



SOCIAL AND ENVIRONMENTAL RISK FRAMEWORK POLICY - PRSA

1. Objective

The Policy, hereinafter referred to as PRSA, establishes the framework for social and environmental risk management, by means of guidelines, roles and responsibilities adopted for managing this risk, under the terms of CMN Resolution 4.327, of April 25, 2014, published by the National Monetary Council (CMN), in the Banco Safr Prudential Conglomerate, hereinafter referred to as SAFRA.

2. Guidelines

The PRSA shall:

- Contain principles and guidelines that drive the actions of social and environmental nature in businesses and relationship with stakeholders¹;
- Set out the guidelines on strategic actions related to its governance, including for purposes of managing social and environmental risk, as described in the chapter "Operational Risk Management Framework", of this document;
- Be subject to evaluation annually by the executive management and board of directors of SAFRA, or whenever it is amendment.

SAFRA designated the Officer responsible for the compliance with the PRSA and, additionally:

- Assures that the PRSA is updated and internally and externally disclosed;
- Maintain documentation related to the PRSA at the disposal of the Brazilian Central Bank.

2.1 Scope

The following are subject to the PRSA:

- The institutions belonging to SAFRA according to the effective structure;
- The companies that provide material outsourced services for the operation of SAFRA and their employees;
- The employees of SAFRA, regardless of their jobs or duties.

2.2 Definitions CMN Resolution 4.327/14

Social and Environmental Risk

Possibility of incurring losses arising from social and environmental damages. The social and environmental risk shall be identified as a component of several risk modalities to which SAFRA is exposed.

Principle of Materiality

Level of exposure to the social and environmental risk of the activities and operations of SAFRA.

¹ Stakeholders are the customers and users of the products and services offered by the institution, the internal community of the organization, and other persons who, according to the institution's evaluation, are impacted by its activities.



Principle of Proportionality

Compatibility of the PRSA with the nature of SAFRA and the complexity of its activities and its financial services and products.

2.3 Social and Environmental Evaluation in the Institution

2.3.1 Excluded activities

SAFRA, according to its values and principles based on the respect for human rights and in the interest of employees, customers, non-customers and the society at large, follows the guideline of restrict and not maintaining any kind of business and/or finance relationship with organizations (or its subsidiaries, whichever their activities) regardless of their field of activity or the sectors to which they belong (provided that the fact is in public domain, and based on consistent and verifiable criteria and information):

- Exploitation of child labour in breach of the cases allowed in the current Brazilian legislation;
- Sexual exploitation or activity that imply the fostering, taking advantage of or impeding anyone from abandoning prostitution;
- Human trafficking;
- Production, trade and distribution activities of chemical or biological weapons, nuclear weapons, ammunition containing uranium;
- Predatory fishing.

2.3.2 Excluded sectors

- Extraction, industrialization and trading of asbestos;
- Vegetal coal production / native forests.

2.3.3 Social and environmental exclusion list

No relationship shall be maintained with a counterparty, either natural or legal person, that is included in the following public lists:

- Slavery (Record of Employers that have submitted workers to conditions analogous to slavery, published by the Ministry of Economy, Labour Department);
- Corruption (National Record of Punished Companies (CNEP) and Record of Federal Administration Expulsion (CEAF), if caused by corruption, posted on the Transparency Portal of the Comptroller-General of the Union (CGU);
- Administrative Improbability (internal administrative improbity database).

2.3.4 Restrictions for rural credit

Also, particularly for rural credit operations, no credit shall be granted (observing the conditions and exceptions established in Section 9 of the Rural Credit Manual (MCR) of the Central Bank of Brazil, according to BCB Res. 140/2021) to the following:



- producers without Rural Environment Registry (CAR) or with irregular CAR;
- ventures that are fully or partially within:
 - Conservation Unit;
 - indigenous lands;
 - lands occupied by or titled as remaining black communities (*comunidades remanescentes de quilombos*).
- ventures located at the Amazon Biome:
 - located at a property which IBAMA is currently seizing;
 - in funding to the National Agrarian Reform Program (PNRA), to the applicant for rural credit who is current blacklisted due to illegal deforestation practice, according to the records of the National Institute for Colonization and Agrarian Reform (INCAR).

If required, to be defined by the Rural Credit area, the Social and Environmental Risk area may be consulted about a second opinion on a transaction in analysis.

2.3.5 Consultative public lists of social and environmental risk

Additionally, there is monitoring of customers that give indications of social and environmental risks through flags raised during consultation, due to seizures by IBAMA, not-for-profit entities impeded from working with the Public Administration, companies not in good standing and suspended companies impeded from working with the Public Administration and leniency agreements and discredited media. These are the following:

- Record of Companies Not In Good Standing and Suspended Companies (CEIS) posted on the Transparency Portal of the Comptroller-General of the Union (CGU);
- Record of Impeded Not-for-Profit Entities (CEPIM), posted on CGU's Transparency Portal.
- Leniency Agreement List; posted on CGU's Transparency Portal;
- List of Seizures, published by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA);
- News Clipping Database.

The customer risk evaluations are made at the beginning of the relationship, upon each new transaction, renewal of contract and transaction, and during the lifecycle of the transaction in the Institution.

2.4 Socio and environmental risk at the beginning of the relationship with the client

All clients, Natural or Legal Entities, both at the beginning of their relationship with SAFRA, as well as in contracts for new operations and / or credit renewals, undergo a socio and environmental risk assessment - RSA, which is based on the registration of the existence of information in public lists above mentioned.

When there is an identified social and environmental risk, the case is submitted to the socio and environmental Risk area for evaluation and opinion, and can be



recommended not to start the relationship with the client due to the evidence of signs of social and environmental risk that have high exposure.

2.5 Socio and environmental risk in customer monitoring

As a way of preventing socio and environmental risk, SAFRA systematically monitors customers who show signs of socio-environmental risk after starting the relationship with the Institution. When there are identified signs, it is recommended to leave the client's risk due to the evidence of signs of social and environmental risk that has high exposure.

2.6 Socio and environmental Risk in Formalizing Operations and Supplier Contracts

In the contracts credit operations contracts, with critical suppliers and / or any other interested party, the Institution's standard Social and Environmental Risk clause is applied, which contains the following statements:

- Respect for the labor legislation and the environmental legislation in force in Brazil;
- Absence of definitive condemnation in the judicial or administrative sphere for: (a) labor issues involving work in a condition analogous to that of slave labor and / or child labor, or (b) crime against the environment;
- Compliance of activities and properties with Brazilian environmental legislation; and
- Possibility, when applicable, of anticipation of the Contract if the supervenience of a final judicial or administrative decision, recognizing the practice, by the CLIENT, of the acts previously indicated.

Any type of change in the standard social and environmental risk clause will be submitted for evaluation by social and environmental risk team.

2.7 Socio and environmental risk in the evaluation of real estate guarantees

The Real Estate Guarantee Valuation area will evaluate:

- Environmental Reports with confirmatory analysis of soil and water;
- Possible signs of contamination in properties / areas used as guarantees through the Survey of Indications of Contamination (LIC);
- The presence of real estate guarantees, through geolocation, in possible areas of environmental and / or indigenous preservation and with sanctions at IBAMA.

In case of identification of high exposure socio and environmental risk, the operation may not be carried out.

2.8 Socio and environmental risk in product evaluation

SAFRA assess in advance the potential negative social and environmental impacts of new types of products and services, including in relation to reputation risk.



2.9 Socio and environmental risk in the assessment of suppliers

SAFRA assess the potential negative social and environmental impacts of new suppliers in the supplier approval process, including in relation to reputation risk.

2.10 Governance

SAFRA shall maintain a governance framework compatible with its size, business nature, complexity of the offered services and products, as well as its activities, adopted processes and systems, to assure the fulfillment of the PRSA guidelines and objectives.

The governance framework shall provide conditions for performing the following activities, in the scope of the PRSA:

- Implement actions;
- Monitor the fulfillment of the implemented actions;
- Evaluate the effectiveness of the implemented actions;
- Verify the adequacy of the established social and environmental risk management;
- Identify possible deficiencies in the implementation of actions.

The attribution to monitor and evaluate the PRSA, being also able to propose improvements, is a responsibility of the Operational Risk Management and Compliance Committee (CGROC), a delegated committee of the Executive Board.

2.11 Social and Environmental Risk Management Framework

The Social and Environmental Risk area is an independent Control Unit (UC), subordinated to the Operational Risks Board, segregated from the unit that performs the internal audit activity, and is responsible for meeting the requirements from the CMN Resolution 4.327, of April 25, 2014 on: the need to implement actions within the scope of PRSA, as well as for the preparation, dissemination and maintenance of PRSA; and establish specific risk assessment criteria and mechanisms when carrying out operations related to economic activities with the greatest potential to cause social and environmental damage.

Procedures for the identification, classification, evaluation, monitoring, mitigation and control of social and environmental risk may also be adopted in other SAFRA risk management structures.

The social and environmental risk management of SAFRA shall consider the following:

- Systems, routines and procedures that enable the identification, classification, assessment, monitoring, mitigation and control of the social and environmental risk existing in the activities and operations of SAFRA;
- Record of data related to actual losses in view of the social and environmental damages, for a minimum period of five years, including amounts, type, location and economic sector of the operation;
- Procedures for adjusting the social and environmental risk management to the legal, regulation and market changes.



The social and environmental risk management framework is hereinafter referred to as FRAMEWORK, with an annual reassessment period by the SAFRA Board of Directors.

The FRAMEWORK comprises the following:

2.11.1. Board of Directors and Executive Management

- Establish guidelines for the management of socio-environmental risk;
- Annually review and approve PRSA and its respective action plan (if any);
- Establish the SAFRA's Social and Environmental Risk appetite levels in the RAS and review them through the Superior Risk Committee and CGROC;
- Authorize, when necessary, exceptions to policies, procedures, limits and possible extrapolations and to the levels of appetite for Social and Environmental Risk established in the RAS, through the Superior Risk Committee and CGROC.

2.11.2. Executive Board:

- Review and approve the PRSA annually.

2.11.3. Superior Risk Committee:

- Propose recommendations to the Board of Directors on the Socio and Environmental Risk management policies, strategies and limits;
- Assess the levels of appetite for Socio and Environmental Risk established in the RAS.

2.11.4. Operational Risk and Compliance Management Committee (CGROC)

- Exercise its responsibility as a guiding and decision-making forum for matters relating to the management of socio-environmental risk in SAFRA;
- Treat socio-environmental risk as a distinct category of risk to be managed, in its deliberations;
- Supervise the activities and evaluate the works of the Socio and Environmental Risk area related to the management of socio-environmental risk;
- Evaluate the effectiveness of the actions implemented and the internal controls in face of socio and environmental risk, including regarding compliance with legal provisions and regulations applicable to SAFRA, in addition to internal regulations and codes;
- Submit to the Superior Risk Committee, through the GIR Kit, significant changes and / or exceptions, in SAFRA's policies and strategies, as well as in its systems, routines and procedures, in addition to any extrapolations to the established Social and Environmental Risk appetite levels in the RAS.

2.11.5. Appointed Officer:

- Manage the social and environmental risk management program of SAFRA;
- Understand and be informed about the main social and environmental risks incurred by SAFRA;
- Verify the adequacy of the social and environmental risk management established in the PRSA;
- Annually revise and submit the PRSA, for the approval from the superior levels; and



- Evaluate and approve the social and environmental risk management practices of the Operational Risk area that are conducted and implemented in compliance with legal provisions, as well as the strategies of SAFRA.

2.11.6. Social and Environmental Risk Area:

- Acting as responsible for the development of social and environmental risk management activities;
- Support the appointed director and other instances with information on socio and environmental risk management;
- Keep PRSA updated, and submit it to the nominated director for review;
- Review PRSA on a regular basis;
- Make PRSA accessible to all employees, publishing it on the SAFRA intranet, after due approvals;
- Regularly review the FRAMEWORK, and forward it to the nominated director for review;
- Participate in the Products Committee supporting the areas on the risks involved in the launch of new products or in the revaluation of existing products;
- Implement the socio and environmental risk management structure and its Policy, in compliance with CMN Resolution No. 4.327, of April 25, 2014;
- Implement, maintain and disseminate a structured process of communication and information on socio-environmental risks;
- Propose and implement guidelines for the management of socio-environmental risk;
- Monitor and monitor the appetite for socio and environmental risk defined in the RAS and execute any action plans requested by the Superior Risk Committee and the CGROC;
- Develop formalized processes and procedures for the management of socio and environmental risk;
- Propose the termination of relationship in proven cases of high exposure to socio-environmental risk;
- Disseminate the culture of socio and environmental risk management at SAFRA.
- Monitor the effectiveness of controls against socio and environmental risk, in order to ensure adherence to the current resolution.

2.11.7. Other areas:

In addition, the following areas, among other activities, carry out the following related to Social and Environmental Risk:

- Registration validation;
- Rural Credit;
- Real estate guarantees.

The Socio and environmental Risk area has a consultative role and supports the areas mentioned above.



2.12. Financial Inclusion

SAFRA provide products and services with an inclusive character, through the segments of Finance, AgZzero, Safrapay and Safrainvest, especially linked to credit, investments and insurance, which serve the population of all social classes and smaller companies. In addition, SAFRA provides accessibility in its branches and also makes its services available on digital platforms.

2.13. Training

SAFRA train all Conglomerate employees on its Socio and Environmental Responsibility Policy, regardless of their position or function.

2.14. Transparency

In order to promote transparency and quality of service, SAFRA provide communication channels that allow anonymous registration of matters related to customers and interested parties.

2.15. Society

SAFRA contributes to the development of society in the most diverse areas: social inclusion, health, culture, education, sports, among others.

3. Other Guidelines

The actions towards the adequacy of the organizational and operational structure of SAFRA, as well as of the routines and procedures will be contained in the action plan, according to the guidelines of CMN Resolution 4.327, of April 25, 2014.

The PRSA and respective action plan (if any) shall be approved by the executive management and board of directors, assuring the appropriate integration with the other policies of SAFRA, such as those of credit, human resources management and risk management.

The limits and procedures aimed at maintaining the exposure to social and environmental risks shall be in compliance with the Risk Appetite Statement (RAS), observing the senior management guidelines.

4. Approval level plan

Social and Environmental Risk Area is responsible for the management of PRSA, which is responsible also for knowing and dealing with matters pertinent to the mitigation of social and environmental risk in the institution, as well as the discussion of changes in the Policy that may be necessary. If there is a need for a hierarchical decision in relation to matters relating to PRSA, and in particular to restrictive (impeding) and advisory (non-impeding) brands associated with clients, the following plan of action will be addressed:

- Restrictive social environmental risk mark for Slave Labor: Chief Risk Officer, Credit Bi PF / Financ / Consig Executive Director, Sustainability/ESG Director;



- Restrictive social environmental risk mark due to Administrative Corruption or Improbability: Chief Risk Officer and social_environmental Risk Director and Sustainability/ESG Director;
- Operations involving prohibited sectors of activities: Chief Risk Officer, Credit Bi PF / Financ / Consig Executive Director, Sustainability/ESG Director;
- Consultative marks, regardless of the reason: Social and Environmental Risk Director and the General Superintendent of Social and Environmental Risk.

All the aforementioned jurisdictions must involve the Social and Environmental Risk area, which will issue an opinion considering the situation and documentation presented and consult the technical area in question, if applicable.

Any change to this document requires board evaluation and approval. In addition, the Board of Directors must also annually review and approve this document.

5. Commitments

The institution undertakes, if due to its activities or business it identifies breaches of the precepts contemplated in this Policy, to seek to minimize and repair, in a timely manner, the impacts observed.

This policy is in line with the Corporate Human Rights Policy and the Institution's Credit Policies.

6. External regulation

CMN Resolution 4.327, of April 25, 2014, published by the National Monetary Council (CMN).

CMN Resolution 4.557, of February 23, 2017, published by the National Monetary Council (CMN).

SELF-REGULATION - SARB 14, of August 28, 2014, published by FEBRABAN.

CMN Resolution 140, of September 15, 2021, published by the Brazilian Central Bank (BCB).

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