



# Safrá

Tradição Secular de Segurança

## **Banco Safrá S.A.**

### **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 Financial Conglomerate of Banco Safrá, 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 stakeholders<sup>1</sup>;
- 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 every five years 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**

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.

#### **Principle of Proportionality**

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

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<sup>1</sup> 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.



## 2.3. 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, will be a responsibility of the Full Internal Controls Committee of SAFRA. The CCI Pleno reports to the CGROC - Operational Risk Management and Compliance Committee of SAFRA which in turn reports to the Executive Committee and the Board of Directors.

## 2.4. Operational Risk Management Framework

The Operational Risk superintendence is an independent control unit (UC), subordinated to the Executive Superintendence of Corporate Risks, 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, regarding the following: the need for implementing actions in the scope of the PRSA, as well as for the preparation, dissemination and maintenance of the PRSA, and establish criteria and specific mechanisms for risk assessment, upon the performance of the operations related to the economic activities with greater potential for causing social and environmental damages. It is also responsible for the activities of internal controls and compliance, and establishing the responsibilities of the providers of material outsourced services. In other risk management frameworks of SAFRA, procedures for identifying, classifying, assessing, monitoring, mitigating and controlling social and environmental risk may also be adopted.

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

- Sistemas, rotinas e procedimentos que possibilitem identificar, classificar, avaliar, monitorar, mitigar e controlar o risco socioambiental presente nas atividades e nas operações do SAFRA;
- Registro de dados referentes às perdas efetivas em função de danos socioambientais, pelo período mínimo de cinco anos, incluindo valores, tipo, localização e setor econômico objeto da operação;
- Avaliação prévia dos potenciais impactos socioambientais negativos de novas modalidades de produtos e serviços, inclusive em relação ao risco de reputação;
- Procedimentos para adequação do gerenciamento do risco socioambiental às mudanças legais, regulamentares e de mercado.

The social and environmental risk management framework is hereinafter referred to as FRAMEWORK, described in public report, annually re-evaluated and approved by the board of directors of SAFRA.

The FRAMEWORK comprises the following:

### 2.4.1. Board of Directors and Executive Management:

- i. Set out the guidelines on social and environmental risk management;
- ii. Review and approve every 5 years the PRSA and its respective action plan (if any).



## **2.4.2. Operational Risk Management and Compliance Committee (CGROC):**

- i. Exercise its responsibility as a forum that drives and make decisions on the issues related to the social and environmental risk management in SAFRA;
- ii. Address the social and environmental risk as a separate risk category to be managed, in its deliberations;
- iii. Supervise the activities and evaluate the works of the Operational Risk area related to the social and environmental risk management;
- iv. Monitor the performance of the actions established in the PRSA;
- v. Evaluate the effectiveness of the implemented actions and internal controls in view of the social and environmental risk, including as to the fulfillment of legal provisions and normative documents applicable to SAFRA, besides the regulations and internal codes;
- vi. Evaluate and appoint the officer to assume the regulatory responsibilities before the regulatory bodies (BACEN, SUSEP and CVM).

## **2.4.3. Appointed Officer:**

- i. Manage the social and environmental risk management program of SAFRA;
- ii. Understand and be informed about the main social and environmental risks incurred by SAFRA;
- iii. Verify the adequacy of the social and environmental risk management
- iv. established in the PRSA;
- v. Annually revise and submit the PRSA for the approval from the superior levels;
- vi. and
- vii. Evaluate and approve the social and environmental risk management practices
- viii. of the Operational Risk area that are conducted and implemented in compliance
- ix. with legal provisions, as well as the strategies of SAFRA.

## **2.4.4. Operational Risk Area:**

- i. Operate as responsible for developing the activities of social and environmental risk management, internal controls and compliance;
- ii. Support the appointed officers and other levels with information on the social and environmental risk management;
- iii. Keep the PRSA updated, and submit to the appointed officer for revision;
- iv. Revise the PRSA on regular basis;
- v. Make the PRSA accessible to all employees, publishing it on the intranet of SAFRA, after the appropriate approvals;
- vi. Regularly revise the FRAMEWORK, and submit it to the appointed officer for revision;
- vii. Serve on the Product Committee supporting the areas on the risks involved in the launch of new products or re-evaluation of existing products;
- viii. Implement the social and environmental risk management framework and its PRSA, in compliance with CMN Resolution 4,327, of April 25, 2014;
- ix. Implement, maintain and disclose a structured process of social and environmental risk reporting and information;
- x. Propose and implement guidelines on social and environmental risk management;
- xi. Develop social and environmental risk management policies, processes and procedures;
- xii. Disseminate the culture of social and environmental risk management in SAFRA.

## **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**

Any amendment to this document requires the evaluation and approval from the executive management and board of directors.

#### **5. External regulation**

CMN Resolution 4,327, of April 25, 2014, published by the National Monetary Council (CMN).  
SELF-REGULATION - SARB 14, of August 28, 2014, published by FEBRABAN.

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