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Principles for
Responsible Banking

Segundo Relatório de Implementação

Responsible Banking Progress Statement for PRB Signatories



Summary

Banco Regional de Desenvolvimento do Extremo Sul – BRDE - 2026

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
BRDE is a regional public development bank and the financial instrument of CODESUL, operating in alignment with the development priorities of the states of Paraná, Santa Catarina, and Rio Grande do Sul, as well as with national public policies and programs financed through its own resources, domestic funding sources, and external resources provided by multilateral and international institutions. Sustainability is integrated into the Bank's strategy through various instruments and guides its support for the economic, social, and environmental development of the region. In 2025, BRDE completed the review of its Strategic Plan. The new cycle establishes as priorities the strengthening of productive chains, support for cities, the promotion of innovation, and the advancement of sustainability. Sustainability governance is composed of a Responsible Director, a dedicated coordination unit strengthened with additional staff, and a Sustainability Committee. This work is guided by a Social, Environmental and Climate Responsibility Policy and a Multiannual Action Plan approved by the Bank's highest administrative authority. The Bank maintains commitments to initiatives such as the UN Global Compact, the UNEP FI Principles for Responsible Banking, the LIFE Coalition, and PCAF. Alignment with the 2030 Agenda is monitored through a proprietary methodology applied to credit operations, complemented by social, environmental and climate risk management instruments, impact monitoring, and the measurement of financed emissions.	Our impact assessment is conducted periodically through monitoring the alignment of our operations with the SDGs and is complemented by estimates of financed emissions, avoided emissions, and removals, as well as a set of effectiveness indicators. The results of these assessments are compared against the guidelines of our strategic planning, regional challenges, and the commitments already undertaken with institutions that will provide funding resources in the coming years. Based on this process, two priority impact areas were identified: (i) Climate Action and (ii) sustainable and resilient urban development. In pursuing our climate target, as of 2026 we have been receiving formal support from PCAF to enhance our methodologies for measuring financed emissions, avoided emissions, and removals. We aim to increase the climate benefits generated by BRDE's annual lending portfolio across both dimensions of climate action, namely mitigation and adaptation/resilience. Particular emphasis will be placed on the agribusiness sector, given both its significance as a source of emissions and its representativeness within the Bank's portfolio. We also seek to expand support for all categories of projects that contribute to avoided emissions and carbon removals. Our target for sustainable and resilient urban development stems from its strong potential to generate positive impacts across multiple SDGs. We intend to strengthen both technical assistance and financing support for municipalities in the region, enhancing their capacity to access credit for projects of this nature.	The SUSTAIN Platform, which had been included in the action plan for clients, was not effectively implemented due to strategic and operational considerations. Nevertheless, business opportunities, institutional initiatives, and investments made through the Green Fund (launched in 2023) have contributed positively to the dissemination of exemplary sustainable projects. • The total amount of resources invested through the Green Fund since its establishment in 2023 through December 2025 reached BRL 14.9 million. Financing disbursements dedicated to the sustainability agenda in the first half of 2026 accounted for 14.4% of total disbursements, exceeding both the percentage achieved in 2025 and the 13% target established for 2026.

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
Although BRDE does not have a formalized stakeholder engagement and consultation framework, it actively participated in the development of Regional Vision 2040, a regional initiative jointly undertaken with CODESUL, state planning secretariats, experts, and partner institutions. The process was completed in 2025 and provided a valuable platform for dialogue on regional trends, opportunities, challenges, and development priorities, contributing to the identification of material issues and the alignment of the Bank's Strategic Plan. Participation in this initiative strengthened the incorporation of relevant stakeholder expectations into the decision-making process, supporting the definition of actions aimed at sustainable development, innovation, resilience, and regional integration.	Governance of this agenda is overseen by a Responsible Director (the Planning Director), a coordination unit exclusively dedicated to sustainability matters, and a Sustainability Committee comprising representatives from the Bank's key areas. The regulatory framework is established through a Social, Environmental and Climate Responsibility (SAC) Policy and a Multiannual Action Plan. In addition to performance-related aspects, the materiality of Social, Environmental and Climate (SAC) risks is integrated into the institution's operational risk assessment framework. Sustainability culture within the organization was further strengthened in 2026 through the Sustainability Journey initiative. • Number of Sustainability Committee meetings (1st half of 2026): 5 meetings. • Sustainability Journey events: 4 events with a total of 255 live and online participants.	BRDE regularly discloses information on its strategy, governance, policies, results, and social, environmental, climate, and economic performance, as well as compensation, advertising expenditures, and other relevant matters through institutional reports and public transparency channels. In this context, the Bank publicly reports on its sustainability initiatives, the implementation of the Principles for Responsible Banking (PRB), and the actions set forth in its Social, Environmental and Climate Responsibility Policy. BRDE maintains internal governance, validation, and approval processes for the information it discloses, seeking to ensure its consistency, traceability, and quality.
https://www.codesul.com.br/projeto/3/plano-visao-regional-2040		https://brde.com.br/transparencia/sobre-o-portal/

Supplement

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main business lines, customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, business areas or by disclosing the number of customers and clients served.

Refer Constitutional Documents: [ATOS-CONSTITUTIVOS-E-SISTEMA-CODESUL-BRDE-versão-assinada.pdf](#)

Refer to the Administrative Regulations: [Regimento-Administrativo.pdf](#)

Refer to the Annual Report: <https://brde.com.br/relacoescominvestidores/>

For Social, Environmental and Climate Responsibility matters: <https://brde.com.br/responsabilidade-socioambiental/>

Refer to the Social, Environmental and Climate Risks and Opportunities Report: <https://brde.com.br/gestao-de-riscos/relatorio-grsac-relatorio-de-riscos-e-oportunidades-sociais-ambientais-e-climaticas/>

BRDE is a public development bank operating in Southern Brazil. It serves as the financial arm of the Southern Development Council (CODESUL) and acts in accordance with the development priorities of its member states (Paraná, Santa Catarina, and Rio Grande do Sul), the public policies implemented by national funding agencies (such as BNDES, FINEP, and Caixa Econômica Federal), as well as the operational guidelines of the international funds and institutions with which it works (including AFD, CAF, and IDB, among others). BRDE's operating model is comprehensively described in its founding documents and in its Annual Management and Sustainability Reports, which are publicly disclosed each year.

The Bank's activities are primarily focused on providing long-term financing for investments that promote sustainable economic, social, and environmental development. Its mandate encompasses support for agriculture, livestock production, cooperatives, industry, services, innovation, infrastructure, and municipal development, complemented by technical assistance activities aimed at project structuring and initiatives designed to strengthen regional competitiveness and resilience.

In addition to its lending operations, BRDE manages funds and development instruments dedicated to innovation, the audiovisual sector, and the support of social and environmental projects. As a development bank, it operates with resources from a variety of national and international sources and has been expanding the diversification of its funding base, thereby strengthening its capacity to support projects aligned with sustainable development and the strategic priorities of Southern Brazil.

Strategy alignment

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and other international frameworks such as the Kunming-Montreal Global Biodiversity Framework (GBF), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the forthcoming instrument on plastic pollution etc.

Include any other national and/or regional frameworks that your bank has a strategy to align with where relevant.

Refer to the Annual Letter: https://brde.com.br/wp-content/uploads/2026/07/Carta-anual-2026_v08_site.pdf

Since 2014, the Bank has been a signatory to the Ten Principles of the United Nations Global Compact. In 2015, it joined the Environmental Agenda for Public Administration (A3P), further strengthening sustainability criteria in its internal operations. In 2022, BRDE began measuring the alignment of credit operations with the Sustainable Development Goals (SDGs) through sustainable project typology. In 2023, BRDE joined the LIFE Coalition for Biodiversity Businesses and currently has all three of its regional offices certified under the initiative. In 2026, BRDE became a signatory to the Partnership for Carbon Accounting Financials (PCAF), reinforcing its methodologies for measuring financed emissions, avoided emissions, and removals. The voluntary commitments undertaken by the Bank are publicly disclosed on BRDE's Social, Environmental and Climate Responsibility webpage.

Sustainability is integrated into BRDE's business strategy through a range of internal instruments and a governance structure that has become increasingly robust in recent years. The topic is embedded in the Bank's Strategic Plan, whose most recent review was completed in 2025. This review established, among its key priorities for the coming years, the strengthening of productive value chains, support for cities, the promotion of innovation, and the advancement of sustainability.

Governance of sustainability matters is overseen by a Responsible Director (the Planning Director), a coordination unit dedicated exclusively to the subject, and a Sustainability Committee comprising representatives from the Bank's key business and support areas. The regulatory framework is defined by a Social, Environmental and Climate Responsibility (SAC) Policy and a Multiannual Action Plan. In addition to performance-related considerations, the materiality of Social, Environmental and Climate (SAC) risks is integrated into the institution's operational risk assessment framework.

Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target-setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

Refer to the SDG Report: <https://brde.com.br/responsabilidade-socioambiental/o-brde-e-os-ods/>

Refer also to the Management Reports: <https://brde.com.br/relacoescominvestidores/>

Effectiveness Report: <https://brde.com.br/wp-content/uploads/2025/12/relatorio-efetividade-2024.pdf>

The impact assessment covered approximately 95% of the Bank's operational activities, encompassing the entire credit portfolio across all funding sources, financing modalities, client segments, and geographical areas of operation, including transactions carried out both directly and through operational partners. Methodologically, direct operations are assessed individually based on information contained in the respective credit analysis reports, while indirect operations are evaluated through aggregated characteristics and financing lines, given the high volume of contracts and the more limited availability of project-specific information. For this second report, projects supported by the Green and Equity Fund were incorporated into the analysis, considering their relevance to environmental and biodiversity-related topics, even though they represent a relatively small share of total resources deployed. The management of third-party funds, technical assistance activities, and investments in investment funds remained outside the scope of the assessment due to the absence of consolidated methodologies capable of measuring their impacts in a manner that is both consistent and comparable to financing operations, as well as their limited representativeness relative to the institution's credit portfolio.

The regional context considered in the impact assessment is consolidated in the Regional Vision 2040, developed by CODESUL. The document was prepared through extensive stakeholder participation and consultation and identifies the principal environmental challenges facing Southern Brazil as the reduction of greenhouse gas emissions, the fight against deforestation, and the strengthening of resilience to natural disasters. As CODESUL's financial institution, BRDE incorporates these challenges as a guiding framework for its actions in the coming years. The states of the region face significant emissions levels associated primarily with agriculture, land use, and industrial activities, as well as pressures on strategic biomes such as the Atlantic Forest, Pampa, Cerrado, and Pantanal. Although recent progress indicates a reduction in deforestation rates, its impacts on biodiversity and climate remain significant. At the same time, extreme weather events have become more frequent and severe, particularly in the states of Santa Catarina and Rio Grande do Sul, where droughts, floods, windstorms, and hailstorms generate substantial social and economic impacts. In this context, particular attention is drawn to the extreme climate event that occurred in Rio Grande do Sul in May 2024, when severe flooding caused loss of life, extensive damage to infrastructure, and significant economic losses, reinforcing the need for investments in climate mitigation, adaptation, and sustainable development throughout the region.

Biodiversity has received particular attention from BRDE, both through guidance related to internal operations and offsetting initiatives, for which the LIFE Key methodology has served as a crucial instrument, and through support for projects financed via calls for proposals under the Green Fund. This modality of financial support, awarded through competitive selection processes, has proven especially effective over the last two years. Consequently, in this second report, funding provided through the Green and Equity Fund has been incorporated into the impact assessment. Fund resources have supported projects related to biodiversity conservation, biodiversity credit generation, water security, climate change adaptation, nature-based solutions, sustainable entrepreneurship, and the strengthening of value chains aligned with the green economy. Initiatives focused on scientific research, technological innovation, and the development of solutions capable of generating positive social, environmental, and climate impacts have also been supported.

In the state of Paraná, Fund resources supported a pilot project for the generation and acquisition of Biodiversity Credits, developed in partnership with the State Secretariat for Sustainable Development (SEDEST). Another initiative, implemented with support from Sesi-PR, allocated resources to industrial decarbonization projects. In partnership with the Boticário Group Foundation for Nature Protection, BRDE invested resources in the Teia de Soluções (Solutions Network) Program, aimed at promoting nature conservation and income generation within the Great Atlantic Forest Reserve. Through the Araucária Foundation, scientific, technological, and innovative projects focused on generating positive social, environmental, and climate impacts were also supported.

In Santa Catarina, funding was provided for the preparation of a Regional Climate Action Plan for the Middle Itajaí Valley, carried out through a partnership involving the regional association of municipalities, an intermunicipal consortium, and ICLEI. Support was also provided for the **pilot phase** of the Decarbonization Hub of the Biogas SC Program, developed by SENAI-SC, SINDICARNE, and AINCADESC.

In Rio Grande do Sul, the Fund allocated resources to the Teia de Soluções – Climate Resilience for Rio Grande do Sul Program, also implemented by the Boticário Group Foundation. Resources were further directed to support reconstruction and local development initiatives through the Matchfunding TrilhaRS Program, developed by Regenera RS, as well as projects promoting women's entrepreneurship in partnership with the Vakinha Institute.

The composition of BRDE's financed project portfolio, whether analyzed through a traditional sectoral approach or through the SDG alignment methodology, is comprehensively documented in the Bank's Management and Sustainability Reports, as well as in its dedicated SDG reports.

Regarding the priority impact areas, it is important to consider the risks and constraints associated with each one. In relation to the priority area of Climate Action, the emphasis placed on agribusiness depends on the availability of funding sources that provide the resources subsequently intermediated by BRDE and, on the demand side, on the existence of sustainable and financeable projects seeking funding. Concerning the second priority area, Sustainable and Resilient Urban Development, progress will depend on factors that are often beyond the Bank's direct control, including the availability of funding sources that enable financing for the public sector, the prudential limits established by the Central Bank of Brazil, and the borrowing capacity of municipal governments.

Performance measurements will be carried out through the following instruments:

1. Alignment of operations with the Sustainable Development Goals (SDGs): Use of the Sustainable Taxonomy of Projects and Activities (STPA) to measure the percentage of contracts aligned with the SDGs, as well as the share of financing associated with the priority SDGs, particularly SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action).
2. Estimation of financed emissions avoided emissions, and removals: Measurement of the portfolio's climate contribution through the methodology of the Partnership for Carbon Accounting Financials (PCAF), using the AKVO platform to calculate financed emissions, avoided emissions, and greenhouse gas removals. The results will enable monitoring of the portfolio's emissions intensity and the evolution of climate benefits associated with BRDE's financing activities.
3. Effectiveness indicators for financed projects: Use of outcome indicators developed by BRDE to measure the benefits generated by financed projects. Relevant indicators for the priority impact areas include:
 - Installed renewable energy generation capacity;
 - Estimated reduction in greenhouse gas emissions;
 - Area benefiting from sustainable production systems;
 - Area restored or conserved;
 - Number of people benefiting from sanitation projects;
 - Length of water supply, wastewater, and drainage networks installed;
 - Population benefiting from urban infrastructure and resilience projects;
 - Rural producers and family farming households supported.
4. **Portfolio composition indicators:** Monitoring of the volume of financing directed to priority sectors and segments, including sustainable agribusiness, renewable energy, family farming, micro and small enterprises, and municipal projects related to climate resilience and sustainable urban development.

Targets, Target Implementation, and Action Plans/Transition plans

Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones.

Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector \(2024\)](#).

Links & references

BRDE's priority targets are aligned with the Sustainable Development Goals (SDGs), the Paris Agreement, the Principles for Responsible Banking (PRB), national public policies, and particularly the Regional Vision 2040, the institution's 2025-2030 Strategic Plan, and the funding commitments undertaken for the period. These targets are to enhance the contribution of the Bank's credit portfolio to climate action and to the development of more sustainable and resilient cities.

The monitoring of these targets is based on indicators related to the alignment of the portfolio with the SDGs, the climate performance of financed operations, the expansion of sustainable finance, support for municipalities, and the results generated in terms of climate change mitigation and adaptation, sustainable infrastructure, public service efficiency, and sustainable regional development.

Baseline

SDG 13: Percentage of the 2025 contracted portfolio aligned with SDG 13: 12.7%

SDG 13: Financed emissions associated with 2025 financing commitments: 8,700,618 tCO₂e

SDG 13: Financed emissions intensity of the portfolio*: 0.23 kgCO₂e/BRL

SDG 13: Share of the Agriculture Sector in Financed Emissions*: 91.17%

SDG 13: Emissions intensity of the agriculture sector*: 0.89 kgCO₂e/BRL

SDG 13: Estimated Avoided Emissions**: 403,451.01 tCO₂e

SDG 13: Estimated Carbon Removals**: 55,316.15 tCO₂e

SDG 13: Renewable Electricity Generation Capacity (MW): 45.4 MW

SDG 11: Annual financing provided to municipalities in 2025: BRL 232 million

SDG 11: Average number of municipalities supported over the last three years: 20

SDG 11: Percentage of the 2025 contracted portfolio aligned with SDG 11: 3.4%

SDG 11: Amount financed for projects aligned with SDG 11 in 2025: BRL 193 million

SDGs: Overall percentage of portfolio alignment with the SDGs in 2025: 79.1%

* Assessed as of December 2025.

** Assessed as of December 2025 based on financing agreements signed between 2023 and 2025.

TARGET 1 – By 2030, enhance BRDE's contribution to the transition toward a low-carbon and climate-resilient economy by strengthening financing for climate mitigation, adaptation, and resilience initiatives, with particular emphasis on productive systems linked to the agribusiness sector.

Monitoring KPIs

KPI (Indicator)	2026 Target Value
Percentage of portfolio aligned with SDG 13	12,7%
Amount financed in projects aligned with SDG 13	> BRL 700 million
Financed emissions intensity	0,23 kgCO ₂ e/BRL
Avoided emissions and removals	> 458.767 tCO ₂ e
Project categories with methodologies for Avoided Emissions and Removals	+ 3 agribusiness categories
Renewable Electricity Generation Capacity (MW)	150

TARGET 2 – Strengthen BRDE's contribution to sustainable urban development and municipal resilience by progressively increasing, by 2030, financial support for urban infrastructure projects aligned with SDG 11 and expanding the social and environmental benefits generated by the investments it supports.

Monitoring KPIs

KPI (Indicator)	2026 Target Value
Percentage of portfolio aligned with SDG 11	3,4%
Amount financed for projects aligned with SDG 11	BRL 193 million
Number of municipalities supported	20
Technical support for the preparation of studies and projects aimed at climate resilience in flood-affected areas	2 municipalities and 2 inter-municipal consortia
Energy savings generated by financed public lighting projects	10,000 MWh (2023/2024 average)
Number of PPP projects contracted	8
Amount of investment leveraged through PPPs (cumulative)	BRL 390 million

All targets are aligned with the current Multiannual Action Plan of BRDE's Social, Environmental and Climate Responsibility Policy, as well as with the Bank's Strategic Plan and Operational Plan.

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Risk and due diligence processes and policies

Describe what processes your bank has installed to identify and manage environmental and social risks associated with your bank's portfolio. This can include aspects such as identification of significant/salient risks, due diligence processes, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures your bank has in place to oversee these risks.

BRDE adopts a structured process for the management of Social, Environmental and Climate Risks (SECR) in its operations, guided by the principles set forth in its Social, Environmental and Climate Risk Management Policy, which is integrated into the Bank's Integrated Risk and Capital Management Framework.

This process begins with the application of an Exclusion List, which prevents the financing of ineligible activities. Subsequently, legal requirements, necessary documentation, and applicable procedures are defined according to the risk level of each operation. The assessment then proceeds with an evaluation of the client's capacity to manage social, environmental, and climate risks, taking into account its policies, practices, and internal management systems. The information collected supports the credit committee's decision-making process and may result in the inclusion of specific contractual provisions. Following loan approval and disbursement, BRDE monitors compliance with the commitments undertaken and the evolution of the client's social, environmental, and climate practices through technical visits and questionnaire-based assessments.

In parallel, the Bank conducts ongoing monitoring of social, environmental, and climate risks through consultations of public and private databases, with the objective of identifying practices or affiliations that may pose social, environmental, or reputational risks, even when such activities are legally compliant. To support this process, BRDE uses specialized due diligence tools and graphical analysis systems for reviewing corporate ownership structures.

The Sustainability Journey is a series of events designed to engage all employees in sustainability-related topics, not only by enhancing their understanding of technical content but also by fostering awareness of the motivations behind each project and of the Bank's broader sustainability agenda, particularly in the context of the Green Fund and the Green Bank (Banco Verde) initiatives. To date, four events have been held, with both in-person and online participation.

Session 1: Held on April 30, 2026, on the topic of Climate Change and the Carbon Credit Market.

Session 2: Held on May 29, 2026, on the topic of The Evolution of the Conferences of the Parties (COPs) on Climate Change, from Rio-92 to COP30 in 2025.

Session 3: Held on June 26, 2026, on the topic of Energy Transition and the Development of Renewable Energy in the State of Paraná.

Session 4: Held on August 28, 2026, on the topic of The Decarbonization Policy and Plan for the Economy of Paraná and the SESI-PR Decarbonization Program.

Each session lasted two hours, resulting in a cumulative total of 438 hours of training delivered to date, and attracted approximately 250 voluntary participations. In addition, other targeted training events were conducted with a more operational focus on Social, Environmental and Climate Risk (SECR) management topics, involving 255 participants.