

Second-Party Opinion

Banco do Brasil Sustainable Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Banco do Brasil Sustainable Finance Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – (i) Environmentally Sustainable Management of Living Natural Resources and Land Use, (ii) Climate Change Adaptation, (iii) Renewable Energy, (iv) Affordable Housing, (v) SME Financing and Microfinance, (vi) Socioeconomic Advancement & Empowerment, and (vii) Access to Essential Services – align with those recognized by the Green Bond Principles 2018, Social Bond Principles 2018, and Green Loan Principles 2018. Sustainalytics considers the range of eligible projects to have positive environmental and social impacts and to advance a number of key UN Sustainable Development Goals including 1, 3, 7, 8, 9, 10, 11, 12, and 15.



PROJECT EVALUATION / SELECTION The process will be carried out by the Bank's Finance Unit, Investor Relations Unit and Sustainability Unit, as well as other strategic units as needed. The Unit's Committees of Management will be responsible for approving projects. The BB Sustainability Forum, comprised of Executive Managers from various strategic units, will monitor this process periodically and will provide updates to the Executive Business Committee and Board of Officers on a semi-annual basis. This is in line with market practice.



MANAGEMENT OF PROCEEDS Banco do Brasil's Finance Division will track the outstanding bonds and loans to eligible projects through its internal system. Pending allocation, the net proceeds will be held in the Bank's cash account and/or high liquidity and low risk instruments, such as government bonds. This is in line with market practice.



REPORTING Banco do Brasil intends to publish annual information on its website within one year of issuance, until full allocation. Allocation reporting will include the average loan amount, number of beneficiaries, disbursement amount for each eligible category, regional distribution of proceeds, as well as relevant impact metrics, where feasible. The Bank will also pursue annual review from a recognized third-party, until the end of maturity. Sustainalytics views Banco do Brasil's allocation and impact reporting as aligned with market best practice.

Evaluation date	September 14, 2020 ¹
Issuer Location	Brasilia, Brazil

Report Sections

Introduction.....	2
Sustainalytics' Opinion.....	3
Appendices	10

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¹This document is an update of a Second-Party Opinion, originally evaluated in November 2019, to which Sustainalytics has revised Banco do Brasil's Project Evaluation and Selection process and provided minor updates to the Contribution of the Framework to Issuer's sustainability strategy. The changes have no bearing on the Framework's compliance with the four core components of the Sustainability Bond Guidelines 2018. The revisions to this Second-Party Opinion address only the aforementioned changes and Sustainalytics has not updated its assessment of the Framework's use of proceeds criteria. Sustainalytics notes that its approach to assessing some of the Framework's criteria has evolved since the date of the original assessment.

Introduction

Banco do Brasil S.A. (“BB”, the “Bank”, or the “Issuer”) was the first bank founded in Brazil in 1808 and is currently one of Latin America’s largest banks servicing over 70.2 million customers at 4,356 branches. The Bank offers consumer, commercial, and agribusiness loans, amongst other banking services.

The Bank has developed the Banco do Brasil Sustainable Finance Framework (the “Framework”) under which it intends to issue green, social or sustainability bonds and loans, and use the proceeds to finance/refinance, in whole or in part, existing or future projects that will deliver positive environmental and/or social outcomes.

The Framework defines the eligible green categories in the following three areas:

1. Environmentally Sustainable Management of Living Natural Resources and Land Use
2. Climate Change Adaptation
3. Renewable Energy

Additionally, the Framework defines the eligible social categories in the following four areas:

1. Affordable Housing
2. SME Financing and Microfinance
3. Socioeconomic Advancement & Empowerment
4. Access to Essential Services

Banco do Brasil engaged Sustainalytics to review the Framework, dated October 2019, and provide a second-party opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2018 (SBG),² and the Green Loan Principles 2018 (GLP),³ This Framework will be published on the Bank’s website.⁴

As part of this engagement, Sustainalytics held conversations with various members of Banco do Brasil’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Banco do Brasil Sustainable Finance Framework and should be read in conjunction with that Framework.

² The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>.

³ The Green Loan Principles are administered by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA) and are available at https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf.

⁴ Banco do Brasil Sustainable Finance Framework will be available on its website at: <https://ri.bb.com.br/en/>.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Banco do Brasil Sustainable Finance Framework

Summary

Sustainalytics is of the opinion that the Banco do Brasil Sustainable Finance Framework is credible and impactful and aligns with the SBG 2018 and the four core components of the Green Bond Principles 2018 ("GBP 2018"), Social Bond Principles 2018 ("SBP 2018"), and GLP 2018. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The three green categories and the four social categories eligible for the use of proceeds are recognized as impactful by the GBP 2018, the SBP 2018 and the GLP 2018.
 - The Environmentally Sustainable Management of Living Natural Resources and Land Use category includes Low Carbon Agriculture and Forestry projects that will contribute to Brazil's Low-Carbon Agriculture Plan ("ABC Plan"), and have ecological, social and economic benefits, such as revival of productivity of land, reduction of greenhouse gas (GHG) emissions and/or sequestration of carbon, and provision of ecosystem services. Refer to Section 3 for further information on Brazil's ABC Plan.
 - Under Low-Carbon Agriculture, BB intends to provide loans to projects utilizing one or more of the following: (i) no-till farming systems, (ii) soil recovery and restoration, (iii) integrated cropland-livestock-forestry systems and agroforestry systems, (iv) biological nitrogen fixation, and (v) animal waste treatment.
 - Sustainalytics believes that no-till farming is an integral part of conservation agriculture⁵ as it minimizes soil disturbance and maintains (or restores) soil cover, and therefore helps to maintain soil organic carbon and prevent soil erosion and runoff.
 - Integrated cropland-livestock-forestry systems (ICLFS) and agroforestry projects encompass a diversified production strategy that aims to enhance agricultural productivity, and have been demonstrated to reduce vulnerability of farmers (particularly smallholder farmers) to environmental shocks, including climate change.^{6,7} However, such integrated projects could face certain barriers,⁸ especially related to their effective adoption on a farm-level, as well as their overall potential for achieving a net reduction in methane emissions resulting from livestock production.^{9,10}
 - Biological nitrogen fixation projects intend to capture and convert nitrogen from the atmosphere into ammonia utilizing microorganisms, which reduces the dependence of leguminous crops on synthetic fertilizers, thus reducing chances of agricultural runoff while maintaining soil fertility.^{11,12}
 - Sustainalytics notes that the intended environmental benefits of Low-Carbon Agriculture projects financed by the Bank may be limited by implementation challenges, such as a lack of training, insufficient knowledge, and/or technical capacity to appropriately implement low-carbon strategies.

⁵ Conservation Agriculture is a set of management practices that helps maintaining the soil health, enhance biodiversity and natural biological processes above and below the ground surface, such as through conservation tillage; sowing of diverse cover crops; multiple crop rotation; soil restoration and management; nutrient and waste management; and no or minimal pesticides or synthetic fertilizers. FAO promotes the adoption of CA principles "that are universally applicable in all agricultural landscapes and cropping systems." Food and Agriculture Organization of the United Nations (FAO), Conservation Agriculture: <http://www.fao.org/conservation-agriculture/en/>

⁶ World Development Perspectives, Overcoming barriers to low carbon agriculture and forest restoration in Brazil: The Rural Sustentável project: <https://www.sciencedirect.com/science/article/pii/S2452292916301321#b0010>

⁷ Current Opinion in Environmental Sustainability, Climate risk adaptation by smallholder farmers: the roles of trees and agroforestry: <https://www.sciencedirect.com/science/article/pii/S1877343513001619?via%3Dihub>

⁸ The adoption of integrated crop-livestock systems is influenced by several factors, including the "costs of adoption versus non-adoption, supply chain infrastructure, biophysical suitability, availability of skilled labor, access to information and know-how, as well as the willingness to diversify production." Land Use Policy, Determinants of crop-livestock integration in Brazil: Evidence from the household and regional levels: https://www.bu.edu/gdp/files/2018/02/Gil_Garrett_et_al_2016_Determinants-of-ICLS.pdf

⁹ Agriculture, Ecosystems & Environment, Adoption and development of integrated crop-livestock-forestry systems in Mato Grosso, Brazil: <https://www.sciencedirect.com/science/article/abs/pii/S016788091400471X>

¹⁰ IPCC, Land-Climate Interactions: https://www.ipcc.ch/site/assets/uploads/2019/08/2c-Chapter-2_FINAL.pdf

¹¹ Nature Education Knowledge, Biological Nitrogen Fixation: <https://www.nature.com/scitable/knowledge/library/biological-nitrogen-fixation-23570419/>

¹² The process of symbiotic nitrogen fixation could be restricted for certain type of plants (legumes) and needs further development in nonlegumes.

- Sustainalytics encourages BB to promote the holistic deployment of conservation agriculture practices⁵ through its lending criteria for Low-Carbon Agriculture for all agriculture and/or agroforestry projects. BB communicated to Sustainalytics that agroforestry projects will be accompanied by a sustainable forest management plan, enabling family producers¹³ to comply with requirements that would have otherwise been met through Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certification.¹⁴
- Sustainalytics views positively BB's exclusion of all agriculture and agroforestry projects in municipalities located in the Amazon biome.
- BB's Forestry projects include plantation forestry and sustainable forest management in forests that are certified with the FSC or PEFC,¹⁴ and recovery of legal reserve,¹⁵ riparian forests and environmental preservation will be applicable consideration. Appendix 1 provides an overview of FSC and PEFC certification schemes.
- The Renewable Energy category includes biofuel projects, specifically ethanol production, that will meet the following requirements: (i) compliance with Sugarcane Agro-Ecological Zoning,¹⁶ and (ii) certified with BONSUCRO or meets the GHG emissions threshold established by the Climate Bonds Standard criteria on Bioenergy.^{17,18} Sustainalytics views favorably the inclusion of such criteria for the selection of ethanol production projects. Appendix 2 provides an overview of BONSUCRO certification scheme.
- Under the social categories eligible under the use of proceeds, the Framework defines targeted population/groups, such as low-income families, micro and small-medium enterprises (MSMEs), small rural (family) farmers, people with disabilities, and general public living in certain municipalities for eligible projects under the social use of proceeds.
 - The Affordable Housing category considers financing of housing units included in the Brazilian Social Housing Program (PMCMV). PMCMV's eligibility criteria include families with monthly income of up to ten times the minimum wage,¹⁹ which are distributed in three (income) brackets.²⁰ BB's income threshold includes families with low-to-medium income of up to BRL7,000, which is lower than the maximum value of the third bracket within PMCMV.
 - The SME Financing and Microfinance category is defined for companies, cooperatives and institutions based on annual revenues of up to BRL5 million. BB's criteria for classifying micro and small enterprises is in accordance with the International Finance Corporation's (IFC) definition.²¹
 - BB intends to provide financial support to small rural producers with annual revenues of up to BRL415,000 under selected subprograms within the National Program to the Family Agriculture Strengthening (Pronaf). Sustainalytics recognizes that the purpose of the program is to incentivize and empower family-run agricultural and livestock activities with multiple lines of credit for several types of activities, such as forestry, agriculture, renewables, and youth or rural women farmers. BB has confirmed to

¹³ Family producers defined under the National Program to the Family Agriculture Strengthening (Pronaf).

¹⁴ Sustainalytics highlights that forestry related assets or projects certified with either FSC or PEFC integrate appropriate management plan related to soil health, water and fire management, riparian area protection, biodiversity management, species selection, as well as chemical use.

¹⁵ Sustainalytics notes that legal reserves represent almost one-third of Brazil's native vegetation and considers its recovery as a crucial step forward to preserve biodiversity and ecosystem services associated with such areas. Perspectives in Ecology and Conservation, Why Brazil needs its Legal Reserves: <https://www.sciencedirect.com/science/article/pii/S253006441930118X>

¹⁶ The National Agro-Ecological Zoning of Sugarcane (Zoneamento Agroecológico da Cana de Açúcar), commonly known as ZAE Cana, is a national policy instrument in Brazil for the sustainable expansion of sugarcane production. It aims to "map, evaluate and designate potential land for expanding sugarcane into areas that do not require full irrigation, excluding land with slopes greater than 12% and areas with high biodiversity." ELLA Area, Sugarcane Agro-Ecological Zoning: Greening the Expansion of Ethanol: https://assets.publishing.service.gov.uk/media/57a08a03e5274a31e000039a/130520_ENV_BraEthPro_BRIEF4.pdf

¹⁷ The Bioenergy & Biofuel Criteria under the Climate Bonds Standard include GHG emissions threshold for facilities producing biofuels based on its intended use, such as for electricity production, heating and co-generation, and transport. Climate Bonds Initiative, Bioenergy & Biofuel Criteria under the Climate Bonds Standard: <https://www.climatebonds.net/files/files/Bioenergy%20Criteria%20Document%20July%20202019%20-%20Phase%201.pdf>

¹⁸ Banco do Brasil will be utilizing the GHG calculation methodology adopted by RenovaBio, i.e., RenovaCalc tool. Although RenovaBio policy uses lifecycle GHG accounting, it does not consider emissions resulting from indirect land-use changes (iLUC), unlike RSB Standard. However, RenovaBio's sustainability criteria also avoid "the use of biofuels directly grown either on high-carbon stock land or in areas tied to deforestation." The International Council on Clean Transportation (ICCT), Opportunities and risks for continued biofuel expansion in Brazil: https://theicct.org/sites/default/files/publications/ICCT_Brazil_lowcarbon_fuel_opp_20190726.pdf

¹⁹ The Brazil's minimum wage in 2019 is BRL998. Statista, Minimum monthly wage in Brazil from 2000 to 2019 (in Brazilian reais): <https://www.statista.com/statistics/949779/evolution-minimum-wage-brazil/>

²⁰ PMCMV has three (income) brackets with maximum income up to ten minimum wages. Bracket 1 (Faixa 1) accepts families with household income up to 3 minimum wages, while Faixa 2 with total income between 3 and 6 minimum wages, and Faixa 3 with 6-10 minimum wages.

²¹ BRL5 million falls under the maximum annual sales figure for small enterprise, i.e., USD3 million. IFC, IFC's Definitions of Targeted Sectors: https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/ifcs+definitions+of+targeted+sectors

Sustainalytics that internal policies and guidelines (described in Section 2 of this document) will be applied to ensure projects financed under this social category apply as many of the principles underlying low-carbon agriculture as possible.

- Within the Access to Essential Services category, the Framework allows for financing of health clinics and dentistry facilities and equipment located in municipalities with a Human Development Index (HDI) ranking that is below the average for all Brazilian municipalities.²² Sustainalytics notes that approximately 47.5% of municipalities fall under the eligibility criteria and that such municipalities are mostly located far from urban centers and have relatively little access to healthcare facilities. Sustainalytics considers access to inclusive and equitable healthcare services a fundamental human right, particularly as it targets enhancing public access to free or subsidized essential services, which is recognized as bringing significant positive social benefits.
- Sustainalytics notes that BB has a broad list of projects or credit operations excluded from the Framework, including working capital lending, and activities related to tobacco, firearm weapons, alcohol, fossil fuels, exploitation or child labor, gambling, slavery, or activities or production on the lands owned or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples. Sustainalytics highlights that such exclusions will help prevent the net proceeds directed towards projects that could have significant environmental and/or social risks.
- Project Evaluation and Selection:
 - The project evaluation and selection process will be carried out cross-functionally, with input from the Bank's Finance Unit, Investor Relations Unit and Sustainability Unit, as well as other strategic units as needed. The Unit's Committees of Management, composed of Executive Managers and Directors, or in Strategic Collegiate of BB, will be responsible for approving projects. The BB Sustainability Forum, comprised of Executive Managers from various strategic units, will monitor this process periodically and will provide updates to the Executive Business Committee and Board of Officers on a semi-annual basis.
 - The Framework is approved by the Executive Business Committee, which is comprised of BB's Vice President and Directors. This is in line with market practice.
- Management of Proceeds:
 - BB's Organization Division will track the outstanding bonds and loans to eligible projects through its internal system. Pending allocation, the net proceeds will be held in the Bank's cash account and/or high liquidity and low risk instruments, such as government bonds. This is in line with market practice.
- Reporting:
 - BB intends to publish information annually on its website within one year of issuance, until full allocation. Sustainalytics views BB's allocation and impact reporting as aligned with market practice.
 - Allocation reporting will include the average loan amount, number of beneficiaries, disbursement amount for each eligible category, and regional distribution of proceeds. BB will also report on financing used for existing versus new projects.
 - Impact reporting may include environmental and social indicators, where feasible, such as greenhouse gas (GHG) emissions avoided, area under sustainable agriculture or forestry, renewable energy installed capacity, biofuel production volume, as well as the number of residencies financed, job supported, women producers financed, accessibility equipment financed and healthcare units financed.

Alignment with the Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Banco do Brasil Sustainable Finance Framework aligns with the SBG 2018 and the four core components of the GBP 2018, SBP 2018, and GLP 2018. For detailed information please refer to Appendix 3: Sustainability Bond/ Sustainability Bond Programme External Review Form.

²² The average HDI for municipalities in Brazil is 0.659. Atlas of Human Development in Brazil: <http://www.atlasbrasil.org.br/2013/en/ranking/>

Section 2: Sustainability Performance of the Issuer

Contribution of the Framework to Issuer's sustainability strategy

Banco do Brasil's Framework is in line with the Bank's overall sustainability strategy. At the organizational level, financing of projects which exhibit social and environmental value creation form a significant proportion of the Bank's business. This includes a "green business portfolio"²³ valued at approximately BRL190 billion" and serving 1 million farmers across Brazil. The current sustainability strategy, Sustainability Plan Agenda 30 BB ("the Sustainability Plan"),²⁴ was updated in 2019, for 2019-2021, and focuses both on the impact of the Bank's own operations and the impact of the projects it funds. BB has outlined a number of environmental commitments including, but not limited to, promoting the transition to a green and inclusive economy, the assessment and implementation of business conditions for products/services aimed at facilitating the transition to a green economy and the incorporation of socio-environmental rating losses data in the lending pricing process. The Bank's Board of Officers reviews and approves the Sustainability Plan every two years and meets bi-annually to monitor initiatives outlined under the plan, while the Board of Directors is responsible for reviewing the organization's social and environmental performance on an annual basis.²⁴

Regarding its social commitments, BB has positioned itself as a key stakeholder of Brazil's Minha Casa Minha Vida (MCMV) Program. Through the provision of home loans to low-income families, the Bank has facilitated the construction of over 142 developments between 2018 and 2019, with a total of 23,543 new homes. In support of encouraging entrepreneurship and small business development in Brazil, the Bank offers loans to micro and small companies through Guided Productive Microcredit (Microcrédito Produtivo Orientado – MPO) – a program which focuses on advice and monitoring of the enterprise. The Bank also supports rural farmers in Brazil by providing assistance under the national program, Pronaf. Of the approximately one million family farmers who benefited from Pronaf's assistance in 2019, BB participated in 49.8% of market contracting of loans for costing and investment operations.

Based on the Bank's sustainability strategy and social commitments, information included in its annual reporting and supporting corporate policies and guidelines, Sustainalytics is of the opinion that the Banco do Brasil Sustainable Finance Framework will further BB's achievement of its sustainability strategy.

Well positioned to address common environmental and social risks associated with the projects

While the net proceeds will be directed towards eligible projects that are expected to deliver overall positive environmental and social outcomes, Sustainalytics recognizes large investments, in particular those related to agriculture and forestry, may be associated with a potential risk of negative environmental and/or social impacts. As a financial institution, BB plays a limited role in the development of specific projects which it finances. Notwithstanding, some key risks related to the projects that are intended to be financed by loans from BB include biodiversity loss from agriculture projects, adverse impact to local communities, and lack of pollution control. Sustainalytics considers that the following policies and procedures which BB has put in place will help mitigate these risks:

- **Policies** – BB has enacted policies to reduce negative environmental and social impact of projects, including the Socio-environmental Responsibility Policy (the "Policy")²⁵ and the Sustainability Credit Guidelines (the "Guidelines").²⁶ The Policy promotes ethical and transparent operational activity through a set of principles including, but not limited to, the promotion of human rights and fundamental rights of labour, the development of actions and initiatives for ecoefficiency and reduction of emissions. The Guidelines aims to provide visibility on the credit management process of financing, helping mitigate possible negative impacts on the environment and society. The Bank has also implemented a Human Rights policy²⁷ and a Code of Ethics and Standards of Conduct,²⁸ mandating ethical behavior amongst both its internal and external stakeholders.
- **Due Diligence** – The Bank's Guidelines specifically mentions that for projects with significant socio-environmental risks, BB may require the client to carry out a project-specific risk assessment and action plan to mitigate any identified risks, and the Bank may ultimately decide not to provide financing. Where

²³ In 2018, the portfolio was comprised of credit operations related to investments and loans for renewable energy, energy efficiency, sustainable construction, sustainable transport, sustainable tourism, water, fisheries, forestry, sustainable agriculture and waste management. The portfolio also included social investments such as education, health and local and regional development.

²⁴ Banco do Brasil, Annual Report 2019: <https://api.mziq.com/mzfilemanager/v2/d/5760dff3-15e1-4962-9e81-322a0b3d0bbd/4f4e2cae-563c-fa5f-7fbedec9043ea662?origin=1>

²⁵ Banco do Brasil, Socioenvironmental Responsibility Policy: https://s3.amazonaws.com/mz-filemanager/5760dff3-15e1-4962-9e81-322a0b3d0bbd/7a9d7fe0-8b1a-4c8c-b29d-e24dff2a40f8_Anexo%205%20-%20Socioenvironmental%20Responsability%20Policy.pdf

²⁶ Banco do Brasil, Sustainability Credit Guidelines: https://s3.amazonaws.com/mz-filemanager/5760dff3-15e1-4962-9e81-322a0b3d0bbd/c5c1cfe1-89dc-442c-b945-d0ea95961ed9_Sustainability%20credit.pdf

²⁷ Banco do Brasil, Banco do Brasil and the Human Rights: <https://www.bb.com.br/docs/pub/siteEsp/uds/dwn/CompEng.pdf>

²⁸ Banco do Brasil, Code of Ethics and Standards of Conduct: <https://www.bb.com.br/docs/pub/siteEsp/ri/eng/dce/dwn/ethicscode.pdf>

financing is provided, the Bank includes conditions in credit agreements and may perform monitoring of these conditions. BB has also created a Risk and Capital Committee responsible for advising its Board of Directors on the Bank's approach to risk management, including socio-environmental exposure as well as capital.

- **Global ESG Standards** – BB has been a signatory to the Equator Principles since 2005.²⁹ The Bank also adheres to the IFC's Performance Standards on Environmental and Social Sustainability and the World Bank Group's General Environmental, Health and Safety (EHS) Guidelines, and is a signatory of the Green Protocol Program and the Principles for Responsible Investment (PRI).²⁴

Given the above, Sustainalytics is of the opinion that BB is well prepared to manage potential environmental and social risks associated with the eligible projects.

Section 3: Impact of Use of Proceeds

All seven eligible categories are recognized as impactful by the GBP 2018, SBP 2018, and GLP 2018.

Importance of financing low-carbon agriculture under Brazil's ABC Plan

In 2017, agriculture and agribusiness contributed to approximately 23.5% of Brazil's gross domestic product (GDP).³⁰ As the agriculture industry has grown to be a key driver of Brazil's economic growth, so has its proportion of the nation's environmental footprint. The agricultural sector is the principal source of GHG emissions in Brazil with an approximately 34% of the nation's total emissions.³¹ As depicted by the United Nations Framework Convention on Climate Change (UNFCCC) and by the Food and Agriculture Organization of the United Nations (FAO), agricultural production in Brazil is projected to continue increasing in the upcoming years. The reality of this trajectory prompted the Brazilian government to enact the ABC Plan in 2010, which led to the implementation of the Program for Reducing Greenhouse Gas Emissions in Agriculture ("the ABC Program").⁶ The ABC Program, a low-interest credit scheme, was created to incentivize and fund the implementation of low carbon agricultural practices that contribute to the mitigation of climate change either through a reduction of GHG emissions and/or through the sequestration of carbon.

In Brazil, low-carbon agricultural practices have been identified to include a series of agriculture and forestry-related activities, such as the development of integrated crop-livestock forestry systems, commercial plantation forests, and the management and restoration of natural forests and degraded forest areas. In addition, the ABC Plan includes no-till farming, restoration of degraded pasture, biological nitrogen fixation and manure management. According to a study conducted in 2016, since its inception, the ABC Program has issued more than 28,500 loans to rural producers, amounting to BRL13.2 billion.⁶ BB, a key stakeholder in the Brazilian market, has positioned itself as a market leader in the contracting of financing under the Program, and in 2018 financed approximately BRL8.6 million through the ABC Program.²⁴ Through the issuance of its green bond, the Bank aims to continue facilitating the transition to a low carbon economy by providing financing to five of the key assets and projects as captured under the ABC Plan (and ABC Program): i) no-till farming systems, ii) soil recovery and restoration, iii) ICLFS and agroforestry systems, iv) biological nitrogen fixation, and v) animal waste treatment. Sustainalytics is of the opinion that BB financing for Low Carbon Agriculture projects will help accelerate action in support of the country's intention of reducing GHG emissions and/or enhancing carbon sequestration under the ABC Plan.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Environmentally Sustainable Management of Living Natural Resources and Land Use	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources. 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international

²⁹ Equator Principles, Reporting – Banco do Brasil (2018): <https://equator-principles.com/reporting-banco-do-brasil-2018/>

³⁰ Reuters, Brazil agriculture, agribusiness contributed to 23.5 pct to GDP in 2017 – CNA: <https://www.reuters.com/article/brazil-agriculture/brazil-agriculture-agribusiness-contributed-23-5-pct-to-gdp-in-2017-cna-idUSE6N1ND008>

³¹ The Carbon Brief, The Carbon Brief Profile: Brazil: <https://www.carbonbrief.org/the-carbon-brief-profile-brazil>

	15. Life on Land	frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. 15.B Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
SME Financing and Microfinance	8. Decent Work and Economic Growth 9. Industry, Innovation and Infrastructure	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.
Socioeconomic Advancement and Empowerment	1. No Poverty 10. Reduced Inequalities	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance. 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
Access to Essential Services	3. Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Conclusion

Banco do Brasil has developed a Sustainable Finance Framework under which it intends to issue green, social or sustainability bonds and loans, and use the proceeds to finance or refinance, in whole or in part, existing or future projects that will deliver positive environmental and/or social outcomes. Sustainalytics believes that Banco do Brasil's Framework is aligned with the Bank's sustainability strategy and that the eligible categories will advance a number of key Sustainable Development Goals, particularly 1, 3, 7, 8, 9, 10, 11, 12, and 15. Additionally, Sustainalytics is of the opinion that Banco do Brasil has sufficient measures to manage and mitigate environmental and social risks commonly associated with the eligible projects.

Furthermore, Sustainalytics highlights that Banco do Brasil may invest in affordable housing, healthcare facilities and accessibility technologies and provide loans to SMEs and family farmers, that are recognized as impactful by the Social Bond Principles 2018.

Overall, Sustainalytics is of the opinion that the Banco do Brasil Sustainable Finance Framework is robust, transparent, and in alignment with the Sustainability Bond Guidelines 2018 and the four core components of the Green Bond Principles 2018, the Social Bond Principles 2018, and the Green Loan Principles 2018.

Appendices

Appendix 1: Certification Schemes for Forestry

	Forest Stewardship Council (FSC)³²	Programme for the Endorsement of Forest Certification (PEFC)³³
Background	The Forest Stewardship (FSC) is a non-profit organization established in 1993 that aims to promote sustainable forest management practice by evaluating forest management planning and practices independently against FSC's standards.	Founded in 1999, the Programme for the Endorsement of Forest Certification (PEFC) is a non-profit organization that promotes sustainable forest management through independent third-party certification, this includes assessments, endorsements and recognition of national forest certification systems. PEFC was created in response to the specific requirements of small- and family forest owners as an international umbrella organization.
Basic Principles	<ul style="list-style-type: none"> • Compliance with laws and FSC principles • Tenure and use rights and responsibilities • Indigenous peoples' rights • Community relations and workers' rights • Benefits from the forests • Environmental impact • Management plans • Monitoring and assessment • Special sites – high conservation value forests (HCVF) • Plantations 	<ul style="list-style-type: none"> • Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle • Maintenance and enhancement of forest ecosystem health and vitality • Maintenance and encouragement of productive functions of forests (wood and no-wood) • Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems • Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water) • Maintenance of socioeconomic functions and conditions • Compliance with legal requirements
Types of standards/benchmarks	<ul style="list-style-type: none"> • Forest Management certification (for single/multiple applicant(s) – industrial or private forest owners, forest license holders, community forests, and government-managed forests) • Small and Low Intensity Management Forests (SLIMFs) program (for small forests and forests that are managed at low intensity would be eligible) • Chain of Custody (CoC) certification (for supply chain companies' planning, practices and products – all operations that want to produce or make claims related to FSC-certified products must possess this certificate) • Controlled Wood verification (for assurance that 100% virgin fiber mixed with FSC-certified and recycled fiber originates from a verified and approved source) 	<ul style="list-style-type: none"> • Sustainable Forest Management benchmark – international requirements for sustainable forest management. National forest management standards must meet these requirements in order to obtain PEFC endorsement • Group Forest Management Certification – outlines the requirements for national forest certification systems who have group forest management certification • Standard Setting – covers the processes that must be adhered to during the development, review and revision of national forest management standards • Chain of Custody – outlines the conditions for obtaining CoC certification for forest-based products • PEFC logo Usage Rules – outlines the requirements entities must abide by when using the PEFC logo

³² Forest Stewardship Council, FSC Principles and Criteria for Forest Stewardship: https://ca.fsc.org/preview_principles-criteria-v5.a-1112.pdf

³³ PEFC, Standards and Implementation: <https://www.pefc.org/standards-implementation>

		<ul style="list-style-type: none"> • Endorsement of National Systems – outlines the process that national systems must go through to achieve PEFC endorsement
Governance	<p>The General Assembly is comprised of all FSC members and constitutes the highest decision-making body. Members can apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers. Each chamber maintains 33.3% of the weight in votes, and votes are weighted so that the North and South hold an equal portion of authority in each chamber, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.</p>	<p>PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders. In general, PEFC's governance structure is more representative of industry and government stakeholders than of social or environmental groups. Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.</p>
Scope	<p>FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>	<p>Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardization (Guide 59)³⁴ and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>
Chain-of-Custody	<ul style="list-style-type: none"> • The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards • CoC standard includes procedures for tracking wood origin • CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products • CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC 	<ul style="list-style-type: none"> • Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC • Only accredited certification bodies can undertake certification • CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content. • The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials • The CoC standard includes specifications for the physical separation of certified and non-certified wood • The CoC standard includes specifications about procedures for dealing with complains related to participant's chain of custody
Non-certified wood sources	<p>FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:</p> <ul style="list-style-type: none"> a. Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of appropriate taxes 	<p>The PEFC's Due Diligence System requires participants to establish systems to minimize the risk of sourcing raw materials from:</p> <ul style="list-style-type: none"> a. forest management activities that do not comply with local, national or international laws related to: <ul style="list-style-type: none"> - operations and harvesting, including land use conversion,

³⁴ ISO, ISO/IEC Guide 59:2019: <https://www.iso.org/standard/233390.html>


	<p>and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others,</p> <p>b. Wood harvested in violation of traditional and civil rights,</p> <p>c. Wood harvested in forests where high conservation values are threatened by management activities,</p> <p>d. Wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses,</p> <p>e. Wood from management units in which genetically modified trees are planted.</p>	<ul style="list-style-type: none"> - management of areas with designated high environmental and cultural values, - protected and endangered species, including CITES species, - health and labor issues, - indigenous peoples' property, tenure and use rights, - payment of royalties and taxes. <p>b. genetically modified organisms,</p> <p>c. forest conversion, including conversion of primary forests to forest plantations.</p>
<p>Accreditation/verification</p>	<p>FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.</p>	<p>Accreditation is carried out by an accreditation body (AB). In the same way that a certification body checks that a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process, PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures.</p> <p>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.</p>
<p>Qualitative considerations</p>	<p>Sustainalytics views both FSC and PEFC as being robust, credible standards that are based on comprehensive principles and criteria that are aligned with ISO. Both schemes have received praise for their contribution to sustainable forest management practices³⁵ and both have also faced criticism from civil society actors.^{36,37} In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are similar or equal to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context.</p>	

Appendix 2: Analysis of the Bonsucro Certification System

³⁵ FESPA, FSC, PEFC and ISO 38200: <https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200>

³⁶ Yale Environment 360, Greenwashed Timber: How Sustainable Forest Certification Has Failed: <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>

³⁷ EIA, PEFC: A Fig Leaf for Stolen Timber: <https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber>

	Bonsucro ³⁸
Background	Bonsucro is a multi-stakeholder non-profit organization that issues certifications to promote sustainable practices in the sugarcane sector. The mission of the standard is to work towards improving the economic, social and environmental viability of sugarcane production.
Types of Certification	<ul style="list-style-type: none"> • Bonsucro Production Standard, including Bonsucro Production Standard for Smallholder Farmers; • Bonsucro Chain of Custody Standard
Minimum requirements ³⁹	<p>The Bonsucro Production Standard is comprised of 6 Principles. Each Principle is supported by a set of criteria and indicators (including core indicators) that help auditors assess compliance.</p> <p>In order to achieve certification, members must achieve full compliance with the 16 core indicators, as well as satisfy a minimum of 80% of all the indicators. An indicator which applies to a mill and farm must be met by both entities in order to be considered satisfied.</p>
Scope of certification or programme	The Standard can be applied globally to any sugarcane mill, and their supplying area, who are looking to sell sugarcane derived products certified under the Bonsucro label. The Standard evaluates how the practices have been implemented at both the mill and farm levels and assesses the sustainable production of sugarcane and all sugarcane derived products in respect of economic, social and environmental dimensions.
Verification of standards and risk mitigation	Certified entities undergo third party audits to ensure compliance with the criteria and continuous improvement.
Third party expertise and multi-stakeholder process	Standard setting is aligned with the ISEAL Standard Setting Code, the ISEAL Assurance Code, the ISEAL Impacts Code, and the EU Renewables Directive (EU RED).
Performance display	
Qualitative considerations	Global recognition across more than 40 countries with approximately 500 members. Bonsucro has a robust and transparent system in place to ensure that requirements are regularly met. The Bonsucro Production Standard focuses on achieving sustainable production of sugarcane in respect to economic, social and environmental dimensions, while the Bonsucro Chain of Custody Standard focuses on the entire supply chain, including production, processing and trade.

Appendix 3: Sustainability Bond / Sustainability Bond Programme

³⁸ Bonsucro, Bonsucro The global sugarcane platform: <http://www.bonsucro.com/wp-content/uploads/2017/04/Bonsucro-PS-STD-English-2.pdf>

³⁹ The Standard includes a specific methodology to calculate GHG emissions from biofuels, which are set under the EU Renewable Energy Directive (EU RED) and Revised Fuel Quality Directive as a part of the Standard's Principle 6: (i) for installations starting operations after a specified date in 2015, GHG emission savings from the use of biofuels and bioliquids shall be at least 60% less than the fossil fuel comparator, and (ii) for installations starting operations before a specified date in 2015, GHG emissions savings from the use of biofuels and bioliquids shall be at least 35% less than fossil fuel comparator (as established under the EU RED).

- External Review Form

Section 1. Basic Information

Issuer name:	Banco do Brasil
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: [specify as appropriate]	Banco do Brasil Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 2020 ⁴⁰
Publication date of review publication: [where appropriate, specify if it is an update and add reference to earlier relevant review]	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs and SBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

⁴⁰ This document is an update of a Second-Party Opinion, originally evaluated in November 2019, to which Sustainalytics has revised Banco do Brasil's Project Evaluation and Selection process and provided minor updates to the Contribution of the Framework to Issuer's sustainability strategy. The changes have no bearing on the Framework's compliance with the four core components of the Sustainability Bond Guidelines 2018. The revisions to this Second-Party Opinion address only the aforementioned changes and Sustainalytics has not updated its assessment of the Framework's use of proceeds criteria. Sustainalytics notes that its approach to assessing some of the Framework's criteria has evolved since the date of the original assessment.

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – (i) Environmentally Sustainable Management of Living Natural Resources and Land Use, (ii) Climate Change Adaptation, (iii) Renewable Energy, (iv) Affordable Housing, (v) SME Financing and Microfinance, (vi) Socioeconomic Advancement & Empowerment, and (vii) Access to Essential Services – align with those recognized by the Green Bond Principles 2018, Social Bond Principles 2018, and Green Loan Principles 2018. Sustainalytics considers the range of eligible projects to have positive environmental and social impacts and to advance a number of key UN Sustainable Development Goals including 1, 3, 7, 8, 9, 10, 11, 12, and 15.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|--|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |

- Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs
- Other (please specify):

If applicable please specify the social taxonomy, if other than SBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The process will be carried out by the Bank's Finance Unit, Investor Relations Unit and Sustainability Unit, as well as other strategic units as needed. The Unit's Committees of Management will be responsible for approving projects. The BB Sustainability Forum, comprised of Executive Managers from various strategic units, will monitor this process periodically and will provide updates to the Executive Business Committee and Board of Officers on a semi-annual basis.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Banco do Brasil's Finance Division will track the outstanding bonds and loans to eligible projects through its internal system. Pending allocation, the net proceeds will be held in the Bank's cash account and/or high liquidity and low risk instruments, such as government bonds. This is in line with market practice.

Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner

- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

Banco do Brasil intends to publish annual information on its website within one year of issuance, until full allocation. Allocation reporting will include the average loan amount, number of beneficiaries, disbursement amount for each eligible category, regional distribution of proceeds, as well as relevant impact metrics, where feasible. Sustainalytics views Banco do Brasil's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): details on new financing versus refinancing | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- Annual Semi-annual
 Other (please specify):

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input type="checkbox"/> Other ESG indicators (please specify): area under sustainable agriculture or forestry, renewable energy installed capacity, biofuel production volume, as well as the number of residencies financed, job supported, women producers financed, accessibility equipment financed, and healthcare units financed |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|---|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input checked="" type="checkbox"/> Verification / Audit: annual review by a recognized third-party, until the end of maturity. | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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Sustainalytics

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For more information, visit www.sustainalytics.com

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