

# Material Themes

We consider a material theme any matter that has the capacity to affect our shared value creation in the short, medium or long term, from the standpoint of the organization and its main stakeholders. Determining material themes is crucial to guide the decision-making, since it provides a broader vision of the risks and opportunities inherent in the business and connects strategies to the varying external interests.

In 2014, we conducted a comprehensive process of defining material themes, which comprised social, environmental, economic and governance aspects. This study was conducted by a diversified working group composed by the Corporate Communication, Finance, Investor Relations and Sustainability areas.

The methodology used to determine our material themes consists of four different stages:

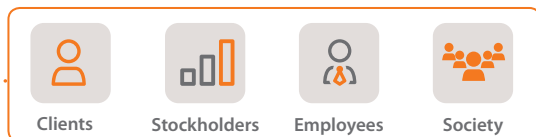


## 1. Identification

In this first stage, the main goal was to identify the most appropriate communication channels and stakeholders to start the process of determining materiality. The methodology consists of two stages: identify key business issues and define the stakeholders for this consultation.

Whereas, the methodology used to determine our material themes basically consists of an indirect consultation that takes into account the vision of the key stakeholders in their respective pre-established, impartial and legitimate communication channels. The determination of the key stakeholders is made according to our Sustainable Performance Spiral.

It is important to emphasize that this methodology is only used to identify key issues for our stakeholders, not to incorporate them into the business management. All issues raised are directly addressed by the relevant area and respective source channels.



## 2. Prioritization

In this stage, the key issues are consolidated into issues that are more comprehensive and similar in nature by applying a preliminary materiality analysis for management and stakeholders. The consolidated themes are then plotted in a prioritization matrix which is divided into two axes: (x) Which is the influence of these themes for our stakeholders? and (y) What is the materiality of these themes for the business management?

- 1 Which is the economic impact of this theme for the business continuity in a sustainable manner?
- 2 Which is the impact of this theme on our vision for the future?
- 3 Which is the impact of this theme on our image and reputation?
- 4 Which is the legal and regulatory impact of this theme?
- 5 Which is the impact of these theme on business strategies?

In the stakeholders axis (x), we assign to our stakeholders the same assessment weight (%). In the management axis (y), we use questions or drivers to assess the materiality of each theme, all having the same assessment weight, based on the bank's management approach.

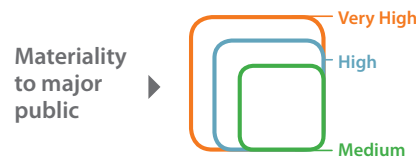
## 3. Validation

In this stage, the themes defined as priorities are discussed and validated internally by the Reporting Committee – a sustainability governance forum dedicated to the implementation of the best practices in reporting and transparency. Subsequently, the materiality study is submitted to the Audit, Disclosure and Sustainability Committees. The process to determine the materiality of themes is also assured externally by PwC, based on the guidelines in AA1000 standard.

## 4. Evaluation

In 2015, we started the stage of evaluating our material themes, which seeks to identify possible adjustments that may be necessary and better adjust them to the business context. The Reporting Committee evaluated the material themes on an individual basis and identified the need to integrate the "Environmental and Social Risk" theme to the "Risk and Capital Management" theme, which most appropriately reflects our management and complies with BACEN Regulatory Instruction no. 4327. In 2017, we will revise the whole process performed to determine our material themes, in line with the process to revise sustainability strategies.

Below is our matrix of material themes, which contains the 22 most relevant themes for the business. The priority indicators presented for managing each theme, the capitals most exposed to these themes and the respective impacts on businesses and our stakeholders. Additionally, we linked our material topics to the 17 Sustainable Development Goals (SDGs), a sustainable development agenda presented by the United Nations (UN) and prepared with the participation of many sectors of society.



Material themes	Capital most exposed to the theme	Most affected stakeholders	Sustainable Development Goals (SDG)
Credit and insolvency		+     -	-
Risk and capital management		+     -	1, 8, 9, 10, 13, 15
Efficiency		+     -	9
Diversification of revenue		+     -	-
Attraction, retention and development		+     -	4, 5, 8
Forecast of scenarios		+     -	-
Client satisfaction		+     -	-
Ethics and transparency		+     -	16, 17
Information security		+     -	16
Corporate governance		+     -	-
Innovation		+     -	-
Corporate citizenship		+     -	1, 4, 8, 9, 10, 11, 16, 17
Financial education and inclusion		+     -	1, 8, 9, 10, 12, 17
Management of suppliers and supply chain		+     -	1, 5, 8, 9, 12, 16, 17
Compensation and incentives		+     -	5, 8
Information technology		+     -	-
Brand and reputation		+     -	16
International operations		+     -	-
Combat of corruption and illegal activities		+     -	16, 17
Diversity, equity and inclusion		+     -	5, 8, 10, 16, 17
Occupational health, safety and well-being		+     -	3, 8, 16
Eco-efficiency and environmental management		+     -	3, 6, 7, 8, 9, 11, 12, 13, 14, 15