



CNF AND ESG POLICY IN FINANCIAL INSTITUTIONS

NATIONAL CONFEDERATION OF FINANCIAL INSTITUTIONS (CNF)

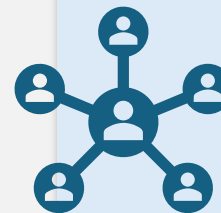
Non-profit civil association

Objective

→ **Unify the operations** of segments of the financial system

Function

→ **Facilitate discussions of national interest**, in partnership with public authorities and civil society



Coordinated efforts with associated entities, focusing on a shared agenda

Priorities

Topics with an impact on the entire **financial sector**

Collaboration with the **Legislative Branch** to discuss relevant topics to the sector



Focus on regulation and promotion of public policies that favor sustainable financial development

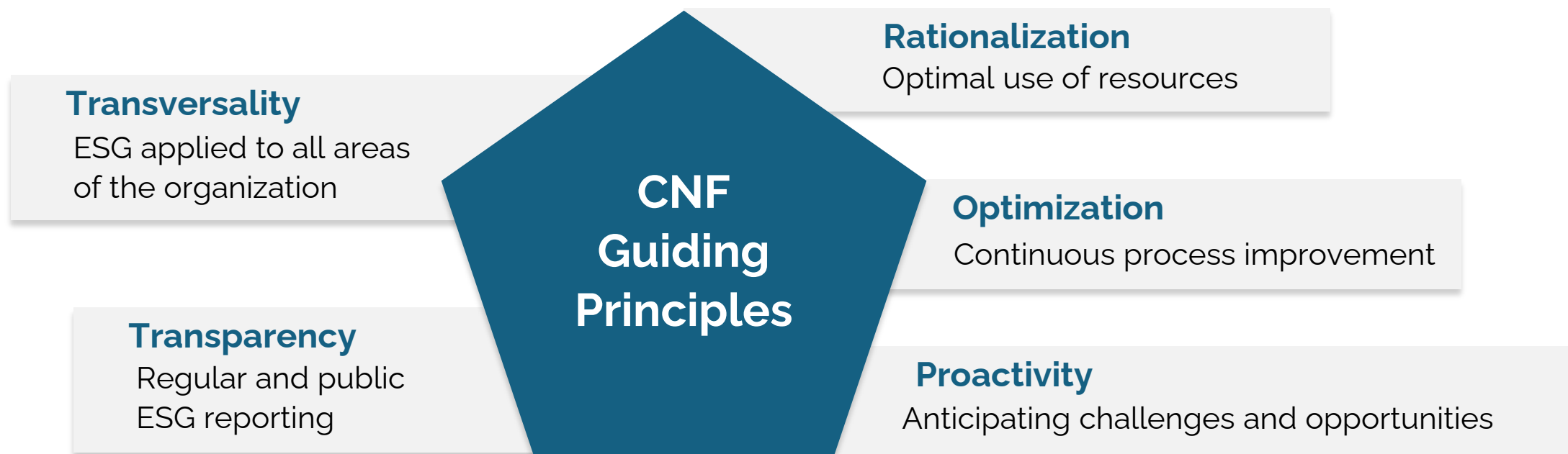
OBJECTIVE

Establish principles of ESG good practice for associated institutions



ESG PILLARS

- **Environmental:** Adoption of sustainable practices
- **Social:** Promoting equity and inclusion
- **Governance:** Transparency, ethics, fight against corruption
- **ESG Committee:** Responsible for strategy, biannual reports, and ensuring alignment with associates

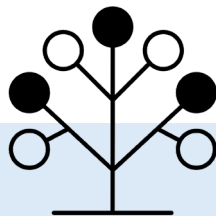


ESG IN BRAZILIAN FINANCIAL INSTITUTIONS



Green bonds

Between 2015 and 2022, US\$34.5 billion in green bonds issued



Green Taxonomy

(Brazilian Federation of Banks - Febraban)

21.75% of bank credit was allocated to green economy sectors in 2020



IFRS S1 and IFRS S2

Since January 2024, two international standards (IFRS S1 and IFRS S2) have been in force, with the aim of requiring companies to prepare detailed annual financial reports on sustainability and climate factors. Brazil is the first country in the world to adopt these standards

BRAZILIAN SUSTAINABILITY INITIATIVES



ECO INVEST BRASIL

Currency hedging instrument
for operations aligned with
socio-environmental principles

OBJECTIVE

Reduce risks in sustainable investments, especially in the Brazilian context, with exchange rate risk

ESG AND FINANCIAL INSTITUTIONS: IMPACT



FINANCIAL ASSETS

Carbon credits are now considered tradable assets, creating new investment opportunities. They can be bought, sold and used as collateral in financial transactions.



SUSTAINABLE PROJECTS

Financial institutions are financing projects that generate carbon credits, such as renewable energy and reforestation. These projects generate financial returns and contribute to global sustainability.



RISK AND COMPLIANCE

The financial sector is increasingly attentive to climate risks. Banks and investment funds assess the impact of carbon emissions on their portfolios and take measures to mitigate these risks.

1

Risk Mitigation:

- **Environmental:** Natural disasters affect assets and investments
- **Social:** Lack of inclusion/diversity can cause reputational damage
- **Governance:** Inadequate practices undermine trust and lead to financial losses

2

Regulatory Compliance:

- **Central Bank (Bacen)** requirements and **National Financial System Sustainability Pillar**
- Reports on socio-environmental and climate risks
- **Febraban:** Self-regulation of banks since 2014

3

Responsible Investment:

- Growing interest in ESG practices
- Banks that align with these expectations are more likely to attract capital

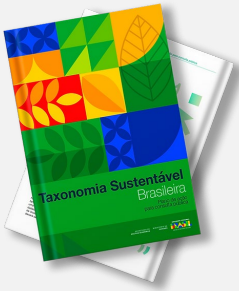
REGULATION OF THE CARBON MARKET IN BRAZIL



The expectation is that the Carbon Market Bill will be voted on in September

The Brazilian House of Representatives is debating the regulation of the carbon market. The topic is also one of the federal government's main agendas. In December 2023, the project was approved in the Chamber of Deputies and has now been analyzed by senators again. PL 182/2024 creates limits on greenhouse gas emissions for companies. The text establishes a regulated market for compensation titles and the generation of credits for greenhouse gas emissions. The market must be linked to the Brazilian Greenhouse Gas Emissions Trading System (SBCE), developed in five phases over six years. What is expected from the regulated carbon market is that the private sector is encouraged to reduce its emissions – thus contributing to national goals.

ESG PRIORITIES OF BRAZILIAN BANKS



BRAZILIAN SUSTAINABLE TAXONOMY

Advances in carbon market regulation



SUSTAINABILITY AND CLIMATE CHANGE

Financing **renewable energy** and **sustainable agricultural practices**

Carbon credit projects and Amazon preservation



FINANCIAL AND SOCIAL INCLUSION

Banking for vulnerable populations

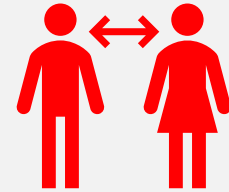
Financing **small businesses** with positive social impact



GOVERNANCE AND TRANSPARENCY

Adopting stricter **compliance practices**

Board diversity and in-depth ESG reporting



DIVERSITY AND INCLUSION

Promotion of gender, racial and sexual orientation diversity in financial institutions

ESG AND BRICS: PRIORITY GOALS

1.

CLIMATE CHANGE AND CLEAN ENERGY:

- Reduction of carbon emissions and transition to renewable energy

2.

SOCIAL INCLUSION AND REDUCTION OF INEQUALITIES:

- Combating poverty and inequality through social inclusion programs
- Expanding access to financial services for marginalized populations

3.

GOVERNANCE AND TRANSPARENCY:

- Improved governance to prevent corruption and ensure effective ESG practices

4.

SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES:

- Efficient use of water and sustainable agricultural practices

5.

ALIGNMENT WITH THE SDGS (SUSTAINABLE DEVELOPMENT GOALS):

- SDG 13 (Climate Action), SDG 7 (Clean Energy), SDG 10 (Reduced Inequalities)

THANKS!

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