2022
<b>Generated Economic Value</b>					
Post-Provision Managerial Net Interest Income	BRL million	873.7	831.2	1,291.4	1,783.6
Revenues from Services	BRL million	327.5	261.3	330.0	388.3
Other Income/Expenses	BRL million	-88.1	-153.3	-171.5	-216.6
Total	BRL million	1,113.2	939.2	1,449.9	1,955.3
<b>Distributed Economic Value</b>					
Employees' Compensation <sup>1</sup>	BRL million	364.2	373.2	447.9	657.9
Contribution to the Government	BRL million	245.4	228.8	412.7	477.4
Retained Earnings	BRL million	263.8	214.7	371.5	492.1
IOC/Dividends to Shareholders (paid and provisioned)	BRL million	225.3	107.4	200.7	308.2
Remuneration of third-party capital (rents)	BRL million	14.5	15.2	17.1	19.7
Total	BRL million	1,113.2	939.2	1,449.9	1,955.3
<b>Distributed Economic Value</b>					
Work Compensation	%	32.7	39.7	30.9	33.6
Contribution to the Government	%	22.0	24.4	28.5	24.4
Retained Earnings	%	23.7	22.9	25.6	25.2
ROE/Dividends to Shareholders (paid and provisioned)	%	20.2	11.4	13.8	15.8
Return on Borrowed Capital (Leases)	%	1.3	1.6	1.2	1.0

1. Personnel Expenses + Profit Sharing



# Growth and New Business Strategy

**ABC Brasil began in 2019 its growth and diversification strategy, which was consolidated and validated in early 2020.** To achieve that, an implementation program, called Transformation ON, was designed aiming at driving the Bank's actions and ensuring its entry into new lines business was effective.

The program was organized into six work fronts: Clients and Products, People, Architecture, Agility, Software and Data Engineering, and Analytics. These fronts were broken down into 20 initiatives.





## Pillars of Growth Strategy



### Clients

- Expand number of clients and transaction volumes.
- Serve the value chain of ABC Brasil clients, including employees, suppliers and their clients.



### Products

- Expand and diversify product portfolio.
- Leverage products on existing infrastructure, diluting the cost of acquiring and maintaining clients.
- Reduce dependency on specific lines of business.



### Channels

- Use third-party channels to distribute ABC Brasil products.
- Distribute third-party products through ABC Brasil channels.

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In order to boost the delivery of results and prepare the Bank for this expansion cycle, a revamp of the organizational structure was initiated in 2022, to be finalized and consolidated in 2023 (learn more in the **Employees**, chapter on page 73).

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Investments will focus on the continuity and consolidation of new business fronts. In addition to the Middle segment, which presents good opportunities for development, ABC Brasil's growth strategy includes other initiatives, which you will learn about below.



Launched in 2021, **ABC Link** is a distribution channel for financial services through partner offices, along the lines of banking correspondents, contributing to new business creation. It is a way to speed up and strengthen the occupation of spaces in regions of Brazil where ABC Brasil does not have its own sales force.

With 40 partner offices at the end of 2022, ABC Link is engaged in the business of offering credit, cash management, trade finance, derivatives, foreign exchange and insurance. Supporting the Bank's growth, ABC Link accounted for more than 10% of originations in the Middle segment for 2022.

Partners are supported by a team of specialists who collaborate in diagnosing and managing client service. Also featured is the ABC Link University, which provides knowledge and alignment with the culture of ABC Brasil. The university offers modules aimed at the efficient performance of correspondent banking activities, providing courses such as money laundering and fraud prevention.



With the aim of being a benchmark for ABC Brasil clients, **ABC Brasil Corretora de Seguros** (Insurance Broker) started operations in the third quarter of 2021 offering three lines of insurance in partnership with Brazil's leading insurers:

- **Performance Bond:** A line of insurance directly linked to corporate credit analysis, complementary to the current offering of Provided Guarantees.
- **Lenders Insurance:** Life insurance for reference shareholders of companies.
- **Global Capital:** Group life insurance.

Despite its short time in operation, the Broker has expanded its portfolio, also offering policies for Property & Casualty (Corporate Risks, Operational Risks, D&O, E&O, Equipment, Engineering Risks, Cyber Risks, Civil Liability, and Fleet) and policies aimed at agribusiness.

In addition, it invested in technological improvements, with the introduction of systems and tools to support client operations, and expanded its personnel, now also including specialized advisers, who support the bank's managers in determining the solution that best fits each client.





## Private Payroll Loan

Intended for employees of companies that are our clients, it can be accessed, simulated and contracted 100% digitally. To provide guidance on the conscientious use of credit, the Bank entered into a partnership with UOL and started to offer a financial advisory course with podcasts, activities and online simulations, seeking to help employees of those companies to adopt healthy financial behaviors and better manage their finances.

Seeking to expand its product portfolio, the Bank works on searching for companies that are already clients to offer their employees pre-approved credit limits.



## Credit to Enterprise (C2e)

Credit to Enterprise (C2e) transactions make up another front aimed at developing a digital ecosystem of banking and business management solutions for ABC Brasil clients and our value chain. This is a credit solution for legal entities embedded in ecosystems, which enables credit to be offered through third-party digital channels—including marketplaces, ERPs (Integrated Management Systems) and software.

Available via API (Application Programming Interface), with high scalability and easy connectivity, the transaction is automated, in a process that encompasses the entire credit contracting process, from registration of the transaction to the release of money.

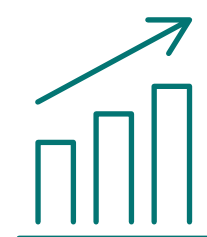


## Energy Trading

With record growth in number of clients, transaction volume and new products, **Energy Trade** had in 2022 its best year ever, doing business with transactions involving advances on contracts and energy trading on the free market. Its clients can be classified into three main groups:

- Generators
- Consumers
- Energy traders

The portfolio includes trading of short, medium and long-term contracts (PPA), energy sales in U.S. Dollars, extension of existing contracts, and structured transactions. In 2022, the Energy Trader carried out its first transaction in Dollars, a promising solution for exporting companies. In the same year, with the approval of the Executive Committee, it began participating in the Renewable Energy Certificate (I-REC) trading market. The solution meets a growing demand from ABC Brasil clients, who increasingly want to reduce their greenhouse gas (GHG) emissions by purchasing renewable energy on the free market (learn more in the [Sustainability at ABC Brasil chapter](#) on 86 page).



## Investment Bank

In another year of record earnings, the Investment Bank recorded revenues of R\$145.1 million for 2022, consolidating its maturity. Now, it will gain the status of autonomous unit, keeping its connection with the Sales team, responsible for originating business, but with autonomy to take action. Besides favoring the attraction and retention of talents, the restructuring expected for the first quarter of 2023 seeks to ensure a structure focused on and dedicated to growth.

For 2022, the Bank was once again among the 10 leading domestic players in the fixed income segment, posting record funding in **Debt Capital Markets** (DCM). It priced 55 transactions, with a total issued volume of approximately R\$6.3 billion.

Over the course of the year, the Bank worked as Leading or Exclusive Underwriter in 21 issues of private securities and in 20 IPOs, promoting the inclusion of new companies in the fixed income market.

One of the advancements for the year was a gradual increase in ABC Brasil's participation in offerings with the ESG stamp, a growing market that has attracted an increasingly significant number of investors. The Bank was also among the largest underwriters of infrastructure debentures, participating in offerings that accounted for 15% of the volume originated in 2022.

The **Mergers and Acquisitions (M&A)** department is another front on which the Investment Bank has become a relevant player in the local market. Even in the face of a more contracted scenario, a series of relevant transactions were concluded. Among them, the Bank worked as Brookfield's exclusive advisor in the sale of two renewable energy assets to CSN (Companhia Siderúrgica Nacional), advised the private equity fund Pátria Investimentos in the merger of its investee PareBem with the company Indigo, and also advised Vale on the sale of TBN to the J&F Group. This result was only possible thanks to an experienced team with in-depth knowledge of different transaction structures and sectors.

As part of its strategy of providing clients with comprehensive service, the has two other teams: Project Finance, providing advice on analyses of investment projects, which are the gateway to DCM transactions; and the Equity Capital Markets (ECM) platform team, which supports clients with their access to the equity capital market through Initial Public Offerings (IPOs) and Follow-On Offerings.

To help investors understand new credits and, in some situations, even new industries, the Bank has the support of the Fixed Income Research team, which carries out Investor Education actions, with hundreds of conversations and presentations to investors.



# SmartTalks 2022

Another initiative is the **ABC SmartTalks**, which consists online events that are open to the public to address questions arising during the investor education processes. Six events were held in the year, with a total turnout of 2,293 people.

The topics addressed were: Green Hydrogen, Cabotage, Ports, 5G, Cooperatives, and ICVM 160. All editions are available on the [ABC Brasil YouTube channel](#).

	5G	Green Hydrogen	Cabotage	Cooperatives	ICVM 160	Ports
Institutional Investors	35	71	95	67	136	85
Companies	3	18	4	15	55	65
Others	202	68	49	51	85	112
Total Subscribers*	240	157	148	133	276	262
YouTube	151	108	102	116	240	360
Subscribers + YouTube	391	265	250	249	516	622
* Total subscribers: Institutional Investors + Companies + Others						





## A guide to offering ESG bonds

With the leadership and active participation of ABC Brasil executives, the ANBIMA launched at the end of 2022 the **Guide to Offering ESG Bonds**. Created to assist the development of this market in Brazil, the document consolidates the best practices and minimum requirements needed for classifying securities offerings as ESG.

The guide was prepared based on the principles defined by the ICMA (International Capital Markets Association) and had the support of the consulting firm Sitawi – Finanças do Bem for adapting the guidelines to the Brazilian reality. Learn more about **sustainable business in the Sustainability at ABC Brasil chapter**, page 92.



## Credit Recovery

In late 2022 the diversification strategy included the creation of a new line of business, **Credit Recovery**, working on analyzing and pricing non-performing loan portfolios and receivables management intelligence. This operation ranges from the provision of services to corporate clients (Master Servicer) to the purchase of portfolios with no right of recourse (True Sale). Between these two ends, intermediate solutions are offered, customized according to the needs of each client. With the application of data intelligence in the management of receivables, the Bank does the origination, pricing, acquisition and recovery of overdue loan amounts.

These new services reduce direct and indirect collection costs for clients, gathering information that can be used in credit granting assessments and risk management. A relevant point of the new business is the reinclusion of these counterparties in the credit cycle.

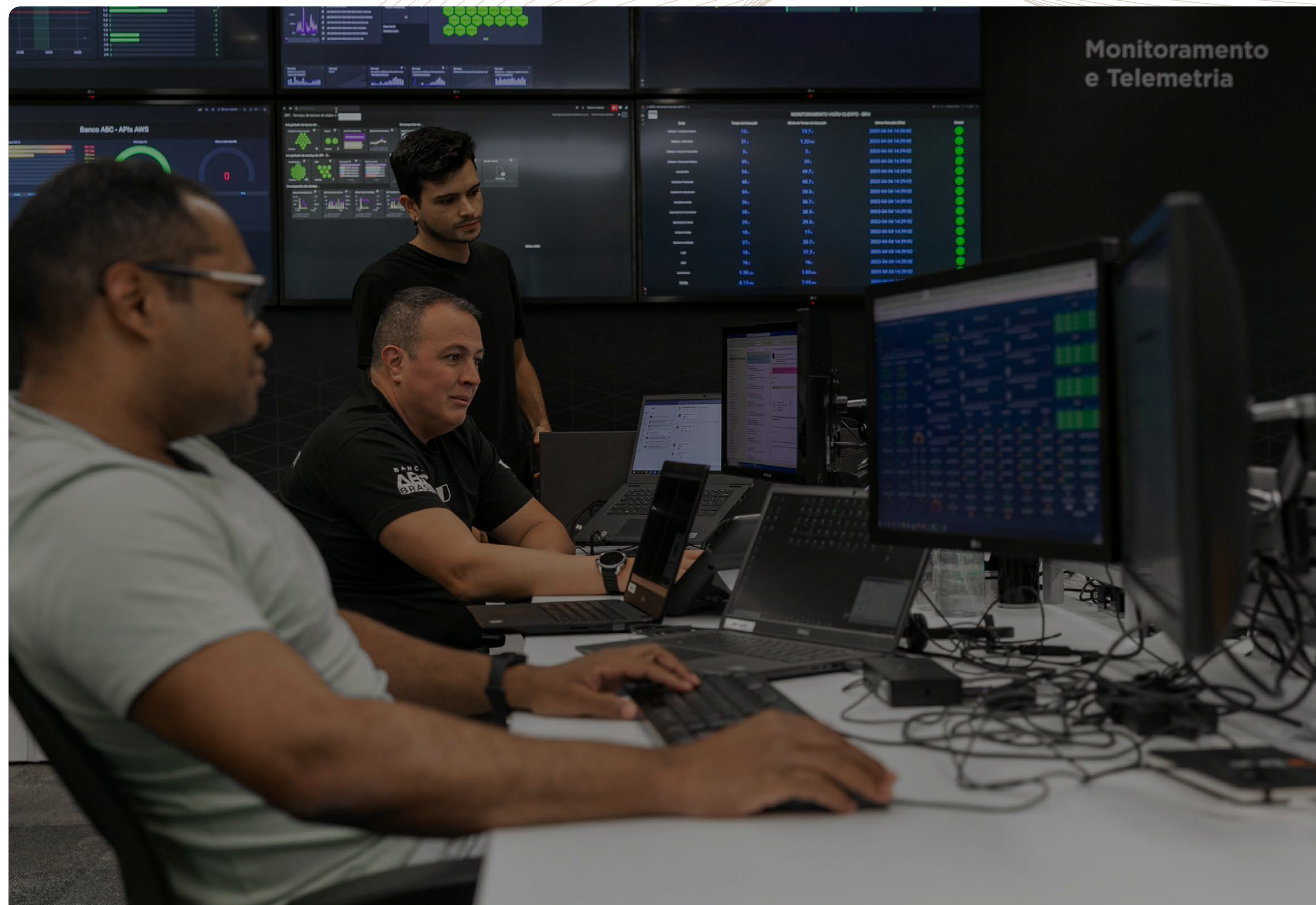
For 2023, the plans of the Credit Recovery team cover two fronts: offering services to both ABC Brasil clients and other interested organizations, which may represent a gateway to new clients for the Bank.



# Innovation and Technology [GRI 3-3]

The good business performance in 2022 is due, in part, to investments in technology and in the development of people, which enabled us to optimize processes and improve client service conditions, while enriching credit models and product pricing.

The use of technologies also contributes to originating transactions with more assertive analyzes of their risk profiles, thereby improving default rates. To keep moving forward, the starting point was reassessing the technology structure. It is worth remembering that, in banking products, differentiation is closely linked to the experience that institutions can provide to their clients.





From an operational point of view, the highlights were further process improvements, which enabled us to comfortably accommodate the strong increase in number of clients and transactions, including the Middle segment, and to serve clients in a more dynamic way, especially in transactions involving payments and receipts, in a structure that has several teams taking part.

Investments in innovation allow ABC Brasil to carry out private payroll loan transactions 100% digitally and grant loans within marketplaces, through Credit to Enterprise (C2e). Encapsulated in microservices, C2e uses cloud computing to enable the entire process of granting credit to companies to be automated, including online simulation and requests for proposals. Funds can be released on the same day.

In 2022, 72 projects were presented, from 40 employees, 16 of whom passed the first selection and modeled their businesses for presentation to a committee of officers of different departments. This installment elected five initiatives that, after submission to the Executive Committee, resulted in proposal being approved and moved on to implementation of Proof of Concepts with the market, generating two new solutions. One of them is a robot capable of searching and analyzing brokerage assets, currently focusing on debentures.

The digital approach is also the result of client surveys and a collection of their perceptions, which guide improvements and the development of solutions. For example, ABC Personal functionalities were incorporated in line with the organization's new profile, as a multi-product bank. The platform currently

offers a 100% free digital account, with services such as PIX, transfers, payments and receipts, electronic payment slip management, various investment options (such as LCI/LCA, CDB, Debentures and Treasury Direct) and credit products (such as private payroll loan and advance on unemployment compensation fund (FGTS)), which can be contracted directly via the app. To enhance security, facial biometrics were implemented to validate all client transactions.

The Technology team works in coordination with the Information Security and Infrastructure department to handle cyber risks, conducting resilience tests, seeking protection solutions and continuously assessing internal and partner systems. Learn more in the [Privacy and Data Protection chapter on page 63](#).

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Also as part of its culture of innovation and technology, 2022 saw the Bank launch **ABC Tryouts**, an intrapreneurship program that gives employees the opportunity to propose solutions to client problems. It is a kind of bank of ideas, in which suggestions are registered and pre-selected, and their authors are trained to develop them based on specific methodologies.

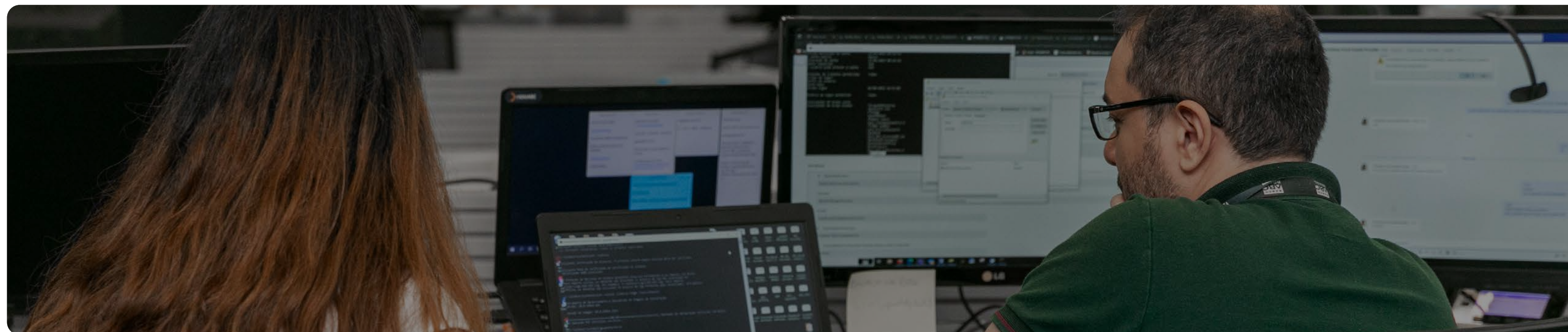
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## Open innovation

Another digital transformation initiative that continued in 2022 was **Startek**, an innovation program that enables connection with startups and fintechs capable of contributing to solving the challenges facing the institution and its clients. Conducted in partnership with the innovation company Distrito, it aims to identify new business opportunities through the development of projects and digital solutions.

The program has challenges on three business fronts: Now, focused on improving existing projects and products; Next, for creating solutions in the medium term; and New, whose purpose is to test business models for the long term. As a result, five out of the 119 startups analyzed were selected, which operated at different levels of experimentation and solutions with ABC Brasil.



## Privacy and Data Protection [GRI 3-3 | 418-1 | SASB FN-CB-230A.2]

With all the adaptations imposed by the **General Data Protection Law (LGPD)**, ABC Brasil has developed its own data privacy structure, with global tools for controlling and mapping the processing of client personal data.

Information Security is a strategic issue for ABC Brasil. In 2022, strong investments were made in this area, with the expansion and development of teams and the implementation of protection systems.

The department was redesigned, starting to work with two verticals, one accounting for architecture and information security projects, and one dedicated to cyber defense.

Cybersecurity management follows the concept of three lines of defense. The first is implemented by the Information Security team, the second is maintained by the Operational

Risk Management and Internal Control team, and the third under Internal Audit's purview.

The institution has internalized the culture of privacy by design, which consists of using privacy aspects as guidelines since the designing of products or services. For example, processes were created that include the Data Governance and Privacy team in the approval of new projects and validation of the supplier contracting flow. Acculturation was also implemented through mandatory training for all employees to disseminate the culture of using and handling personal data only for the purposes for which the information is intended, avoiding both data mishandling and information leak risks.



## Substantiated complaints concerning breaches of customer privacy and losses of customer data

[GRI 418-1 | SASB FN-CB-230A.2]

	Unit	2019	2020	2021	2022
Complaints received from outside parties and substantiated by the organization	Qty	0	0	0	0
Complaints from regulatory bodies	Qty	0	0	0	0
Total number of identified leaks, thefts, or losses of customer data	Qty	0	0	0	0

We have processes for analyzing negative impacts related to activities, products and services in ABC Brasil's business relationships. The entire flow of relationship with clients and contracting suppliers complies with Know Your Client (KYC) and Anti-Money Laundering (PLD) policies and processes that examine business relationships with partners and the entire value chain of suppliers, clients and other related parties, analyzing risks of personal and sensitive data being shared and possibilities of data leaks. We also have a due diligence process in place to ensure Information Security risks are analyzed before any contracting with partners and suppliers.

The General Data Protection Law is under the purview of the Data Protection Officer (DPO), at the data privacy office. On a monthly basis, data subject rights requests indicators are monitored, along with percentage of updating and inclusion of data processing activities, number of incidents related to personal data and centralization of approval of LGPD-related provisions. There is a service portal for complaints and an email channel for direct contact with the data privacy office. An internal audit was also carried out in the process of complying with the privacy regulations in force.

Learn more about how we are taking [Data Protection and Privacy](#) actions on our institutional website.



**The methodology is based on rules and complemented by related internal policies, all consistent and compliant with the applicable laws. Among them:**

- External Privacy Notice
- Internal Privacy Notice
- Personal Data Sharing Policy
- Transparency Standard
- Privacy by Design Procedure
- Data Governance Policy



## Safety training and testing

The Bank provides online mandatory training in the main topics related to information security and issues cybersecurity newsletters whenever relevant information needs to be shared. It also promotes client clarification through communication on the various channels of the organization, working with topics related to cyber risks.

Regular vulnerability tests are conducted that go beyond regulatory requirements. Performed by hired independent consultants, the tests check services and assets made available to the external environment. In 2022, eight tests of fake emails and two seasons of gamified training were carried out.

There is also a review of the codes of internet banking systems, the institutional website and mobile applications made available by the bank to clients. Special attention is paid to mobile equipment, which had its use intensified as people started working from home. The bank has tools that allow the remote management of these devices and data protection through encryption and remote destruction in case of loss or theft of the device. Periodically, complete analyses of the entire infrastructure supporting the service are performed.

All privacy and data protection efforts are monitored under the Operational Risk, Compliance and Information Security Committee. The issue is one of the 11 that are part of the ABC Brasil Risk Matrix. The organization also has a representative on the Febraban Working Group dedicated to the issue, in order to ensure that its protection measures are up to date and to contribute to market advancements.

In conjunction with the People team, **the first ABC Brasil Information Security Week** was held in 2022, with lectures by representatives of companies that had their systems hacked. **The week was attended by around 400 employees and third parties.**







## Information Security Program

ABC Brasil has a cybersecurity awareness program that seeks to disseminate safe behavior throughout the institution, preventing and reducing incidents.

The initiative is introduced to employees from onboarding and encompasses policies, mandatory courses, game-based campaigns on current issues, anti-phishing simulations, and the Information Security Week. The contents address both technical aspects and procedures and skills related to this universe, such as digital ethics, safe attitudes and channels for reporting potential incidents.

In 2022, 32% of employees voluntarily participated in the program, which totaled more than 25 hours. Thanks to this effort, ABC Brasil received two certifications from the Rocker Rangers platform (White & Red Certified).

### Maturity in information security and data protection

The Information Security team continued to invest in 2022 in the development and maturity of its strategies, aiming to evaluate its cyber controls and processes based on the ISO 27001 and NIST ISF frameworks, using technology and tools that recognized in the market. Among them:

**Browsing filter** – A platform to filter and avoid undue access and connections with sites that pose a threat.

**DDoS Protection** – A service that provides protection from DDoS attacks in which a high number of connections are directed to the infrastructure to cause unavailability of offered services.

**SIEM** – A centralized repository of security event logs that allows correlating events and accelerating the identification of deviations in behavior that may represent attacks or information security threats.

**Perimeter Firewall** – A communication control that protects and manages the exchange of information between the institution's internal and external networks.

**AntiSpam** – An email filter platform to block messages containing malware, advertisements and/or attempts to steal information.

**DLP** – A platform to protect and prevent data and sensitive information of the institution and its clients from leaking.

**Threat Intelligence** – An operation to identify threats on the deep, dark and surface webs.

The Bank has a 24/7 monitoring service in its computing environment searching for deviations, attempted attacks or threats. It also implemented an incident response plan, which describes the procedures to be followed in the event of a relevant incident that could cause financial or reputational losses.





## Clients [GRI 3-3]

Having a close and longstanding relationship with each of its clients has always been strong aspects of ABC Brasil's strategy.

**Having experienced a near 30% growth in number of clients in 2022, the institution accelerated the organizational redesign, setting up a more horizontal structure and empowering employees in relation to their activities**

(learn more on page 73).

The alignment of professionals with this culture is promoted from the moment they join the organization and continued through frequent training sessions. The management mechanisms operate in the same direction, favoring the permanence of leaders oriented towards business development.



Not only the team themselves, but also the officers at the offices integrated with the ABC Link platform benefit from development initiatives ([learn more](#) on page 56). During the year, 22 thematic webinars were provided for the team of partner offices, addressing the culture of ABC Brasil and the characteristics of the products available.

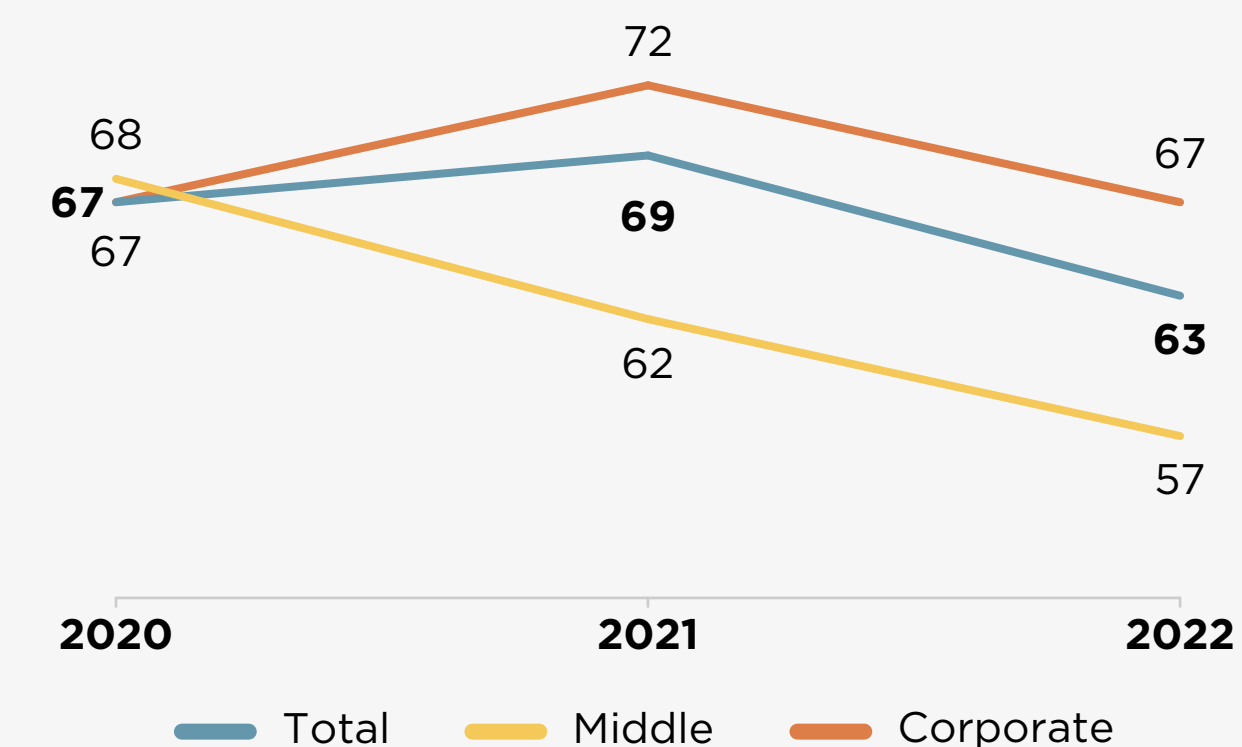
At the moment, metrics are being devised to monitor how the relationship with clients develops in this portfolio expansion cycle. Another point in focus is the advancement in digital forms of communication, as materialized in the restructuring of Internet Banking, a project completed in 2022, which sought to make the institution more transactional and enable efficient access to self-services. This measure is essential in view of ABC Brasil's goal of continuing to expand its client base.

Client comments on the NPS (Net Promoter Score) are also taken into account in introducing improvements and devising of action plans, as they enable any gaps and needs to be identified.

## Evolution of Net Promoter Score (NPS)

After a slight increase in 2021, we saw a drop in the Middle segment and a return to initial levels in the Corporate segment. The downward trend in the Middle segment represents the constant challenge of scale and self-service fronts, intrinsic demands of this segment, which has a growing share in the total client base.

### NPS





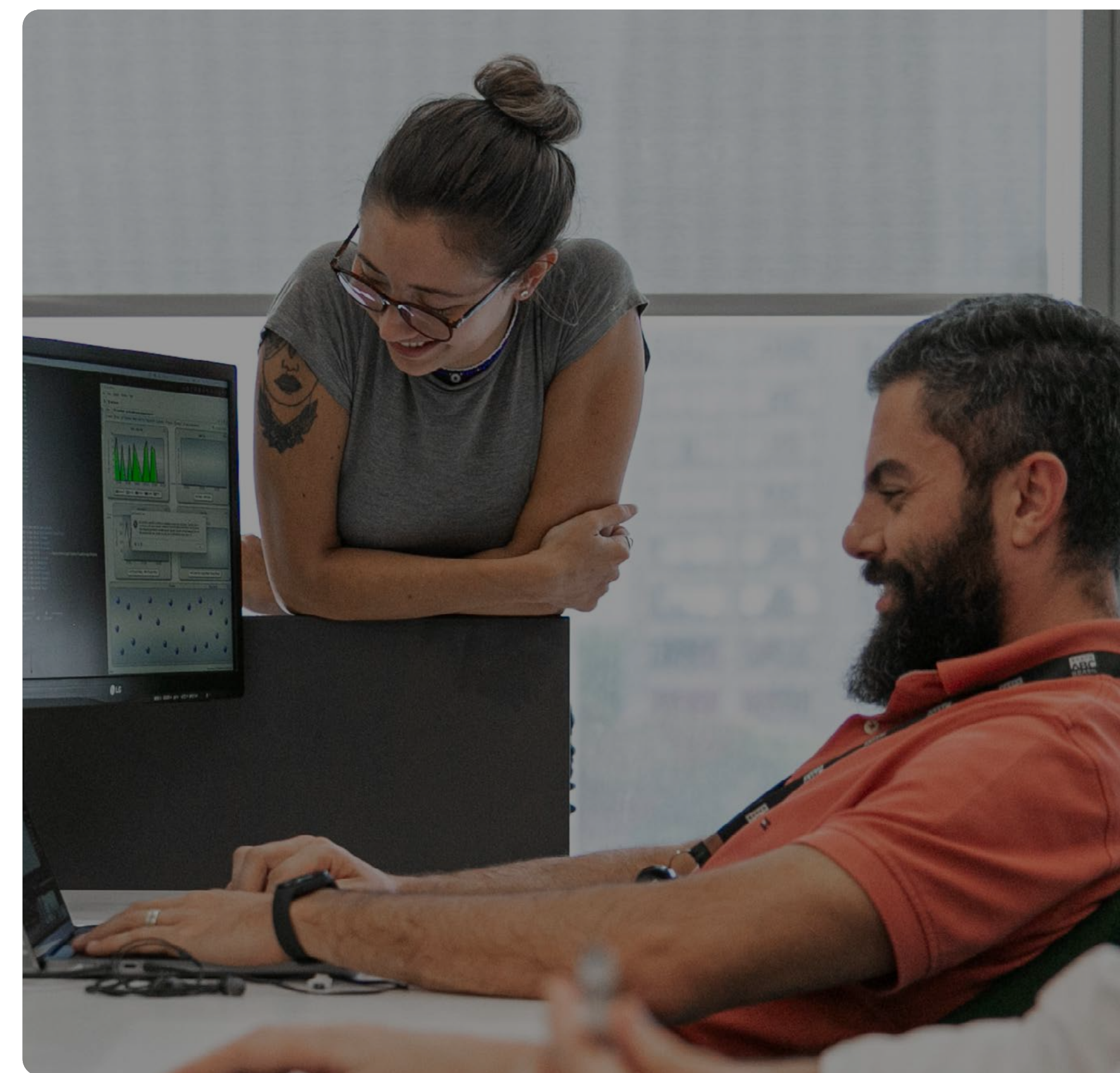
## Suitability practices [GRI 417-1 | 3-3]

**ABC Brasil is a financial institution that stands out for its robust suitability structure,** whose main goal is to ensure that the products, services and transactions offered are in accordance with the client's profile and in line with the rules laid down by the Brazilian Securities Commission (CVM).

Employees who are part of the distribution system and securities advisers are prevented from recommending products, carrying out transactions or providing services without first checking whether they are suitable for the client's profile. In addition, when sending any informational material to clients, the professional in charge has a duty to make it clear that it is not a suggestion for hiring, but rather an assessment by the company as to the suitability of the product to the needs and objectives of the client.

One of the points of difference of ABC Brasil in its funding activity is that it keeps a standing Suitability Committee, which is responsible for discussing matters related to the Derivatives Suitability Policy. This committee is configured as a forum for dealing with procedures and policies involved in adapting products to client profiles, which reinforces client trust and is in line with ABC Brasil's relationship bank profile.

Accordingly, the Bank's suitability structure is an important tool to guarantee transparency and ethics in the relations between the institution and its clients, contributing to the construction of a fairer and more balanced financial market.







## Suitable supply of products and services

A suitable supply of products and services is a crucial aspect for the success of any company that aims to meet the needs of its clients efficiently and effectively. Since ABC Brasil understands the importance of that, it has developed policies and procedure manuals based on the guidelines of the Products Committee, which is composed of qualified professionals from different areas of expertise.

The Products Committee is responsible for assessing each issue related to the development and monitoring of products and services, taking into account market conditions and applicable laws and regulations. That way, ABC Brasil guarantees that each offer complies with ethical and legal standards, presenting clients with suitable and responsible solutions.

One of the departments responsible for the success of this strategy is Products, which is composed of specialized professionals. They are responsible for implementing and monitoring suitable offerings to clients, ensuring that the required information is provided in a clear and transparent manner to both clients and government agencies.

In addition, the Products team works together with the Marketing department to ensure that solutions are disclosed in an appropriate manner and consistent with the values and standards of ABC Brasil. That way, the company ensures that its supply of products and services meets the needs of clients and is in line with market conditions, as well as the applicable laws and regulations.

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**Therefore, a suitable supply of products and services is one of cornerstones of ABC Brasil's success.** With policies and procedure manuals developed by qualified professionals, the company ensures that each offer is responsible, suitable and transparent, meeting the needs of clients and up to ethical and legal standards.

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# Suppliers

[GRI 2-6 | 204-1 | 308-1 | 414-1]

**As of December 31st, 2022, ABC Brasil's supply chain comprised 1,200 companies from small to large, 70% of which were contractual suppliers, and 50% from the technology segment. Of the total volume of purchases made in the period, 97% were made with local partners, thus boosting the organization's impact on the Brazilian market.**

When filling in their registration forms, suppliers receive extensive documentation—such as the Code of Ethics and Conduct and the ABC Brasil Operational Risk and Compliance Booklets—and declare that they agree with the conditions imposed by the organization for registration into its database. Among these conditions, ABC Brasil requires its suppliers to be committed to the best practices in preventing fraud and combating corruption and money laundering, as well as respecting human rights, preserving the best working relationships with its employees and fully complying with the applicable laws.

Those suppliers go through an approval process in which the Purchasing team reviews the documents and registers the suppliers and their partners. Suppliers undergo a reputation check and are assessed for compliance with requirements for

the provision of services. These measures enable the detection of any signs of irregularities or information that may discredit the relevant companies and their partners and attorneys-in-fact. Monitoring takes place periodically, when registration is renewed.

Last year, contracts with strategic suppliers began to include provisions allowing ABC Brasil to make visits to verify practices and test knowledge of its policies and codes, a procedure that should be implemented in the course of 2023.

A questionnaire was also prepared that will, for the first time, enable us to assess the maturity levels of suppliers in relation to ESG (Environmental, Social and Governance) issues. The questionnaire should be applied in 2023, providing information that will serve as a basis for the development of these suppliers.

1. The number is lower than that reported in 2021 due to the withdrawal of inactive suppliers from the list, carried out in 2022.

## Total volume negotiated by the procurement team (R\$ million)

	2019	2020	2021	2022
Total expenses negotiated with suppliers	14.9	50.1	113.9	163.9
Expenses with local suppliers <sup>2</sup> over the total negotiated	14.4	48.6	110.5	159.0
% of purchases from local suppliers <sup>2</sup>	97%	97%	97%	97%

**2.** Local suppliers are considered to be companies with an office in Brazil and that bill purchases and contracts by issuing a Brazilian Invoice. The calculation considers all companies controlled by ABC Brasil.

## New suppliers selected based on environmental and social criteria

[GRI 308-1 | 414-1]

	Unit	2019	2020	2021	2022
Percentage of new suppliers that were selected based on environmental criteria	%	0	0	0	0
Percentage of new suppliers that were selected based on social criteria	%	0	0	0	0
Number of contracts with suppliers with human rights provisions and social and environmental criteria	Qty	50	150	391	634
Percentage of contracts with suppliers with provisions on human rights, and social and environmental criteria	%	10	80	100	100
Percentage of suppliers assessed considering the significant risk of cases of child labor	%	10	80	100	100
Percentage of suppliers evaluated considering a significant risk of cases of forced or compulsory labor	%	10	80	100	100



# Employees

Over the last three years in which ABC Brasil has been implementing its expansion strategy, the organization increased the number of employees<sup>1</sup>, from 656 in 2019 to 1196 at the end of 2022.

Currently, the staff is made up of 66% men and 34% women, who are paid compensation consistent with the market and additional benefits compatible to those required by Brazilian labor laws, and are given development opportunities. All professionals are covered by collective bargaining agreements in the banking sector, including interns, and are guaranteed the right of freedom of association.

[GRI 2-7 | 2-8 | 2-30 | 401-1 | 407-1]

In order to keep growing at a fast pace, preserving its points of difference in services and close relationships with clients, **ABC Brasil introduced in the course 2022, a change in structure, making it more horizontal and decentralized**, favoring interaction between the teams (transversality), the autonomy of employees in decision-making and focus on the customer and client focus.

1. Sum of employed and outsourced workers, including the managing partner.



At the same time, it stayed the course of automating internal processes, eliminating bureaucratic procedures and offering instruments, management tools and technological resources that facilitate the routine so that managers can dedicate their time to building and maintaining good relationships.

**The focus on people was the path chosen to continue growing with a more diversified portfolio of solutions and an ever-increasing volume of transactions.**

**Parental leave [GRI 401-3]**

Subdivision	Unit	2019		2020		2021		2022	
		Men	Women	Men	Women	Men	Women	Men	Women
Number of employees that were entitled to parental leave	Qty	6	9	10	5	17	10	14	8
Employees who went on leave in the current year	Qty	6	9	10	5	17	10	13	8
Employees who went on leave in the current year, and whose leave also ends in the current year	Qty	6	4	10	4	15	8	13	4
Employees who took leave in the previous year, and whose leave ends in the current year	Qty	0	5	0	1	2	2	0	4
Total employees expected to return in the current year	Qty	6	9	10	5	17	10	13	8
Employees who returned to work after their leave ended	Qty	6	9	10	5	17	10	13	8
Rate of return of employees who returned to work after the end of leave	%	100%	100%	100%	100%	100%	100%	100%	100%
Employees who returned to work in the previous year and remained employed for another 12 months, which ended in the current year	Qty	4	5	7	5	7	3	10	5
Total employees who returned in the previous year	Qty	0	0	8	9	10	5	17	10
Retention rate of employees who returned to work and stayed 12 months after the end of the leave	%	-	-	88%	56%	70%	60%	59%	50%



The reorganization will be completed in the first half of 2023 and is being conducted by the People department, with the support of a team specializing in change management.

In 2022, ABC Brasil ranked second among companies having 1,001 to 1,500 employees in the 20th edition of the “Valor Carreira” survey. Companies with the best people management

practices are presented with awards in recognition. The choice of companies is based on a survey of employees, which takes into account the engagement index and the prosperity index, a measure that assesses how much the company offers conditions for the individual and the business to prosper.

**The Bank understands that its main asset is its people.**

Offering tools that make everyday life easier and that contribute to individual and collective development is one of the organization’s major concerns. When comparing the results of 2021 to those of 2022, ABC Brasil’s indicators increased in all engagement and prosperity items. For the year 2023, ABC Brasil will work to deliver improvements in the items indicated in the 2022 survey. As a result, even higher rates are expected in the 2023 survey.

All these results guide the actions carried out by the People department in the course of the year, seeking to meet the needs of employees and improve management practices.



## Key factors in the organizational redesign process

- Greater collaboration among teams
- More agility and autonomy at the top
- Projects executed by multidisciplinary and self-managed teams
- Less product focus and more client focus
- Reduction of hierarchical levels

Employees [GRI 2-7]

Total number of employees, broken down by gender, with permanent and full-time contracts

Employees by gender	2019	2020	2021	2022
Men	389	429	536	697
Women	196	210	271	354
Other*	0	0	0	0
Not informed	0	0	0	0
Total	585	639	807	1.051

\*Gender as specified by the employees themselves.  
Banco ABC Brasil does not have employees with a temporary or part-time contract or without a guaranteed workload.

Outsourced employees [GRI 2-8]

Number of outsourced employees, broken down by gender

Employees by gender	2019	2020	2021	2022
Men	43	46	62	97
Women	28	26	30	48
Other*	0	0	0	0
Not informed	0	0	0	0
Total	71	72	92	145

\* Gender as specified by the employees themselves.  
Trainees and young apprentices included.

Total number of employees, broken down by region, with permanent and full-time contracts

Employees by region	2019	2020	2021	2022
North	0	0	0	0
Northeast	3	5	8	9
Central - West	8	8	11	13
Southeast	549	596	748	982
South	25	30	40	47
Overseas	0	0	0	0
Total	585	639	807	1.051

Banco ABC Brasil does not have employees with a temporary or part-time contract or without a guaranteed workload.

Number of outsourced employees, broken down by region

Employees by region	2019	2020	2021	2022
North	0	0	0	0
Northeast	0	0	1	0
Central - West	1	1	2	2
Southeast	67	69	87	138
South	3	2	2	5
Overseas	0	0	0	0
Total	71	72	92	145

Trainees and young apprentices included.



## Organizational culture [GRI 3-3]

The People department has been at work on ensuring the **alignment and engagement of all employees with ABC Brasil's strategy, values and culture**. That is a particularly challenging mission in an organization that doubled its team during the Covid-19 pandemic, a period in which the remote and hybrid work formats were in use.

The integration of the team and the dissemination of the corporate culture are maintained through leadership and an internal communication network for disseminating news, and also by multifunctional groups, such as ABC Cults, responsible for ensuring that all areas adhere to the set of practices, attributes and behaviors that guide the organization's way of being and doing things.

## Talent attraction and selection

[GRI 3-3]

Talent attraction and selection at ABC Brasil are accomplished both through internal and external recruitment. In 2022, there were 494 admissions, 407 of which for formal employment positions. In March, the Bank launched its internal referral program, ABC Connection, which originated around 25% of these hires. Currently, this process is viewed as positive by 93% of all applicants and managers.

## Performance cycle [GRI 3-3 | 404-3]

Considered strategic for achieving ABC Brasil's objectives and potential, the performance cycle is made up of two stages, carried out annually: **a performance assessment, measured based on SMART goals contracted at the beginning of the cycle; and the Talent Review, carried out using the 9Box talent management methodology.**

The target plan is initially determined for officers and then rolled out to other levels. For this reason, the performance

of each employee is considered according to the following proportions: 70% for quantitative results (related to corporate goals) and 30% for qualitative results, with 20% related to adherence to the organizational culture, and 10% to attention to operational risks.

The Talent Review (9Box) is designed for key positions at the Bank, applicable to officers, superintendents, managers, relationship managers, coordinators and specialists.

### The 9Box methodology is used by ABC Brasil to:

- Ensure that employees perform in accordance with the goals set by mutual agreement with the leaders, with organizational culture guidelines and with the "Way of Being and Doing".
- Support the movements and actions related to the career of professionals.
- Map and identify professionals who need development actions and talents capable of taking on new professional challenges.
- Stimulate formal communication between leader and employee, enabling the alignment of work, performance and career expectations, while identifying areas of development opportunity.
- Design the succession map for ABC Brasil's key positions.

Percentage of employees receiving regular performance and career development reviews [GRI 404-3]

Gender	2019		2020		2021		2022	
	Total	%	Total	%	Total	%	Total	%
Men	349	90	402	94	481	90	657	94
Women	181	92	201	96	241	89	335	95
Other*	0	0	0	0	0	0	0	0
Not informed	0	0	0	0	0	0	0	0
Total	530	90	603	94	722	89	992	94

\* Gender as specified by the employees themselves.

Categoria funcional	2019		2020		2021		2022	
	Total	%	Total	%	Total	%	Total	%
Directors	24	100	20	100	20	100	22	100
Superintendents	32	94	34	97	40	98	41	98
Managers	41	93	50	94	69	96	83	98
Coordinators	29	100	30	97	41	98	50	100
Specialists	43	91	51	96	56	86	116	97
Comercial	117	89	137	95	157	90	213	94
Administrative & Operational SR	60	86	82	98	114	88	175	96
Administrative & Operational REG	53	95	61	98	77	95	100	95
Administrative & Operational JR	55	93	63	93	80	87	114	90
Administrative & Operational Assist	76	93	75	93	68	82	78	92
Total	530	90	603	94	722	89	992	94

Executives do not participate in the formal evaluation program. However, they do receive ongoing evaluations.



## Talent development [GRI 3-3 | 404-1]

Get to know the talent attraction and development programs carried out by ABC Brasil in the last year:

### Corporate University

The ABC Brasil Corporate University works as an educational ecosystem at the service of the business. Its role is to provide the continuous development and construction of differentiated human capital throughout the value chain, strategically promoting training experiences, supporting the delivery of value and the generation of new business.

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**The platform includes over 500 course titles and educational media, ranging from ABC Business Specialties, to Upskilling to Reskilling, with expert curation, as well as financial and regulatory market contents.**

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The contents can be accessed via multiple devices for the entire ABC Brasil value chain. In 2022, more than 55,000 hours of training were provided to the internal public. [GRI 404-1]

### Leadership Development

In order for the leaders at ABC Brasil to be able to identify, develop and engage the talents of their teams, training is provided with the aim of improving performance in aspects such as impact on results, adaptation in complex environments, inspiration for evolution, and agility and innovation.

In addition, all 45 of the organization's executive leaders (positions above managerial level) participate in an assessment process that deepens knowledge about the skills, abilities and behaviors expected of each professional, based on the organization's strategy and culture. Based on this assessment, any gaps are mapped and referrals are made for development actions.

For the 100 leaders in coordination and management positions with up to three years in their position, the Fundamentals of Leadership training was offered in 2022. Lasting three months, the training consisted of five modules that worked on technical concepts and good leadership practices, internal tools for better people management and the strengthening of the ABC Brasil Culture. The initiative had 86% adherence and an e-NPS 93 assessment.

### Business Development

This aims to align methodologies, practices and concepts of the business approach through successful cases, promoting better results and increasing sales of products and services. The program is curated by renowned professionals in the market and recognized internally, enabling a set of short and objective educational experiences that, combined, generate consistent learning. The program had 332 participants in 2022.

### ABC Tryouts

An initiative that promotes intrapreneurship and the combination of knowledge, skills and processes so that employees can develop and disseminate their ideas, in three categories: Digital Business, Wholesale Banking and Innovations. All those who reach the project modeling phase are entitled to the following incentives and benefits: part-time work as stipulated in the regulation; mentoring by the Executive Committee; consulting on design techniques for solutions and technology; and exclusive face-to-face courses from the Digital Transformation Journey (learn more about this program in [Innovation and Technology](#), on page 61).



## Young Talents

Internship program created to prepare young people for their first job, identify potential talent, and keep the internal structure constantly renewed. The objective is to promote the institutional brand among young people and prepare professionals to assume future positions inside or outside the organization. The initiative includes an institutional internship and a technical internship, involving the Commercial, Technology and Projects & Processes areas. In 2022, 142 interns participated in the program (11.9% of our entire headcount) and 47 were absorbed into the staff (13.5% of all hirings in the year).

The program includes learning trails that aim to train interns in technical and behavioral skills, focused on the practical application of the acquired knowledge. Training is evaluated during the Semiannual Performance Cycle, which analyzes talents with the potential to expand professional career possibilities within the organization. To this end, goal-oriented hiring and the practice of continuous feedback between intern and manager are used. In 2022, the evaluation process found that 80% met or exceeded expectations and 100% would indicate ABC Brasil to a friend or relative for an internship.

## Programa Aprendiz+ (Apprentice Program)

Created to provide a unique journey of professional and educational development, the main objective of the Programa Aprendiz+ (Apprentice Program) is to increase the employability of young people seeking to enter a job market in constant change. To this end, the initiative seeks to develop, train, prepare and encourage apprentices to explore career possibilities both at ABC Brasil and in the financial market.

Structured based on the skills of the future idealized in the 2020 World Economic Forum, the program is focused on six competencies: communication, active learning, resilience, problem solving, adaptability and protagonism. Together, these competences contribute to the evolution of the apprentice in their Development Plan, contemplated by the Learning Trail, with specific contents, and by the Performance Assessment in semester cycles, in professional improvement and in the alignment between managers and apprentices.



Average hours of training per year per employee [GRI 404-1] <sup>1</sup>

Training		2020				2021				2022			
Role	Unit	Total training hours		Average hours		Total training hours		Average hours		Total training hours		Average hours	
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Executives	hours	227.50	.	32.50	.	98.75	.	14.11	.	97.75	.	13.96	.
Directors	hours	689.05	78.00	38.28	39.00	726.38	75.50	38.23	37.75	482.61	73.98	24.13	24.66
Managing Directors	hours	1,331.50	143.50	40.35	35.88	1,483.33	161.08	38.03	32.22	1,550.71	68.50	37.82	17.13
Managers	hours	1,497.13	623.88	40.46	41.59	2,286.61	759.60	40.12	44.68	3,149.39	1,106.64	43.14	42.56
Coordinators	hours	1,022.55	267.00	37.87	38.14	888.86	460.00	30.65	30.67	2,473.14	865.46	68.70	43.27
Specialists	hours	1,751.76	604.71	37.27	43.19	1,644.76	612.01	32.90	36.00	7,756.00	1,197.04	72.49	29.93
Administrative, Sales, and Operations	hours	11,737.65	6,949.21	40.06	39.48	13,204.48	7,624.53	32.21	30.02	19,741.22	7,732.32	35.89	24.32
Interns	hours	2,165.68	1,226.86	36.09	37.18	5,862.50	1,905.20	50.11	43.30	5,663.29	2,682.62	38.53	40.65
Young Apprentices	hours	173.50	189.00	43.38	27.00	57.00	580.60	11.40	32.26	41.88	320.26	13.96	16.01
Total	hours	20,596.32	10,082.16	39.16	39.08	26,252.67*	12,178.52	35.60	32.74	40,956.00	14,046.81	44.61	29.82

\* The total hours of training (Men) in 2021 has been corrected due to an error identified in the previous Report.

1. Interns and Young Apprentices are counted in the indicator.





## Remuneration and Benefits [GRI 401-3]

In addition to following the collective bargaining agreements applicable to all financial institutions, ABC Brasil conducts an annual salary survey, through an independent consulting firm, to ensure that its remunerations are in line with those practiced by the market. As a complement, it grants variable compensation with short- and long-term incentives based on individual and collective results.

Members of the Executive Committee, officers, and key professionals, for example, participate in the Long-Term Incentive Program (LTIP), a variable compensation structure based on the phased granting of preferred stock.

In addition, the benefits package includes more than what is required by law and defined in collective agreements, such as financial support to cover extra expenses arising from home office work, like internet and electricity. A member of the Citizen Company Program, ABC Brasil also grants extended maternity/paternity leave totaling 180 days and 20 days, respectively. [GRI 401-3]

ABC Brasil also offers financial support for educational purposes, which can be requested for undergraduate, graduate and MBA courses recognized by MEC (Ministry of Education), as well as for language courses, external courses and extension courses



# Health and Safety [GRI 403-6]

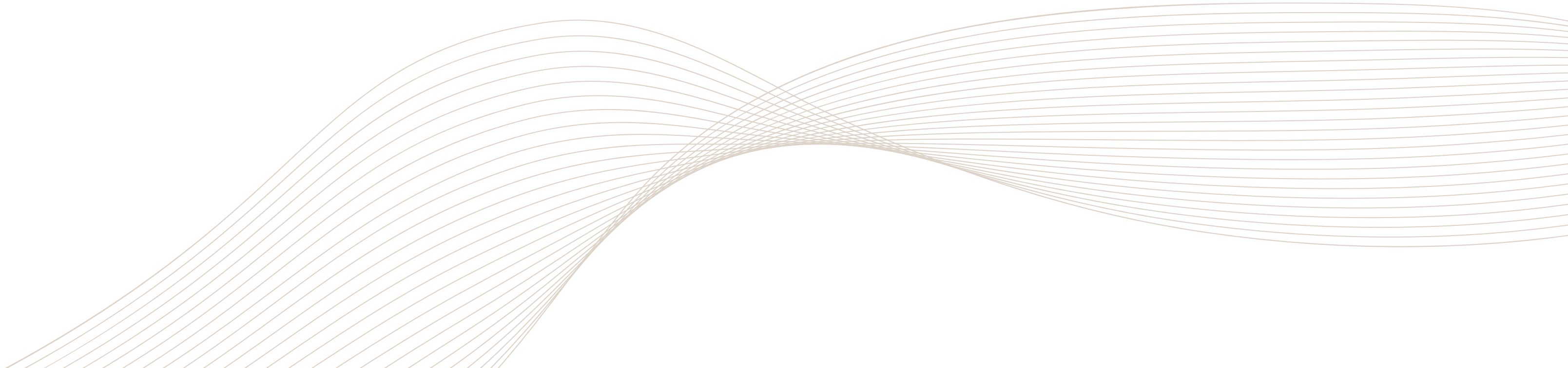
In order to provide a safe and healthy work environment, retain and attract talent and increase productivity, the **Programa Humanidades (Humanities Program)** was created in 2021. Under the motto “Our greatest investment is you”, the initiative includes, among other fronts, webinars, engagement campaigns, moments of decompression, lectures, trails and online courses that address topics related to physical, mental and financial health, emotional intelligence and work/life balance.

In 2022, the 1st Health and Well-Being Week was held, which featured face-to-face activities, such as massage, bioimpedance assessment, and health mapping, and online activities, such as podcasts on oral health, work ergonomics, and financial health, as well as mindfulness and yoga classes. There were 900 participations, with 56% of employees engaged in face-to-face activities. In addition, throughout the second half of the year, actions related to the Yellow September, Pink October and Blue November campaigns were taken.

The financial education of employees is another topic that has advanced within the scope of the program. In addition to providing an online course on personal budget management, a learning journey was structured throughout the year which, from 2023 onwards, will address the topic in a practical way, considering the moment in each person’s life, in a fully confidential manner.

To ensure adequate working conditions, ABC Brasil verifies twice a year the potential risks related to employee health, safety, and ergonomics, and, based on the results, defines the measures to be adopted. To this end, all assessments determined by Brazilian legislation and by the Collective Bargaining Agreement are performed with the aim of preventing, monitoring and controlling possible damage to health and for early detection of risks.

The Humanities Program also encompasses **health insurance** with coverage that includes therapies; **dental plan** with a wide attendance network; **Gympass**, a corporate wellness platform that offers discounts on gyms and studios, as well as therapy, nutrition and meditation apps; and the channel **ABC com Você (ABC with You)**, a 24-hour support platform that offers confidential professional services from lawyers, psychologists, social workers, financial planners and others. The purpose is to help employees solve problems that may affect their personal and family life as well as their professional life.







## Diversity and Inclusion [GRI 3-3 | 405-1 | 405-2]

In 2022, ABC Brasil started the series **Ressignificando a Inclusão (Resignifying Inclusion)**, which inaugurated an internal education process about diversity. The initiative addressed, over seven online meetings, the following topics: men allied with diversity, unconscious biases, ableism, ageism, gender equity, structural racism and LGBTQIAP+. Each of them had an introductory video on the subject, followed by a debate. More than 1,500 participations were registered – on average, 20% of the organization was present at each meeting, and 57% of employees attended at least one of them.

Another important step towards advances in promoting internal diversity was the improvement of the employee register, which now includes self-declaration of race and gender identity. Understanding the importance of the topic, and aiming at an increasingly safe, plural and inclusive environment, at the end of the year Diversity and Inclusion was defined by the Board of Directors as one of the priority topics for the organization. For this purpose, an action plan was developed and approved by the board, which had its implementation started in 2023.

In addition, with a view to promoting the topic inside and outside the organization, ABC Brasil sponsored, for the third consecutive year, the Diversity Forum of the Brazilian Association of International Banks (ABBI). Some employees were invited to join the event's guest team, which featured inspiring lectures such as: "Hunger has color, gender and Zip

Code", with Luciana Quintão, "Being intentional: let's talk about Diversity & Inclusion", with Luana Genot, "Technology allied to Diversity", with Gustavo Glasser, and "D&I: Diversity and Innovation", with Ana Carnaúba.

To reinforce the relevance of the Diversity, Equity and Inclusion agenda within Banco ABC Brasil and to provide an inclusive and welcoming environment for everyone, in 2022 the Bank started the first edition of the "Meeting with the CEO", which was dedicated to an exchange of experiences and demands of our PWD employees.

The People Department also participated in sectorial forums related to the topic: the V Diversity Forum of the ABBI (Brazilian Association of International Banks) and the dialogues and workshops promoted by the ANBIMA Diversity and Inclusion Network, an initiative of the Brazilian Financial and Capital Markets Association. The meetings addressed the topics of inclusive culture, gender equity and racial equity, diversity as a competitive advantage, unconscious barriers and diversity and inclusion management.

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**The People Department has goals related to the topic and all the results of the initiatives are monitored and reported on a dashboard.**

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# SUSTAINABILITY

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# Sustainability at ABC Brasil

Since 2020, when the **ESG (Environmental, Social and Corporate Governance)** agenda began to be formally addressed at ABC Brasil, a strategy was defined for the transversal insertion of the topic, based on four pillars: Institutional; Sustainable Business; Activity Impact; and Social.

To implement this strategy, a network management model was structured, with a multidisciplinary work group dedicated to each pillar, composed of representatives of the areas directly impacted and technically supported by the Sustainability team.

In 2022, ABC Brasil focused on important structuring initiatives that will guide the planned advances in social, environmental and climate issues for the coming years. Among these actions, it is worth mentioning the review of sustainability governance, the update of the Social and Environmental Responsibility Policy, now called the Social, Environmental and Climate Responsibility Policy, and the creation of the Sustainable Finance Framework. Another advance planned in 2022 and performed in 2023 was the restructuring of the Sustainability area, which leaves Risk Management and becomes part of the Talent, Brand and ESG area. This advance happened because it is a transversal area, dedicated to safeguarding the Bank's identity in all its coverage.

**Check out, on the next pages, the main activities developed in each of these four pillars.**



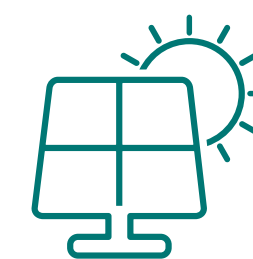


# ABC Brasil's Pillars of Performance in Sustainability



## Institutional

This front mainly addresses actions related to governance of the topic within the organization. Its attributions include: following good practices and ensuring high management standards for sustainability issues; evaluating possible adherence to national and international initiatives aligned to its purpose; maintaining good relations with investors and rating agencies, meeting sustainability-related demands; collaborating to build a good reputation in sustainability; and ensuring ethics and integrity in all steps of this agenda.



## Sustainable Business

Considered a strategic issue for ABC Brasil, ESG businesses have gained increasing relevance within the organization. Therefore, the attributions of this front include: identifying opportunities in the sustainable finance market; financing and enhancing sectors with a positive impact; promoting and enabling sustainable solutions and products for clients that can contribute to the transition to a green, low-carbon and positive-impact economy, in addition to identifying and anticipating global challenges.



## Activity Impact

Through this pillar, ABC Brasil measures, evaluates and addresses the impacts mainly generated by its internal activities. This includes a commitment to mitigating and adapting to climate change, eco-efficiency and maintaining a sustainable relationship with the supply chain. In addition, this front includes the promotion of an internal culture of sustainability through the ABC Consciente (ABC Awareness) environmental education project.



## Social Responsibility

On this front, we focus on initiatives that contribute to building a fairer and more participatory society. Its attributions include the promotion of respect for human rights, diversity and inclusion; the guarantee of good management of human capital; cooperation for the socioeconomic development of society; and the promotion of financial education and corporate citizenship.

# Institutional

## Social, Environmental and Climate Responsibility Policy (PRSAC)

In order to comply with Resolution 4.945 of the National Monetary Council, in 2022 ABC Brasil updated its Social Environmental Responsibility Policy, which is now called **Social, Environmental and Climate Responsibility Policy**.

The document guided the definition of principles and guidelines of a social, environmental and climate nature for conducting the Bank's business, activities, processes and relationships, as well as the governance of the topic, described below. Furthermore, in the guidelines for the sustainability strategy defined in the policy, the stakeholders considered were based on the ABC Brasil materiality matrix.

### Sustainability Governance [GRI 2-12]

With the new sustainability governance of ABC Brasil, approved in June 2022, the agenda is now directly supported and monitored by the Executive Committee and the Board of Directors. Since then, socio-environmental and governance issues have permeated the organization's main decision-making bodies, in line with the good management practices and regulations of the Central Bank of Brazil related to the topic.

#### With the advancement, it became the responsibility of the Board of Directors to:

- Approve and revise the PRSAC, with the assistance of the Talent, Brand and ESG Departmet, the Executive Committee and the Sustainability Committee.

- Ensure the Bank's adherence to the PRSAC and actions aimed at its effectiveness.
- Ensure compatibility and integration of the PRSAC with the other policies established by the Bank.
- Ensure timely correction of PRSAC-related deficiencies.
- Establish the organization and attributions of the Sustainability Committee.
- Ensure that the compensation structure adopted by the Bank does not encourage behavior that is incompatible with the PRSAC.
- Promote the internal dissemination of the PRSAC and actions aimed at its effectiveness, including monitoring the implementation of the Bank's sustainability strategy.



The topic also gained a dedicated body at the executive level, the **Sustainability Committee**, and another one at the tactical level, the **Sustainability Commission**. The attributions of these bodies include:

### Sustainability Committee

Linked directly to the Board of Directors, the Sustainability Committee's main responsibilities are to ensure the effectiveness of the PRSAC and decide on the ESG strategy, sustainable business and the topics related to the subject that may affect the Bank's strategy. Its attributions include:

- Monitor and evaluate the actions implemented for the effectiveness of the strategy of sustainability and the PRSAC;
- Generate a report and accountability to the Board of Directors in order to support its attributions described in the PRSAC;
- Propose recommendations for improvements to the Board of Directors on the sustainability strategy and the PRSAC;
- Report to the Board of Directors on the implementation of the sustainability strategy and the PRSAC;
- Coordinate the activities of the Credit Committee when they involve relevant social, environmental and climate risks.

### Sustainability Commission

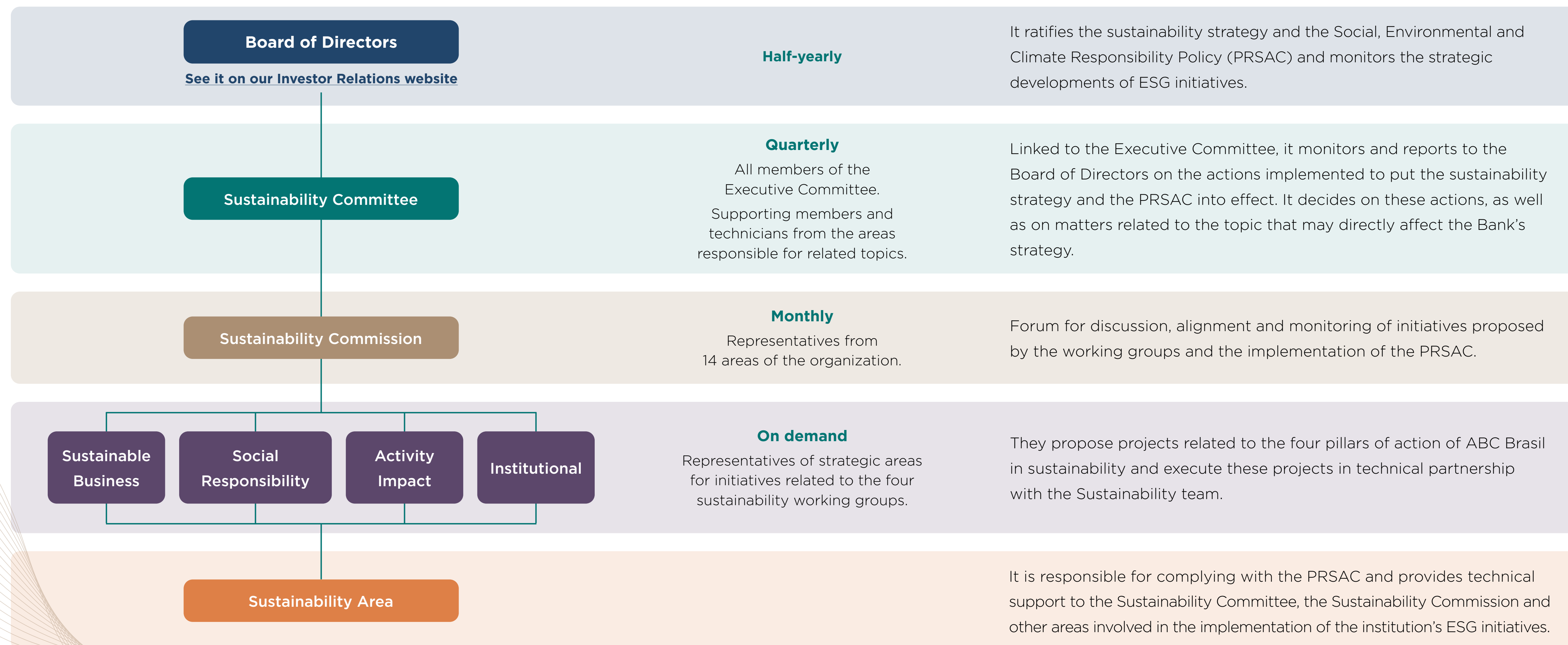
Its main mission is to guide and monitor the ESG projects proposed by the four working groups. With authority to deliberate on simple and operational projects, the Sustainability Commission is responsible for:

- Discussing, aligning and monitoring sustainability projects proposed by working groups in relation to the sustainability strategy, as well as any actions aimed at the effectiveness of the PRSAC;
- Supporting the Sustainability Committee in implementing the Bank's sustainability strategy;
- Improving actions related to the effectiveness of the PRSAC, when any deficiencies are identified.



## Sustainability Governance

[Click here to check the complete chart.](#)





## Internal Training [GRI 2-17]

### **In 2022, the members of the Executive Committee participated in two workshops on Sustainability and Sustainable Finance.**

The objective was to level the knowledge of the collegiate members in relation to these topics and prepare them for the process of defining the ESG strategy and positioning of ABC Brasil.

The podcasts “Human Rights and Social Development” were also made available, which addressed the main pacts and commitments related to the subject and explained how they relate to Diversity and Inclusion, and “Sustainable Business”, which detailed the main commitments and goals adopted by other financial institutions. Members of the Executive Committee also received a document with benchmarks of the sector’s main initiatives and goals related to climate change.

In order to disseminate information on the subject among all employees, three podcasts were shared internally: “How financial operations can contribute to combating deforestation”,

which brought Fabrício Campos, leader of green finance at WWF-Brasil, to talk about green bonds and the benefits of this type of operation for investors; “Conscious consumption and the impact of plastic consumption”, which addressed the damage caused by incorrect disposal to health and ways to mitigate this problem; and “Green financial operations”, which invited Marcia Faria, Lead Officer Financial Institutions of the IDB (Inter-American Development Bank), to talk about the Sustainable Finance Framework, green bonds and the importance of Development Finance Institutions (DFIs).



# Sustainable Business

[GRI 3-3 | 203-2]

Financing approximately 4,500 companies of different segments and sizes throughout the country, ABC Brasil is in a strategic position to contribute to the sustainable economic development of the country.

In 2022, the Bank closed the year with more than BRL 5 billion allocated to initiatives related to climate change, health, education, renewable energy, and job creation.





On the fundraising front, **over the last few years ABC Brasil has been raising funds for social and environmental purposes** that have allowed resources to be directed to operations with an ESG bias, such as:

**Climate Loan:** USD 100 million from the IFC (International Finance Corporation), a member institution of the World Bank responsible for promoting the private sector in developing countries. The purpose of this transaction was to support projects related to the fight against climate change, especially in the segments of smart agriculture (crops with qualified certification of sugarcane, coffee, and orange) and power generation and transmission using sugarcane biomass.

**Social Loan:** USD 50 million raised through ABC Brasil's Social Framework. Resources were directed towards small and medium-sized companies (SMEs) and companies in the health sector.

**Social Bond: BRL 525 million raised from IDB Invest,** through the issuance of Financial Bills, ABC Brasil completed the issuance of the first social bond by a private bank in the country and the first thematic bond acquired by IDB Invest in the Brazilian market. With a five-year term, the transaction made it possible to expand the granting of credit to clients highly impacted by the covid-19 pandemic: small and medium-sized companies (SMEs) and companies in the health sector of any size.

The contract foresaw a two-year framework for the funds, however, the marked expansion of operations in the Middle segment, as well as specific operations in the health sector, allowed this to happen in three months.

**Climate Loan: USD 72.3 million raised from Proparco, a subsidiary of the French Development Agency (AFD),** the operation aimed to support projects linked to the fight against climate change, impacting especially companies in the agriculture and electricity generation segments. With an eight-year term, these funds were used to finance initiatives ranging from energy efficiency to long-term investments in renewable energy projects, among others.

In 2022, the first Social Classification transaction of the **TFFP (Trade Finance Facilitation Program)**, was also concluded, a program developed by IDB Invest that aims to promote sustainable foreign trade in Latin America and the Caribbean, through financing medium-sized companies that contribute to job creation.

### Significant indirect economic impacts

	2020	2021	2022
Number of funding classified as ESG	3	4	3
Debt Fundraising - DCM (Debt Capital Market) classified as ESG	6	3	3
Total volume of ESG and/or multilateral funding (USD)	580 MM	612 MM	600 MM



## Brazilian Development Bank (BNDES) Onlendings

Banco ABC Brasil also performs BNDES line transfers, including Finame Baixo Carbono, a modality for the acquisition and sale of solar and wind power generation systems, solar heaters, electric buses and trucks, hybrid and powered exclusively by biofuel, as well as machinery and equipment with higher energy efficiency rates or that contribute to reducing the emission of greenhouse gases.

In 2022, the Bank concluded its first onlending to this line, an operation that made it possible to buy 10 trucks powered by natural gas or biomethane, a fuel that reduces CO2 emissions by up to 90% when compared to conventional diesel. With this, the client will be able to reduce its carbon footprint and fuel and maintenance costs, in addition to contributing to the promotion of biomethane plants.

Last year, ABC Brasil was also qualified to grant the FGEnergia guarantee. This is a guaranteed investment fund whose objective is to encourage the implementation of energy efficiency projects that promote the reduction of greenhouse gas emissions and increase the productivity of small and medium-sized Brazilian companies.

In addition, it has worked strongly with the Emergency Credit Access Program (FGI PEAC), created in 2020 with the aim of expanding access to credit by individual microentrepreneurs (MEIs) and micro, small and medium-sized companies (MSMEs), favoring job maintenance and income generation. ABC Brasil is among the ten largest financial agents in amounts disbursed through this program.

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**The Bank also participates in the ABC+ Program (Program for Adaptation to Climate Change and Low Carbon Emissions in Agriculture), which finances initiatives that contribute to the reduction of environmental impacts caused by agricultural activities.**

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## Issuance of ESG Bonds

Infrastructure debentures are one of the main pillars of ABC Brasil's operations in the capital market. In 2022, the bank participated in almost 58 bond issues, 18 of which aimed at raising funds for basic sanitation and energy companies in the country. Of these, three were labeled as ESG operations.

## Commercialization of I-REC

In December 2022, Comercializadora de Energia do ABC Brasil performed its first operation in the Renewable Energy Certificates (I-REC) market, with the negotiation of 61,416 certificates from a renewable energy generator. Each I-REC certificate is equivalent to 1 MWh.

The solution meets the demand of ABC Brasil clients, who increasingly want to reduce their greenhouse gas (GHG) emissions by purchasing certified renewable energy on the free energy market.

I-REC is a global system created to bring more reliability and security in the accounting and commercialization of renewable energy. Its function is to verify and attest to buyers that the energy purchased was indeed generated by renewable sources. Registered in the Netherlands, I-REC Services is the company responsible for the organization, administration and control of the certificate worldwide. In Brazil, Instituto Totum is the local issuer.





# Activity Impact

## ABC Awareness Program

To raise awareness among employees about environmental issues and their impacts, encouraging the adoption of sustainable habits inside and outside ABC Brasil, in 2021, the ABC Awareness environmental education program was created. Over the past year, several internal communication actions were performed with the aim of internalizing the 5 Rs of sustainability - rethink, refuse, reduce, reuse and recycle - among employees, fostering a new culture in the consumption of plastic and paper, in waste management, greenhouse gas emissions and water and energy consumption.

In June, when the environment month is celebrated, three webinars were organized on the topics “How financial operations can contribute to the fight against deforestation”, “Conscious consumption and the impact of plastic consumption” and “Green financial operations”. To encourage conscious consumption, a campaign was also held to donate clothes and shoes and to distribute imperfect fruit to employees.

The program also raffled off three electric bicycles among employees who filled out the form for commuting from home to work. The action supported the process of internal engagement necessary for measuring the Scope 3 of the greenhouse gas inventory.





## Climate Change [3-3]

In 2022, ABC Brasil evolved in building its Climate Change strategy through the adoption of a series of strategic measures and structuring actions focused on expanding the Climate Change agenda in the coming years, including Taxonomy, updating the Environmental and Social Management System and the Sustainable Finance Framework.

### Taxonomy of Sustainable Operations

Classification system that allows identifying activities, assets and/or projects with a positive environmental and/or social impact across the entire ABC Brasil's portfolio. The adoption of a specific taxonomy for this type of operation contributes to the identification, comparability and monitoring of sustainable projects and assets; it facilitates the development of commercial strategy, fundraising and information reporting; and mitigates reputational risks. The following international standards were used as a reference for this work: Loan Market Association (LMA) and International Capital Market Association (ICMA).

### Environmental and Social Management System (ESMS)

The Environmental and Social Management System (ESMS) defines a set of processes, procedures and tools for identifying, managing and mitigating social, environmental and climate risks. The evaluation of ABC Brasil's ESMS was performed by comparing the practices currently adopted by the bank and industry benchmarks, new regulations and requirements and safeguards adopted by Development Finance Institutions (DFIs). A total of 15 aspects of the system underwent internal verification and were ranked according to their level of compliance with best practices. Improvements and recommendations were determined for each of them.

### Sustainable Finance Framework

Set of internal guidelines that determine criteria and standards for future funding labeled as “sustainable” or “ESG”, covering all stages of these businesses: category of eligible products, evaluation and selection of projects, management of resources and communication of results. These guidelines consider the following international standards: Green Bond Principles, Social Bond Principles, Green Loan Principles, Social Loan Principles. Their content was also evaluated by two partner financial institutions, the IDB (Inter-American Development Bank) and FinDev Canada. The document was developed in 2022 and is in the process of being implemented.

In addition, always seeking to provide more transparency to stakeholders, ABC Brasil also manages Greenhouse Gases and reports data to major organizations, such as CDP, GHG Protocol and S&P.

# Greenhouse Gas Emissions [GRI 305-1 | 305-2 | 305-3 | 305-4]

Since 2020, in line with the climate agenda, ABC Brasil has been reporting its **Greenhouse Gas Inventory**, in accordance with the methodology of the Brazilian GHG Protocol Program. The information is audited and made available annually in the Public Emissions Registry.

As part of efforts to improve the inventory, Scope 3 accounts for emissions resulting from business trips, consumption of the generator at the corporate headquarters condominium, commuting between employees, and the energy used to keep the notebooks on during working hours when in home office.

In 2022, there was a decrease in Scope 1 emissions related to the fugitive emissions category. With regard to Scope 2, and notwithstanding the increase in energy consumption, there was a reduction of emissions as a result of SIN (National

Interconnected System) emission factor. ABC Brasil purchased renewable energy certificates (I-RECs) as a guarantee of the origin of the electricity consumed and the corresponding reduction in greenhouse gas emissions from the Bank and its 11 branches. As a result, Scope 2 emissions were zeroed in 2022.

The increase in emissions related to Scope 3 occurred due to the increase in emissions in employee travel, and the inclusion of international travel within the business travel category.

Scope 1 and 3 emissions (total of 605.59 tCO<sub>2</sub>e) were offset through the purchase of 606 carbon credits from a REDD+ (Reduction of Emissions arising from Deforestation and Forestry Degradation) project in the Amazon region. These credits were registered and retired on the Verra platform.

\* Emissions decreased because there was no coolant recharge in the air conditioning equipment.

## Greenhouse Gas Emissions\*

[GRI 305-1 | 305-2 | 305-3]

	2020	2021	2022
Direct emissions Scope 1 (tCO2e)	96.89	89.40	3.49
Indirect emissions Scope 2- Based on Location (tCO2e)	71.78	138.45	48.50
Indirect emissions Scope 2- Based on Purchase Choice (tCO2e)	N.D.	N.D.	0
Other indirect emissions Scope 3 (tCO2e)	147.66	452.60	602.10

\* The audit of the Greenhouse Gas Inventory of ABC Brasil was conducted by TOTUM.

## Carbon Intensity

[GRI 305-4]

Year	2020	2021	2022
Per employee (tCO <sub>2</sub> e/employee)*	0,23723	0,25345	0,04951

\* Scopes 1 and 2 were considered for the calculation. The decrease in Scopes 1 and 2, in addition to the increase in the number of employees, caused a significant decrease in carbon intensity in 2022.



## Eco-Efficiency and Waste Management

The administrative headquarters of ABC Brasil, in São Paulo, occupies a building with a Leed Gold certification (Leadership in Energy and Environmental Design), granted by the Green Building Council, which certifies the adoption of sustainable construction practices. To endorse the green building classification, the certification considers aspects such as the rational use of water, energy efficiency, selection of construction materials, internal environmental quality and innovative strategies.

The organization also monitors the consumption of natural resources and the generation of waste in its operations, in order to identify opportunities to reduce, avoid waste and increase its efficiency. Initiatives in this line include the application of film on the windows and the use of blinds, to reduce the heat and avoid excessive use of air conditioning, maintaining thermal comfort; intensive adoption of document scanning processes and implementation of electronic signature tools, in order to avoid the use of paper; in addition to separation in the collection of recyclable waste.

In March 2022, the internal measurement of waste was implemented at the headquarters of ABC Brasil in São Paulo. The inclusion of discarded waste control in all branches is scheduled for 2023.

Resource/Material	2019	2020	2021	2022
<b>Water consumption<sup>1</sup> (m³)</b> [GRI 303-5]	4,760	2,259	1,862	3,260
<b>Energy consumption inside the organization (GJ)</b> [GRI 302-1]	4478.40	4229.13	3978.68	4166.35
<b>Generation and disposal of waste<sup>2</sup> (t)</b> [GRI 306-3]	247.61	164.72	40.98	39.03
<b>1.</b> Headquarters consumption data. <b>2.</b> Headquarters data. Branches will have generation control from 2023.				





# Social Responsibility

[GRI 3-3 | 405-1 | 405-2 | 203-1]

## Corporate Volunteering

To encourage the full exercise of citizenship among its employees, ABC Brasil seeks to involve them in social initiatives through **ABC Solidário (ABC Solidarity)**, a corporate volunteer program that supports actions with a relevant impact. In 2022, the highlight was the Copa ABC do Bem (ABC Cup for the Good), which encouraged employees to make donations and allocate part of their Income Tax due to cultural, sports and defense projects for the rights of children and adolescents. It is the fourth consecutive year that ABC Brasil promotes the citizen use of tax incentives.

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The action engaged **25% of the employees** and resulted in the **collection of BRL 355 thousand**, destined to six institutions: Instituto Baccarelli, Instituto Esporte e Educação, Associação Santo Agostinho, Associação Hurra!, Aventura de Construir and Instituto Verdescola.

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## Private Social Investment

ABC Brasil's private social investment was destined to two initiatives of education and professional training for the first job. One of them is the Instituto da Oportunidade Social (IOS), which offers vocational courses in technology for young people aged 15 to 17 in vulnerable situations. In total, 36 students were beneficiaries. In addition to supporting the Institute's activities, a voluntary action involving Bank employees led to lectures on financial education, careers and technology in the financial market, benefiting 100 participants.

Another social project supported is École 42, a French school that teaches programming free of charge to anyone over 18 years old. ABC Brasil sponsors the initiative and is also part of 42 Labs, an internship program in which cadets, as the students are called, participate in real projects at companies.

In addition, with a view to promoting the topic inside and outside the organization, ABC Brasil sponsored, for the third consecutive year, the **Diversity Forum of the Brazilian Association of International Banks (ABBI)**. Learn more on the page 19.



## Sponsorships via Incentive Laws

For the first time, ABC Brasil used the São Paulo State Culture Incentive Law (PROMAC) to support two projects. One of them was **sp/click**, an initiative that offers training in programming to low-income young people aged 13 and over, residents of the city of São Paulo. There are three completely free professional courses, which teach the fundamentals for the development of front-end, back-end and mobile solutions, such as websites, applications and systems. In 2022, 331 young people benefited, with 50% of the vacancies destined for black people, PWDs and women.

Another initiative supported was **Respira São Paulo**, an event that will bring together up to a thousand people at Praça Victor Civita, in the city of São Paulo, to discuss the generation of waste and the global warming. During the event, native Atlantic Forest tree seedlings will be planted and 600 books will be distributed about the city's green areas. The objective is to encourage residents to get to know, appreciate and frequent the city's squares and parks. The project is scheduled to take place between August and September 2023.

ABC Brasil also supported, through the Federal Culture Incentive Law, the next edition of the Bienal de São Paulo, which will take place in 2023, and the Brazilian Rugby Confederation, through the Sports Incentive Law.

### Social and Cultural Investment

	Total Invested	Incentivized	Not Incentivized
Education	BRL 202,000.00	-	BRL 72,000.00 (IOS) BRL 110,000.00 (École 42) BRL 20,000.00 (ABBI)
Culture	BRL 206,775.00	BRL 136,775.00 (sp/click and Respira São Paulo) BRL 70,000 (Fundação Bienal)	-
Sport	BRL 17,500.00	BRL 17,500.00 (CB Rugby)	-



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Communication and training in anti-corruption policies and procedures

[GRI 205-2]

Total number and percentage of governance body members to whom were told policies and anti-corruption procedures adopted by the organization, broken down by region

Members of the governance body, by region	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
North	-	-	-	-	-	-	-	-
Northeast	-	-	-	-	-	-	-	-
Central - West	-	-	-	-	-	-	-	-
Southeast	7	100	7	100	7	100	7	100
South	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-
Total	7	100	7	100	7	100	7	100

Total number and percentage of business partners which were told policies and anti-corruption procedures adopted by the organization, broken down by type

Business partners by type	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
ABC Link	0	0	0	0	21	100	40	100
Total	0	0	0	0	21	100	40	100

Total number and percentage of employees to whom were told policies and anti-corruption procedures adopted by the organization, broken down by region

Employees, by region	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
North	0	0	0	0	0	0	0	0
Northeast	3	1	5	1	8	1	9	1
Central - West	8	1	8	1	11	1	13	1
Southeast	549	94	596	93	748	93	982	93
South	25	4	30	5	40	5	47	5
Overseas	0	0	0	0	0	0	0	0
Total	585	100	639	100	807	100	1.051	100

Total number and percentage of business partners which were told policies and anti-corruption procedures adopted by the organization, broken down by region

Business partners, by region	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
North	-	-	-	-	1	5	1	3
Northeast	-	-	-	-	4	19	9	22
Central - West	-	-	-	-	1	5	5	13
Southeast	-	-	-	-	11	52	19	47
South	-	-	-	-	4	19	6	15
Overseas	-	-	-	-	0	0	0	0
Total	0	0	0	0	21	100	40	100

Ratio between the lowest wage and the local minimum wage,breakdown by gender [GRI 202-1]

Gender	2019	2020	2021	2022
Men	3.61	3.50	3.69	3.23
Women	3.59	3.50	3.19	3.31
Other*	0	0	0	0
Not informed	0	0	0	0

\* Gender as specified by the employees themselves.

The remuneration of employees with an apprenticeship contract (Young Apprentice) is indexed to the minimum wage in proportion to the hours worked (180 hours/month). Trainees currently receive an amount corresponding to 2.94 minimum wages, proportional to the hours worked (180 hours/month). ABC Brasil has the practice of readjusting the remuneration of this public with the same percentage defined in the collective agreements of the banking sector, thus maintaining a competitive pay with the market and seeking to attract the best talent. In both situations, remuneration is identical for all genders.

Legal actions for anti-competitive behavior, anti-trust, and monopoly practices [GRI 206-1 | SASB FN-CB-510A.1]

	Unit	2019	2020	2021	2022
Number of legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust and monopoly legislation	Qty	0	0	0	0

New employee hires and employee turnover [GRI 401-1]

Total number and rate of new employee hires, broken down by gender

Gender	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
Men	94	26	105	25	211	43	273	42
Women	42	22	30	14	110	45	134	42
Other*	0	0	0	0	0	0	0	0
Not informed	0	0	0	0	0	0	0	0

\* Gender as specified by the employees themselves.

Total number and rate of new employee hires, broken down by region

Region	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
North	0	0	0	0	0	0	0	0
Northeast	2	104	2	56	4	62	2	24
Central - West	3	49	1	13	8	91	5	38
Southeast	125	24	122	21	297	43	385	43
South	6	30	10	35	12	32	15	33
Overseas	0	0	0	0	0	0	0	0

1. New hire rate = sum of annual admissions / average annual headcount
2. Turnover rate = sum of annual layoffs / average annual headcount.



Total number and rate of new employee hires, broken down by age gap

Hires by age gap	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
Under 30s	54	51	55	46	117	78	125	59
From 30 to 50 years old	81	21	75	17	191	38	269	42
Over 50s	1	2	5	8	13	16	13	12

Total number and rate of layoffs, broken down by region

Region	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
North	0	0	0	0	0	0	0	0
Northeast	0	0	0	0	1	15	1	12
Central - West	0	0	1	13	5	57	3	23
Southeast	101	19	75	13	154	23	153	17
South	0	0	5	17	2	5	8	18
Overseas	0	0	0	0	0	0	0	0

Total number and rate of layoffs, broken down by gender

Gender	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
Men	57	16	63	15	106	22	114	18
Women	44	23	18	9	56	23	51	16
Other*	0	0	0	0	0	0	0	0
Not informed	0	0	0	0	0	0	0	0

\* Gender as specified by the employees themselves.

Total number and rate of layoffs, broken down by age gap

Hires by age gap	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
Under 30s	27	26	16	13	48	32	42	20
From 30 to 50 years old	61	16	55	12	103	20	113	18
Over 50s	13	21	10	16	11	13	10	9

Work accidents [GRI 403-9] <sup>1</sup>

Number of occurrences recorded among all employees

	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
Deaths resulting from accidents at work	0	0	0	0	0	0	0	0
Accidents at work with serious consequences (except deaths)	0	0	0	0	0	0	0	0
Accidents ar work that require immediate report	0	0	0	0	0	0	0	0

1. Indicator considers the control of accidents at work for employees and non-employee workers.

Occupationaly acquired diseases [GRI 403-10]

Number of occurrences recorded among all employees

	2019		2020		2021		2022	
	Qty	%	Qty	%	Qty	%	Qty	%
Cases of deaths resulting from Occupationalu Acquired Diseases	0	0	0	0	0	0	0	0
Cases of accidents at work with serious consequences (except deaths)	0	0	0	0	0	0	0	0
Cases of the main types of occupational diseases	-	-	-	-	-	-	-	-

Ratio of total annual remuneration [GRI 2-21]

	Unidade	2022
Ratio of the organization's highest-paid individual's total annual compensation to the average annual total compensation of all employees	%	1,045
Ratio of the highest-paid individual's percentage increase to the average percentage increase in total annual compensation of all employees	%	829

Ratio between the base salary and remuneration received by women and those received by men for each category, by relevant operating units

[GRI 405-2]

	2019	2020	2021	2022
Executives*	-	-	-	-
Directors	0.78	0.85	0.95	0.82
Superintendents	0.83	0.88	1.12	0.79
Managers	0.99	0.96	0.84	0.82
Coordinators	0.92	0.95	0.86	0.88
Specialists	0.77	0.81	0.94	1.05
Comercial	0.59	0.78	0.80	0.79
Administrative & Operational SR	0.89	0.92	0.92	0.97
Administrative & Operational REG	0.97	0.98	1.02	1.09
Administrative & Operational JR	1.17	1.05	1.08	1.01
Administrative & Operational Assist	1.04	1.13	1.09	1.11

\* There are no women in Executive positions.



Diversity in Governance Bodies and Employees

[GRI 405-1]

[SASB FN-IB-330A.1 ]]

Percentage of employees by category, broken down by gender\*

	2019				2020				2021				2022			
	WOMEN		MEN		WOMEN		MEN		WOMEN		MEN		WOMEN		MEN	
	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%
Executives	0	0	8	100	0	0	8	100	0	0	7	100	0	0	7	100
Directors	2	8	22	92	2	10	18	90	2	10	18	90	3	13	20	87
Superintendents	4	12	30	88	2	6	33	94	3	7	38	93	3	7	39	93
Managers	14	32	30	68	14	26	39	74	19	26	53	74	22	26	63	74
Coordinators	7	24	22	76	8	26	23	74	16	38	26	62	17	34	33	66
Comercial	26	20	106	80	32	22	112	78	43	25	132	75	49	22	177	78
Specialists	10	21	37	79	14	26	39	74	15	23	50	77	32	27	88	73
Administrative & Operational SR	26	37	44	63	25	30	59	70	44	34	85	66	59	32	123	68
Administrative & Operational REG	30	54	26	46	32	52	30	48	40	49	41	51	50	48	55	52
Administrative & Operational JR	23	39	36	61	31	46	37	54	33	36	59	64	58	46	68	54
Administrative & Operational Assist	54	66	28	34	50	62	31	38	56	67	27	33	61	72	24	28
TOTAL	196	34	389	66	210	33	429	67	271	34	536	66	354	34	697	66

\* Gender as specified by the employees themselves.

1. The managing partner is counted in the total number of employees.

Percentage of employees by category, broken down by ethnicity

	2019										2020									
	ASIAN		WHITE		BLACK		INDIGENOUS		NOT INFORMED		ASIAN		WHITE		BLACK		INDIGENOUS		NOT INFORMED	
	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%
Executives	0	0	8	100	0	0	0	0	0	0	0	0	8	100	0	0	0	0	0	0
Directors	1	4	23	96	0	0	0	0	0	0	1	5	19	95	0	0	0	0	0	0
Superintendents	0	0	33	97	1	3	0	0	0	0	0	0	34	97	1	3	0	0	0	0
Managers	1	2	41	93	2	5	0	0	0	0	1	2	49	92	3	6	0	0	0	0
Coordinators	0	0	26	90	3	10	0	0	0	0	0	0	27	87	4	13	0	0	0	0
Comercial	0	0	121	92	11	8	0	0	0	0	2	1	129	90	13	9	0	0	0	0
Specialists	0	0	45	96	2	4	0	0	0	0	0	0	48	91	5	9	0	0	0	0
Administrative & Operational SR	0	0	62	89	8	11	0	0	0	0	0	0	71	85	13	15	0	0	0	0
Administrative & Operational REG	3	5	48	86	5	9	0	0	0	0	3	5	52	84	7	11	0	0	0	0
Administrative & Operational JR	0	0	47	80	12	20	0	0	0	0	1	1	55	81	12	18	0	0	0	0
Administrative & Operational Assist	2	2	67	82	13	16	0	0	0	0	1	1	67	83	13	16	0	0	0	0
TOTAL	7	1	521	89	57	10	0	0	0	0	9	1	559	87	71	11	0	0	0	0

	2021										2022									
	ASIAN		WHITE		BLACK		INDIGENOUS		NOT INFORMED		ASIAN		WHITE		BLACK		INDIGENOUS		NOT INFORMED	
	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%
Executives	0	0	7	100	0	0	0	0	0	0	0	0	7	100	0	0	0	0	0	0
Directors	1	5	19	95	0	0	0	0	0	0	1	4	22	96	0	0	0	0	0	0
Superintendents	0	0	40	98	1	2	0	0	0	0	0	0	41	98	1	2	0	0	0	0
Managers	1	1	63	88	8	11	0	0	0	0	1	1	75	88	9	11	0	0	0	0
Coordinators	0	0	37	88	5	12	0	0	0	0	0	0	42	84	8	16	0	0	0	0
Comercial	3	2	154	88	18	10	0	0	0	0	4	2	205	91	17	8	0	0	0	0
Specialists	0	0	60	92	5	8	0	0	0	0	1	1	106	88	13	11	0	0	0	0
Administrative & Operational SR	4	3	104	81	21	16	0	0	0	0	4	2	134	74	44	24	0	0	0	0
Administrative & Operational REG	2	2	65	80	14	17	0	0	0	0	2	2	79	75	24	23	0	0	0	0
Administrative & Operational JR	2	2	78	85	12	13	0	0	0	0	2	2	105	83	19	15	0	0	0	0
Administrative & Operational Assist	1	1	66	80	16	19	0	0	0	0	1	1	68	80	16	19	0	0	0	0
TOTAL	14	2	693	86	100	12	0	0	0	0	16	2	884	84	151	14	0	0	0	0



Percentage of employees by category, broken down by age gap

	2019						2020						2021						2022					
	<30		> 50		30 - 50		<30		> 50		30 - 50		<30		> 50		30 - 50		<30		> 50		30 - 50	
	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%
Executives	0	0	4	50	4	50	0	0	6	75	2	25	0	0	6	86	1	14	0	0	7	100	0	0
Directors	0	0	6	25	18	75	0	0	4	20	16	80	0	0	6	30	14	70	0	0	6	26	17	74
Superintendents	0	0	6	18	28	82	0	0	6	17	29	83	0	0	7	17	34	83	0	0	12	29	30	71
Managers	1	2	4	9	39	89	0	0	8	15	45	85	2	3	14	19	56	78	2	2	15	18	68	80
Coordinators	1	3	3	10	25	86	2	6	4	13	25	81	3	7	3	7	36	86	4	8	2	4	44	88
Comercial	27	20	5	4	100	76	26	18	5	3	113	78	28	16	10	6	137	78	43	19	17	8	166	73
Specialists	5	11	2	4	40	85	4	8	3	6	46	87	7	11	5	8	53	82	12	10	7	6	101	84
Administrative & Operational SR	9	13	5	7	56	80	12	14	4	5	68	81	17	13	6	5	106	82	26	14	12	7	144	79
Administrative & Operational REG	15	27	3	5	38	68	14	23	3	5	45	73	27	33	4	5	50	62	42	40	8	8	55	52
Administrative & Operational JR	29	49	7	12	23	39	41	60	6	9	21	31	65	71	5	5	22	24	77	61	5	4	44	35
Administrative & Operational Assist	23	28	4	5	55	67	24	30	5	6	52	64	22	27	7	8	54	65	21	25	9	11	55	65
TOTAL	110	19	49	8	426	73	123	19	54	8	462	72	171	21	73	9	563	70	227	22	100	10	724	69

# Summary of GRI Indicators

Banco ABC Brasil S.A. reported in accordance with the GRI Standards for the period January 1 to December 31, 2022.

GRI 2: General Disclosures		Location (Page)
The organization and its reporting practices		
2-1	Organization details	11, 12, 20
2-2	Entities included in the report of organization sustainability	5
2-3	Reporting period, frequency and contact point	5, 114
2-4	Information restatements	The following indicators were reformulated in 2022: 302-1 (Energy consumption within the organization), 401-1 (New hirings and employee turnover), 401-3 (Maternity/paternity leave), 404-1 (Average hours of training per year, per employee), 404-3 (Percentage of employees who receive regular performance and career development evaluations) and 405-2 (Ratio between the base salary and remuneration received by by women and those received by men).
2-5	External verification	5, 23, 113
Activities and employees		
2-6	Activities, value chain and other business relationships	11, 45, 71
2-7	Employees	8, 73, 76
2-8	Workers who are not employees	8, 73, 76
Governance		
2-9	Governance structure and its composition	8, 20, 21, 23
2-10	Nomination and selection for the highest governance body	21
2-11	President of the highest governance body	29
2-12	Role played by the highest governance body in supervising the management of impacts	7, 88
2-13	Delegation of responsibility for the management of impacts	20
2-14	Role played by the highest governance body in sustainability reporting	7

GRI 2: General Disclosures		Location (Page)
2-15	Conflicts of interest	8, 29
2-16	Communicating critical concerns	21
2-17	Collective knowledge of the highest governance body	91
2-18	Evaluating the performance of the highest governance body	8, 24
2-19	Compensation policies	24
2-20	Process for determining compensation	23
2-21	Proportion of annual total compensation	8, 106
Strategy, policies and practices		
2-22	Declaration on sustainable development strategy	4
2-23	Policy commitments	8, 14, 25, 26
2-24	Incorporation of policy commitments	25
2-25	Processes for repairing negative impacts	32
2-26	Mechanisms for counseling and raising concerns	8, 25, 26, 31, 32
2-27	Compliance with laws and regulations	32
2-28	Participation in associations	19
Stakeholder engagement		
2-29	Approach to stakeholder engagement	7
2-30	Collective Bargaining Agreements	73
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	8, 45, 47, 48, 49, 50, 51, 52, 53
201-4	Financial support received from the government	Not applicable - ABC Brasil does not receive financial support from the Government



GRI 202: Market Presence

Location (Page)

202-1	Proportion between the lowest wage and the local minimum wage, classified by gender	8, 104
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GRI 203: Indirect Economic Impacts

203-1	Investments in infrastructure and service support	8, 100
203-2	Significant indirect economic impacts	8, 92

GRI 204: Purchasing Practices

204-1	Proportion of expenses with local suppliers	8, 71
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GRI 205: Combating Corruption

205-1	Operations assessed for risks related to corruption	8, 27, 28, 40
205-2	Communication and training on anti-corruption policies and procedures	8, 103
205-3	Confirmed incidents of corruption and actions taken	In 2022 there were no recorded cases of corruption involving employees and business partners that motivated dismissal and contracts terminated or not renewed. There were also no lawsuits against ABC Brasil motivated by corruption cases

GRI 206: Unfair Competition

206-1	Lawsuits for unfair competition, trust and monopoly practices	8, 104
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GRI 207: Taxes

207-1	Tax approach	8, 31
207-2	Governance, control and fiscal risk management	8, 20, 31

GRI 302: Energy

Location (Page)

302-1	Energy consumption within the organization	
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GRI 303: Water and Effluents

303-5	Water consumption	99
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GRI 305: Emissions

305-1	Direct emissions (Scope 1) of greenhouse gases (GHG)	8, 98
305-2	Indirect emissions (Scope 2) of greenhouse gases (GHG) from the acquisition of energy	8, 98
305-3	Other indirect emissions (Scope 3) of greenhouse gases (GHG)	8, 98
305-4	Intensity of greenhouse gases (GHG) emissions	8, 98
305-5	Reduction of greenhouse gases (GHG) emissions	Not applicable - By 2022 ABC Brasil did not have projects or initiatives regarding GHG Emissions

GRI 306: Waste

306-3	Generated waste	99
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GRI 308: Environmental Assessment of Suppliers

308-1	New suppliers selected based on environmental criteria	8, 71, 72
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GRI 401: Employment

401-1	New hires and employee turnover	8, 73, 104
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not applicable - ABC Brasil does not have temporary or part-time employees
401-3	Maternity/paternity leave	8, 74, 82

GRI 403: Occupational Health and Safety

Location (Page)

403-6	Promotion of employee's health	8, 83
403-9	Work accidents	8, 106
403-10	Occupational diseases	8, 106

GRI 404: Training and Education

404-1	Average hours of training per year, per employee	8, 79, 81
404-3	Percentage of employees receiving regular performance and career development reviews	8, 77, 78

GRI 405: Diversity and Equal Opportunities

405-1	Diversity in governance bodies and employees	8, 84, 100, 107
405-2	Ratio between the base salary and compensation received by women and those received by men	8, 84, 100, 106

GRI 406: Non-Discrimination

406-1	Cases of discrimination and corrective actions taken	No cases of discrimination have been reported in the last 3 years.
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GRI 407: Freedom of Association and Collective Bargaining

407-1	Operations and suppliers where the right to freedom of association and collective bargaining may be at risk	73
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GRI 408: Child Labor

408-1	Operations and suppliers with significant risk of child labor cases	38, 40
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GRI 409: Forced Labor or Slave-like Labor

409-1	Operations and suppliers with significant risk of cases of forced labor or slave-like labor	38, 40
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GRI 414: Social Assessment of Suppliers

414-1	New suppliers selected based on social criteria	8, 71, 72
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GRI 415: Public Policies

415-1	Political contributions	Location (Page)  Legal prohibitions - In compliance with Law No. 9.096 and ADI 4.650, ABC Brasil does not make donations to political parties.
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GRI 417: Marketing and Labeling

417-1	Requirements for information and labeling of products and services	8, 69
417-2	Cases of non-compliance regarding product and service information and labeling	In 2022, there were no cases of non-compliance regarding information and labeling of products and services.
417-3	Cases of non-compliance regarding marketing communication	In the last 3 years there have been no cases of non-compliance related to marketing communications.

GRI 418: Client Privacy

418-1	Substantiated complaints regarding breaches of privacy and loss of client data	8, 63, 64
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GRI 3: Material Topics

3-1	Process for determining material topics	5, 7
3-2	List of material topics	7, 8
3-3	Management of material topics	
	Attraction, development and care of human capital	77, 79
	Good corporate governance practices	20
	Sustainable and impactful business	92
	Client relationship and satisfaction	67, 69
	Ethics, transparency and integrity	25
	Innovation and digital transformation	61
	Commitment to social development and human rights	77, 79, 100
	Diversity and inclusion	84
	Data privacy and security	63
	Social and environmental aspects in risk management	38, 40
	Climate change: adaptation and mitigation	97



# Summary of SASB Indicators

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

Topic	Indicator	Description	Location (page)
Data Security	FN-CB-230a.2	Description of the approach to identify and address data security risks	63, 64
Employee Diversity and Inclusion	FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management (2) non-executive management (3) technical positions (4) all other employees	107
Incorporation of ESG in credit analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by sector	50
Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, negligence, or other laws or regulations related to the financial sector	32, 104
Business Ethics	FN-CB-510a.2	Description of the whistleblower policies and procedures	32
Activity Metric	FN-CB-000.B	Number of loans, by segment: (a) individuals (b) small companies (c) corporate - Amount of loans, by segment: (a) individuals (b) small companies (c) corporate	11, 47

# Independent auditors' limited assurance report on the non-financial information contained in the Annual Sustainability Report [GRI 2-5]

To  
Shareholders, Directors and Management of  
**BANCO ABC BRASIL S/A**  
São Paulo - SP

## Introduction

We have been engaged by BANCO ABC BRASIL S/A (“Bank”) to present our limited assurance report on the holding’s non-financial information contained in Bank’s 2022 Annual Sustainability Report (“Report”), for the year ended December 31, 2022.

Our limited assurance does not extend to prior period information or any other information disclosed in conjunction with the Report, including any embedded images, audio files or videos.

## Responsibilities of Bank’s management

Bank’s management is responsible for:

- Select and establish appropriate criteria for preparing the information contained in the Report;
- Prepare information in accordance with the criteria and guidelines of the Global Reporting Initiative (“GRI Standards”) and Sustainability Accounting Standards Board (“SASB”);

- Design, implement and maintain internal control over the relevant information for the preparation of the indicators contained in the Report, which are free from material distortion, regardless of whether caused by fraud or error.

## Responsibility of the independent auditors

Our responsibility is to express a conclusion on non-financial information contained in the Report, based on the limited assurance work carried out in accordance with Technical Communication CTO 07 - Limited Assurance Engagements regarding the non-financial information contained in the Integrated Report issued by the CFC, and based on NBC TO 3000 - Non-Audit Assurance Work and Review, also issued by the CFC, which is equivalent to the international standard ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information, issued by the International Auditing and Assurance Standards Board (IAASB). These standards require the auditor to comply with ethical requirements, independence and other responsibilities related to it, including the application of the Brazilian Quality Control Standard (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and procedures on meeting ethical requirements, professional standards, and applicable legal and regulatory requirements.

Additionally, the aforementioned standards require that the work be planned and executed with the objective of obtaining limited assurance that the non-financial information disclosures contained in the Report, taken as a whole, are free of material distortions.



A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists primarily of inquiries to management and other Bank professionals who are involved in preparing the information, as well as the application of analytical procedures to obtain evidence that make it possible to conclude, in the form of a limited assurance, on the information taken as a whole. A limited assurance work also requires the execution of additional procedures, when the independent auditor becomes aware of matters that lead him to believe that the indicators disclosed in the Report, taken as a whole, may present material distortions.

The selected procedures were based on our understanding of the aspects related to the compilation, materiality and presentation of information contained in the Report, other circumstances of the work and our consideration of areas and processes associated with the material information disclosed in the Report, in what material misstatements could exist. The procedures comprised, among others:

- a) othe planning of the work, considering the relevance, the volume of quantitative and qualitative information and the operational systems and internal controls that served as a basis for the preparation of indicators contained in the Report;
- b) understanding the calculation methodology and procedures for compiling indicators through inquiries with the managers responsible for preparing the information;
- c) the application of analytical procedures on the quantitative information and inquiries about the qualitative information and its correlation with the indicators contained in the Report;
- d) for cases in which the indicators correlate with indicators of a financial nature, the confrontation of these indicators with the financial statements and/or accounting records.

The limited assurance work also included adherence to the guidelines and criteria of the GRI Standards and SASB applicable in the preparation of the indicators contained in the Report.

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

## Scope and limitations

Procedures performed in limited assurance engagements vary in nature and timing and are less extensive than in reasonable assurance engagements. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less than that which would have been obtained if a reasonable assurance engagement had been performed. If we had carried out a reasonable assurance work, we could have identified other matters and possible distortions that may exist in the indicators contained in the Report. Accordingly, we do not express an opinion on this information.

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

The preparation and presentation of sustainability indicators followed the GRI Standards and SASB, therefore, do not have the objective of ensuring compliance with social, economic, environmental or engineering laws and regulations. The aforementioned standards provide, however, for the presentation and disclosure of any non-compliance with such regulations when sanctions or significant fines occur. Our assurance report must be read and understood in this context, inherent to the selected criteria (GRI Standards and SASB).

## Other matters:

On May 10th 2023, we issued a limited assurance report stating that the non-financial indicators related to GRI 305 - GHG Emissions were not within the scope of our limited assurance engagement, and therefore, we did not perform any limited assurance procedures on the non-financial information contained in the Bank's integrated report at that time. Subsequently, we gained access to and reviewed material values and evidence regarding emissions results related to the mentioned indicator group. As a result, the qualification related to this matter, included in our previously issued report, is no longer necessary, and therefore, our new report, which replaces the previous one, does not contain any modifications.

## Conclusion

Based on our performed procedures and the evidence obtained, nothing has come to our knowledge that leads us to believe that the non-financial information included in the Report for the year ended December 31, 2022 of the Bank was not prepared, in all material aspects, in accordance with the criteria and guidelines of the Global Reporting Initiative - GRI ("GRI - Standards") and the Sustainability Accounting Standards Board ("SASB").

São Paulo (SP), May 25th, 2023.

### Ernst & Young

Auditores Independentes S/S Ltda.  
CRC SP- 034519/O

Leonardo Masseli Dutra  
Sustainability Partner

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## Expedient

### Overall Coordination

Banco ABC Brasil – Sustainability Department

### Consultancy, Collection and Analysis of Indicators, Technical Content

Key Associados Consulting and Training

### Content

Casa Azul Conteúdo e Design para Sustentabilidade

### Design

PageOne Design e Comunicação





