



# RI TRANSPARENCY REPORT

2020

B3

## About this report

This report is an export of the individual Signatory organisation responses to the PRI Service Provider Reporting Framework during the 2020 reporting period. It shows your responses to mandatory indicators, as well as responses to voluntary indicators that your organisation has agreed to make public. You will be able to access the public RI Transparency report of your organisation and that of other signatories on the [PRI website](#).

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is an **Index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Index

The Index summarises the response status for the individual indicators and modules. It can be used by stakeholders as an 'at a glance' summary of reported information and to identify particular themes or areas of interest.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator.
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Index

Organisational Overview			
Indicator	Short description	Status	Disclosure
OO 01	Basic information	✓	Public
OO 02	Reporting year	✓	Public
OO 03	Signatory category and services	✓	Public
OO 04	Other offerings/business activities	✓	Public
OO 05	Breakdown of ESG coverage	✓	Asset mix disclosed in OO 06
OO End		✓	-

Strategy and Governance			
Indicator	Short description	Status	Disclosure
SG 01	Responsible investment policy	✓	Public
SG 02	Norms used to develop policies	✓	Public
SG 03	Policy offerings to clients	✓	Public
SG 04	ESG/RI in business offerings	✓	Public
SG 05	Outsourcing of services	✓	Private
SG 06	Providing training/education	✓	Public
SG 07	Applying, advancing and promoting the PRI principles	✓	Public
SG 08	Actions taken to promote responsible investment	✓	Public
SG 09	Long term trends	✓	Public
SG 10	Interaction with asset owners	🔒	n/a
SG 11	Aligning approach with investor goals	✓	Public
SG 12	ESG recommendations not aligned with investor goals	✓	Public
SG 13	Seeking feedback from clients	✓	Public
SG 14	Managing conflicts of interest	✓	Public
SG End		✓	-

Confidence building measures			
Indicator	Short description	Status	Disclosure
CM1 01	Other product offerings, processes and/or activities	✓	Private
CM1 02	Assurance of responses	-	n/a
CM1 End	Module confirmation page	✓	-

B3

Reported Information

Public version

Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic Information

OO 01

Mandatory

Public

Descriptive

**OO 01.1** Select the location of your organisation's headquarters.

Brazil

**OO 01.2** Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2 - 5
- 6 - 10
- 11 - 50
- >50

**OO 01.3** Indicate the regions where you have offices.

- Africa/Middle East
- Asia (excluding Japan & Korea)
- Australasia
- Canada
- Continental Europe
- Japan & Korea
- Nordic
- South America
- UK & Ireland
- US

**OO 01.4** Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

2.038

**OO 01.5** Additional information.[OPTIONAL]

At the end of 2019, B3 had 2,162 employees, an increase of 7% over the previous year, From this total, 124 are interns.

## Reporting Year

OO 02	Mandatory	Public	Descriptive
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**OO 02.1** Indicate the year end date for your reporting year.

31/12/2019

## Signatory category and services

OO 03	Mandatory	Public	Gateway
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**OO 03.1** Indicate which of the following categories reflect your core offering or main business activity:

- Reporting
- Active Ownership Services
- Investment consultancy
- Research and Data Provision
- Other, specify (1)  
Stock Exchange
- Other, specify(2)

**OO 03.2** Indicate any other business activities that your organisation offers. Indicate whether you wish to report on these business areas.

- Reporting
- Active Ownership Services
- Investment consultancy
- Research and Data provision
- Other, specify (3)
- Other, specify (4)
- None of the above

OO 04	Mandatory	Public	Descriptive
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**OO 04.1** Please describe your core offering or main business activity.

B3 S.A. - Brasil, Bolsa, Balcão is one of the world's largest financial market infrastructure providers by market value. The services it offers range from exchange trading, clearing and other post-trade services to registration of over-the-counter (OTC) transactions and of vehicle and real estate loans.

B3 was established in March 2017 when the securities, commodities and futures exchange activities of BM&FBOVESPA were combined with the activities of Cetip, a provider of financial services for the organized OTC market. This combination consolidated the Company's position as a financial market infrastructure and enabled it to extend the range of services and products offered to customers while creating efficiencies for the Company and for the market.

In the markets for exchange-traded products B3 develops, implements and operates trading and post-trading (clearing and settlement) systems and services for equities, equity, financial and commodity derivatives, bonds, federal government debt securities, spot currencies and agricultural commodities. It

provides a listing service and acts as central securities depository (CSD) for the assets traded in its environments. It also offers software and index licensing

services. Its operations in these markets require constant investment in technological infrastructure, as well as control and management of the risks inherent in these activities in order to ensure they operate efficiently and securely.

For unlisted products traded bilaterally on the OTC market, such as financial instruments issued by banks and customized derivatives, B3 offers the infrastructure for registration of these trades by market participants.

In addition, through its vehicle and real estate financing unit the Company offers products and services that streamline local credit analysis and approval, making access to secured loans easier, faster and safer.

Alongside its operational, technological and risk management excellence, B3 also boosts the dynamics of the markets it manages by means of innovation and product development, as well as educational programs for the general public.

B3 is a public company traded under ticker symbol B3SA3 on the Novo Mercado premium listing segment for companies committed to the highest standards of corporate governance. Its stock is tracked by the Ibovespa, IBrX-50, IBrX and Itag indices, among others.

The Company is headquartered in São Paulo and has representative offices in London (UK) and Shanghai (China) to support local market participants in activities with foreign customers and relations with regulators, and to disseminate its products and governance practices to potential investors.

For more information, please access: <https://ir.b3.com.br/>

B3

Reported Information

Public version

Strategy and Governance

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## Policy on ESG beliefs

SG 01

Mandatory

Public

Gateway

SG 01.1

Describe how your organisation's philosophy incorporates environmental, social and governance factors, and the link to your business offerings.

B3 as an organization that is at the center of the capital market, as a Stock Exchange, has the role of promoting the best sustainability practices among its stakeholders and offering ESG (Environmental, Social and Governance) products and services to support its customers in this transition.

Our strategic ambition is to connect sustainability with the business, leveraging B3's strategic objectives, and promoting a resilient business environment aligned with the best ESG practices.

In its governance structure, the company has a:

- Sustainability Committee: chaired by the CEO, composed of Vice-Presidents and an external member, responsible for strategic orientation
- Sustainability Department: responsible for managing the theme on a daily basis.

In addition, B3 has a Social-Environmental Responsibility Policy approved by the Board of Directors in 2013, which is aligned with its strategic principles and aims to formalize and orient guidelines for action on the theme. The Policy is reviewed from time to time to identify if any update is necessary, usually in an annual basis.

B3 believes in the value of partnerships and, for this reason, is member of many initiatives and commitments with ESG focus:

B3 was the first stock exchange in the world to be a signatory to the Global Compact, in 2004. In this context, it is also a member of the Brazilian Committee of the Global Compact. Since 2017, B3 is a member of the Global Compact Brazil Network Board.

A very important UN-sponsored initiative to which B3 belongs as a founding signatory is the Sustainable Stock Exchanges (SSE), which promotes the adoption of a sustainability agenda by exchanges and listed companies worldwide. B3 is also member of the Sustainability Working Group (SWG) at the World Federation of Exchanges, WFE. The SWG aims to address evolving concerns specific to ESG topics. The group attempts, through a research-driven dialogue, to build consensus agreement among its members on sensitive issues, and subsequently present those findings to the WFE. Furthermore, B3 is a member as well of the Advisory Boards of CDP Latin America.

In March 2017 B3 became a signatory to the Women's Empowerment Principles (WEPs), becoming the first stock Exchange in the Americas and the sixth in the world to adhere. It is a joint initiative of UN Women and Global Compact, promoting gender equality in the workplace, in business and in the community.

B3 is also the Initiative of Capital Markets from the Ministry of Economy of Brazil and the Intrasectoral Sustainability and Environment Commission of FEBRABAN (The Brazilian Federation of Banks)

In addition, B3 also actively participates in the Working Groups on Financial Instruments and Impact Investments, Fintech, Green Finance and ESG Risk Management and Transparency of the Financial Innovation Laboratory (LAB) of the Securities and Exchange Commission of Brazil (CVM). In 2019, these groups discussed topics such as venture philanthropy, SDGs, green bonds, social impact, socio-environmental and climatic risks and the importance of disclosing ESG information for decision-making investment processes.

B3 also supports the Task Force on Climate-related Financial Disclosures (TCFD) by signing the CEO and CFO letter.

To fulfill its commitment to the smooth and safe operation of the market, B3 pledges to maintain secure and efficient systems, offer innovative products and services that add customer value, encourage the adoption of sustainable practices by listed companies, and develop educational programs to popularize its products and services.

To minimize the environmental impacts associated with its activities, B3 pledges to adopt eco-efficiency programs in its facilities, optimize water, energy and paper use, and properly manage solid waste, including electronic waste, and greenhouse gas emissions. Furthermore, the Company pledges to

promote good environmental practices across its value chain and among other stakeholders, while leveraging Brazilian market growth by offering products and services with an environmental focus.

As a socially responsible company that respects its internal and external relationships, B3 pledges to attract and retain talented people, encourage the pursuit of improvements to the quality of life, and develop its employees. The Company is also committed to fostering good social practices across its value chain and among other stakeholders, to promoting private social investment, and to encouraging volunteerism.

Given its commitment to best corporate governance practices and its strong belief that this is a way of creating shareholder value, B3 is duty-bound to promote, induce and assure good transparency and accountability practices, guarantee efficient risk management, promote the adoption of codes of conduct, and assure the protection of shareholder rights.

In order to educate and engage with issuers and the investment community B3 provides different initiatives such as sustainability guides and workshops.

**SG 01.2**

Indicate whether you have policies that formalise the incorporation of your ESG beliefs in your business offerings.

Yes

**SG 01.3**

Indicate the components/types of your internal policy and provide the URL and/or an attachment of the document/s if they are publicly available.

#### Policy components/types

Policy setting out your overall ESG/RI approach

Public availability

URL

URL

[https://ir.b3.com.br/fck\\_temp/1005\\_5/file/Ing\\_Pol%C3%ADtica%20de%20Sustentabilidade%202019%20VF.pdf](https://ir.b3.com.br/fck_temp/1005_5/file/Ing_Pol%C3%ADtica%20de%20Sustentabilidade%202019%20VF.pdf)

Attachment

Not publicly available

Formalised guidelines on environmental factors

Formalised guidelines on social factors

Formalised guidelines on corporate governance factors

Formalised guidelines on engagement approach

Formalised guidelines on (proxy) voting approach

Other, specify (1)

Other, specify (2)

None of the above

**SG 01.4**

Indicate how these are put into practice internally across the organisation.

- Regular employee training on RI/ESG
  - Regular RI/ESG policy awareness building for employees
  - Establishment of policy review committee/team
  - Remuneration linked to achieving ESG objectives
  - Annual performance incentives
  - Other, specify (1)
  - Other, specify (2)
  - Other, specify (3)
- No

**SG 02****Mandatory****Public****Descriptive****SG 02.1**

Indicate what frameworks and guidelines you have used to develop your organisation's policies. Tick all that apply.

- UN Principles for Responsible Investment
- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- UN Sustainable Development Goals
- International Bill of Human Rights
- International Labour Organisation Conventions
- IFC Performance Standards
- United Nations Convention Against Corruption
- OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises
- GRI standards
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

**SG 03****Mandatory****Public****Descriptive****SG 03.1**

Indicate whether you offer standard, off the shelf, policies to clients as part of your product offerings, and/or whether you create tailored versions for individual clients.

	Off the shelf	Tailored
Asset class-specific RI guidelines	<input type="checkbox"/>	<input type="checkbox"/>
Sector-specific RI guidelines	<input type="checkbox"/>	<input type="checkbox"/>
Screening/exclusions policy	<input type="checkbox"/>	<input type="checkbox"/>
Engagement policy	<input type="checkbox"/>	<input type="checkbox"/>
(Proxy) voting policy	<input type="checkbox"/>	<input type="checkbox"/>
RI guidelines set out within the Investment Policy Statement (IPS)	<input type="checkbox"/>	<input type="checkbox"/>
RI guidelines set out in a freestanding RI policy	<input type="checkbox"/>	<input type="checkbox"/>
Multi-year RI implementation project plan	<input type="checkbox"/>	<input type="checkbox"/>
Conflict of interest management policy	<input type="checkbox"/>	<input type="checkbox"/>
Stockbroker allocation policy	<input type="checkbox"/>	<input type="checkbox"/>
Securities lending policy	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (1)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (2)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (3)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**SG 03.3**

Additional information. [OPTIONAL]

Securities exchanges are organized physical or virtual environments on which securities are bought and sold. For transactions to occur, an extensive chain of trading and post-trading services must function harmoniously.

Trading platform: the system that enables buyers and sellers to meet and execute trades.

Clearing system: responsible for calculating long and short positions by multilateral netting and for controlling market risk. The clearinghouse also acts as a central counterparty (CCP), i.e. as the buyer to all sellers and the seller to all buyers for settlement purposes, assuming the responsibility of honoring all sales and purchases.

Settlement system: controls and processes the exchange of money for the securities traded between buyers and sellers (or only money in the case of derivatives), extinguishing the rights and obligations that arise from the clearing process.

Central securities depository (CSD): responsible for bookkeeping, safeguarding, updating and coordinating corporate events (payment of dividends, bonus issues etc.) relating to the assets traded: for this purpose it temporarily acts as fiduciary owner of the assets deposited. Also responsible for physical

movement of assets in the settlement process. The CSD service is not extensive to the derivatives market.

In Brazil, the exchange sector is vertically integrated. B3 performs all trading and post-trading activities for equities, derivatives and other securities. Hence the Company provides all the services required by market participants (investors and brokerage houses) from buy and sell transactions to clearing and risk control, settlement and complete custody of assets.

The characteristics of the exchange industry vary from country to country.

For more information, please access: [http://www.b3.com.br/en\\_us/](http://www.b3.com.br/en_us/)

SG 04	Mandatory	Public	Descriptive
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SG 04.1	Briefly describe how you include ESG/RI factors as part of your business offerings.
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**Business area**

Other, specify (1)
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Stock Exchange

How you include ESG/RI factors
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B3 as an organization that is at the center of the capital market, has the role of promoting the best sustainability practices among its stakeholders and offering ESG (Environmental, Social and Governance) products and services to support its customers in this transition.

B3 promotes training, guidance, workshops, events and opportunities to exchange of experiences among listed companies and investors to foster this agenda in the Brazilian Capital Market.

B3 offers sustainability indices such as the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2) and a Green Bonds Platform.

The sustainability strategy for 2020-2021 aims to strengthen current ESG portfolio and identify new opportunities to launch new products and services to boost this agenda.

SG 04.2	Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for ESG/RI within the organisation.
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Roles present in your organisation	Oversight/accountability for ESG/RI	Implementation of ESG/RI
Board	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Directors	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chief Executive Officer (CEO), Chief Financial Officer (CFO)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chief Operating Officer (COO), Chief Information Officer (CIO)	<input type="checkbox"/>	<input type="checkbox"/>
Other chief-level staff	<input type="checkbox"/>	<input type="checkbox"/>
Other heads of department	<input type="checkbox"/>	<input type="checkbox"/>
Dedicated ESG/RI staff	<input type="checkbox"/>	<input type="checkbox"/>
Other role, specify (1)	<input type="checkbox"/>	<input checked="" type="checkbox"/> <div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">Please specify</div> Sustainability Department
Other role, specify (2)	<input type="checkbox"/>	<input type="checkbox"/>
Other role, specify (3)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

**SG 04.3**

Indicate how you ensure ESG/RI expertise for the roles where there are RI oversight/accountability or implementation responsibilities.

- Staff training on ESG/RI incorporation
- Including ESG/RI knowledge factors in personal development goals
- Having development plans that aim to enhance ESG/RI knowledge of certain departments/teams/individuals
- Including ESG in selection requirements when hiring new employees
- Other, specify (1)

Hiring professional with sustainability skills and expertise for Institutional matters, to connect with the business

- Other, specify (2)
- Other, specify (3)
- Other, specify (4)

**SG 04.4** Indicate whether your organisation has any ESG/RI linked incentives for its employees.

- Yes
- No
- Not applicable, we ensure that employees incorporate ESG/RI into services through other mechanisms.

**SG 06**

**Mandatory**

**Public**

**Descriptive**

**SG 06.1** Indicate whether you provide training/educational services on ESG/RI. Tick all that apply.

- Board/trustee training
- Investment manager training
- Regulatory bodies/authorities or public policy makers
- Corporate executive training
- ESG analyst training
- Other, specify (1)  
Listed Companies and investors
- Other, specify (2)  
Intermediation Industry
- Other, specify (3)
- Other, specify (4)
- None of the above

**SG 06.2** Describe the main components of your training/educational services on ESG/RI and any variations depending on the group you provide training/education to.

Listed Companies and investors

To support our clients on their sustainability journey, we offer guidance and promote training, workshops and events opportunities to exchange of experiences among listed companies and investors to foster the ESG agenda in the Brazilian Capital Market.

B3 offered ESG mentorship to its clients based on its sustainability guidance for companies. The project had the objective to promote the 13 steps presented in the guide to help companies to integrate sustainability into the business strategy.

As from 2020, this mentorship will be incorporated into a Customer Experience Program. The initiative will be led by the Client's Relationship Department in partnership with the Sustainability area.

Within the scope of the Corporate Sustainability Index - ISE, we promote workshops to discuss the seven dimensions of the questionnaire every year, to always raise the bar and reflect what is being discussed internationally in the sustainability agenda. The dimensions of ISE's questionnaire are Nature of the Product, General, Corporate Governance, Social, Economic and Financial, Environmental and Climate Change and we inactivate discussions in each of them. Besides the workshops, to promote and stimulate investors to consider ISE ETF (ISUS 11) - <https://www.itnow.com.br/isus11/>

We are also developing a climate strategy that aims to support our customers in this global challenge. To support them on this journey, we plan to promote capacity building initiative with various market partners on climate change issues since the beginning of the journey: preparing an emissions inventory, how and where to offset their emissions, measuring and reporting their emissions. impacts, setting targets.

Once the company is engaged and aware of its direct and indirect climate risks and impacts, they will be better prepared to take a second step which is the participation and integration in our products and services, such as ICO2, Green Bonds and so on. We also promote and stimulate investors to consider ICO2 ETF (ECO2 11) - <https://www.blackrock.com/br/products/251711/ishares-ndice-carbono-eficiente-ico2-brasil-fundo-de-ndice-fund>

We also work with many local and international partners in the market to boost this agenda in Brazil, such as Global Compact Brazilian Network, CDP Latin America, PRI Brazil, Brazilian Federation of Banks, among others.

We also have published sustainability guides and orientations to help companies with 13 steps towards sustainability and how to incorporate these themes into their strategy.

#### Intermediation Industry

This work seeks to stimulate and foster the adoption of this agenda among all intermediation sector participants. B3 also published the Sustainability Business Opportunities in the Intermediation Industry.

<b>SG 06.3</b>	Describe whether these training/educational services include any commercial elements.
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N/A.

<b>SG 07</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>
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<b>SG 07.1</b>	Describe how your organisation applies, advances and promotes the PRI Principles.
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B3 was the first exchange from an emerging country to be signatory to the PRI - Principles for Responsible Investment, in 2010.

B3 has always worked together with other UN Bodies to promote the ESG agenda in the Brazilian Capital Market. B3 was the first Exchange in the world to adhere to the Global Compact, in 2004. In this context, it is also a member of the UN Global Compact Brazilian Committee (CBPG) and since 2017 is part of the Board.

Another very important UN-sponsored initiative to which B3 belongs as a founding signatory is the Sustainable Stock Exchanges (SSE), since 2012, which PRI are one of the organizes.

One of B3's responsibilities on the sustainability agenda is the promotion of best ESG practices among its stakeholders. For this, we are the bridge between companies and investors. On one hand, encouraging our listed companies to be more transparent and to consider ESG issues in your business strategy; and on the other hand, we encourage investors to pay attention to these companies, which in the long-term will perform better by having an efficient ESG risk management and a more accurate vision for new business opportunities that contribute to the sustainable development of the market.

Furthermore, B3 attends to all events regarding PRI, such as PRI in Person and local events to exchange ideas and also bring insights to our market.

In March of 2019 we hosted here at B3 the first SDG Investment Forum organized by PRI and Global Compact. We're open to collaborate and work together always looking forward to boost this agenda worldwide and regionally.

<b>SG 08</b>	<b>Mandatory</b>	<b>Public</b>	
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**SG 08.1**

Indicate which of the following actions your organisation has taken to promote responsible investments during the reporting year, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoken publicly at events and conferences to promote responsible investment
- Written and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Written and published articles on responsible investment in the media
- Policy engagements and other interactions
- Other, specify
- None of the above

**SG 09****Mandatory****Public****Descriptive****SG 09.1**

Indicate which of the following long-term trends are addressed in your product outputs.

- Changing demographics
- Climate change

**SG 09.2**

Explain how this long-term trend affects your product outputs.

**Carbon Efficiency Index - ICO2**

Aiming to promote a transition to a low carbon economy B3 has launched in 2010 in partnership with the Brazilian Development Bank (BNDES) the Carbon Efficiency Index - ICO2. The stock Index weighted by companies' greenhouse gas emissions (GHG) and by the companies' liquidity. It is important to highlight the voluntary adherence, inclusive process and the only prerequisite is the execution of the GHG report and make it available to the public. To promote and stimulate the index B3 also offers an ETF - Exchange Traded Fund (ECO011)

The companies in the ICO2 demonstrates their commitment to climate issues, with the transparency of their emissions and anticipates the vision of how they are preparing for a low carbon economy.

**Green Bonds**

The transition to a low carbon economy and tackling climate change imposes the need for robust transformations in the market. Several financial instruments have been created under the justification of redirecting of capital to help the transition to a low carbon economy and for financing of sustainable economic activities, such as the "green bonds".

Since November 2018, Green Bond issues can be identified on the B3 trading platform. In 2019 it resulted in R\$ 5.2 billion from 15 issuances. For 2020-2021, B3 seeks to promote debate, create initiatives to demystify and foster more this product locally. The idea is to work in partnership with market organizations specialized in the theme in the region. B3 also supports for the IDB's Green Bond Transparency Platform for the Latin America and Caribbean to give visibility to the projects issued locally and attract more investors.

**Commitment to the Climate Platform**

Also, believing in our potential to transform the market, we work with our listed companies and investors to leverage actions on the topic of climate change.

In 2019, B3 joined the Commitment to the Climate Program, an initiative of the Ekos Institute in partnership with Itaú, Natura, Lojas Renner and MRV, in order to reinforce its role of mobilizing the

capital market in actions of climate responsibility and enhancing our efforts to transition to a low carbon economy. The platform connects companies that want to offset their emissions through projects throughout Brazil that generate positive environmental and social actions.

- Resource scarcity
- Technology developments
- Other, specify (1)
- Other, specify (2)

Corporate Sustainability Index

**SG 09.2**

Explain how this long-term trend affects your product outputs.

### Corporate Sustainability Index

The Corporate Sustainability Index (ISE), a groundbreaking initiative in Latin America, is designed to create an investment environment compatible with contemporary society's need for sustainable development and to encourage corporations to be ethically responsible. Its launch in 2005 was supported by the International Finance Corporation (IFC), the World Bank's private-sector arm. Its methodology was designed by the Sustainability Research Center (GVCes) at Fundação Getulio Vargas's Business School (FGV-EAESP). The Index has a technical partner, ABC Associados, assurance partner, KPMG, and a press monitoring partner.

The ISE is a tool for comparative analysis of the performance of the companies listed on B3 from the standpoint of corporate sustainability, based on economic efficiency, environmental equilibrium, social justice and corporate governance. It also enhances public understanding of companies and groups committed to sustainability, differentiating them in terms of quality, level of commitment to sustainable development, equity, transparency and accountability, and the nature of their products, as well as business performance in the economic, financial, social, environmental and climate change dimensions.

In Brazil, this tendency has already begun and is expected to grow and consolidate rapidly. In response to this, B3 and several other institutions - ABRAPP, ANBIMA, APIMEC, IBGC, IFC, Instituto ETHOS and the Economy Ministry - decided to join forces to create a stock index that would serve as a socially responsible investment benchmark. This gave rise to the Corporate Sustainability Index (ISE). The same organizations established a Board of Governors chaired by B3 to act as the ISE's highest governance body and guarantee a transparent process of Index construction and stock selection. Representatives of the United Nations Environment Program (UNEP), IBRACON and GIFE later joined the Board. B3 is responsible for calculation and technical management of the Index. To promote and stimulate the index B3 also offers an ETF - Exchange Traded Fund (ISUS11)

In addition, B3 believes in the value of partnerships and, for this reason, works with many market partners and institutions with ESG focus, to follow trends and possible regulations that could impact our operations and to give us subsidies to create new products and services.

- None of the above

**SG 11**

**Mandatory**

**Public**

**Descriptive**

**SG 11.1**

Describe how you typically align your organisation's philosophy and approach to ESG/RI with your investor clients' goals.

- Describe

As a heart of capital markets, the investors goals are priority to us.

To promote our ESG products and services and foster this agenda locally, we interact with asset owner clients in partnership with the Client's Relationship Department,

Investors are increasingly aware of the ESG agenda, especially the risks of not looking at and incorporating these issues into the analysis. This interaction and pressure from investors help us in advancing this agenda faster. It is also B3's role to be the bridge between our listed companies and

investors, giving visibility to their best ESG practices that will help investors in best decision-making analysis.

This is not relevant for my organisation

SG 12	Mandatory	Public	Descriptive
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SG 12.1	Describe what steps you take, if any, when your ESG recommendations are not in line with your investor clients' goals.
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Describe

B3 understands that ESG agenda is a working on progress, in permanent evolution. As a stock exchange we stimulate the ESG debate and when we face a misunderstanding of expectation between our stakeholders we always open the discussion, engage and orient our clients on how to proceed.

This is not relevant for my organisation

SG 13	Mandatory	Public	Descriptive
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SG 13.1	Indicate whether you seek feedback from clients on your RI/ESG services and product offerings
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Yes

SG 13.2	Describe how you use this feedback in your RI/ESG services and product offerings.
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**Corporate Sustainability Index (ISE)**

In 2019, B3 held meetings with investors in the Brazilian Financial and Capital Markets Association (ANBIMA) sustainability working group. 11 points of improvement were identified as a result of this conversation. In 2020 B3 began to address 2 of these points. At this moment divided into two fronts: first one, sectorization of the ISE B3 questionnaire so that the questionnaire captures sector information from issuers and second one, methodology's update, the equities and sustainability teams are studying the possibilities to improve the index negotiability and change the concentration weighted from sector to paper.

For the other products we are creating a procedure to also incorporate these views, which we consider extremely important for advances and more attractiveness of our products and services

No

SG 14	Mandatory	Public	Descriptive
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SG 14.1	Indicate whether your organisation has a policy for managing potential conflicts of interest.
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Yes

**SG 14.2**

Describe how you manage potential conflicts of interest.

Conflicts of interest - The Policy on Related Party Transactions and Other Conflict of Interest Situations, aligned with the requirements of Brazilian Law 6404/1976, establishes rules to ensure that all decisions are taken with a view to the interests of B3 and its shareholders.

Any instances of non-compliance are submitted to the Corporate Governance & Nomination Committee, which may propose remedial action for analysis by the Board of Directors.

The members of the Board of Directors and all officers and other executives of the company and its subsidiaries and affiliates also sign an undertaking to abide by the Disclosure & Securities Trading Policy. The company does not tolerate any practices designed to conceal or dissimulate the origin, location or movement of assets, rights and other property. Any suspicious transaction in this respect is reported to the Anti Money Laundering & Concealment of Property Committee, one of the advisory committees to the CEO.

For more information, please access: <https://ir.b3.com.br/corporate-governance/annual-report>

B3 also addresses potential conflicts of interest in its Code of Conduct and Ethics, All the staff, trainees and interns means that all potential conflicts of interest must be reported.

For more information, please access: [https://ri.b3.com.br/enu/4174/Code\\_of\\_Ethics\\_B3\\_ENG.pdf](https://ri.b3.com.br/enu/4174/Code_of_Ethics_B3_ENG.pdf)

**SG 14.3**

Describe how you ensure that company employees do not derive any personal gain from the use of information collected during your work process.

B3 addresses orientation to employees in its Code of Conduct and Ethics and also offers channels for reporting unethical behavior or conduct incompatible with the law for use by its professionals, business partners and other stakeholders. The confidentiality of all personal information furnished is guaranteed, whatever the mechanism used.

For more information, please access: [https://ri.b3.com.br/enu/4174/Code\\_of\\_Ethics\\_B3\\_ENG.pdf](https://ri.b3.com.br/enu/4174/Code_of_Ethics_B3_ENG.pdf)

<https://ir.b3.com.br/corporate-governance/annual-report>

No

B3

## Reported Information

Public version

Confidence building measures

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