

Sustainable Finance Framework ABC Brasil



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1. Framework Overview

In alignment with our business strategy, Banco ABC Brasil has the objective of raising funds through green, social or sustainability bonds and loans. Under this objective, we developed a Sustainable Finance Framework (SFF) to make publicly available our practices for future operations. This work builds on our experience from a Social Bond issued in 2020 and incorporates good practices from the market as well as our recent progress in the sustainable finance agenda.

The Framework follows the international best practices, namely the Green Bond Principles (GBP), the Social Bonds Principles (SBP) and the Sustainability Bonds Guidelines (SBG), as well the correspondent references to the loan market (Green and Social Loan Principles).

This document was approved by the Executive Board.

The SFF has four pillars:

1. Use of proceeds: definition of what categories, and thus which projects and assets are eligible to receive the proceeds raised in the market. Banco ABC Brasil's eligible categories are:
 - a. Eligible Green Categories
 - i. Environmentally Sustainable Management of Living Natural Resources and Land Use
 - ii. Renewable Energy
 - iii. Energy Efficiency
 - iv. Green Buildings
 - v. Clean Transportation
 - vi. Sustainable Water and Wastewater Management
 - vii. Pollution Prevention and Control
 - b. Eligible Social Categories
 - i. Access to Essential Services - Healthcare
 - ii. Access to Essential Services - Education
 - iii. Affordable Basic Infrastructure
 - iv. Affordable Housing
 - v. Employment Generation - Micro, Small and Medium Enterprise (MSME) Financing
 - vi. Socioeconomic Advancement & Empowerment – Gender, Racial and Persons with Disabilities
2. Project Evaluation and Selection Process: what is the evaluation and selection process of these projects and assets, including in relation to the framing of projects in the categories, alignment with policies and other complementary information.



3. Management of Proceeds: information of how the proceeds are credited, allocated, tracked and attested by the issuer.
4. Reporting: how the issuer will communicate the information about the projects which the proceeds were allocated, the amounts allocated and their expected impact.

2. Use of Proceeds

The proceeds raised by the issuance of Green/Social/Sustainability (GSS) Bonds will be exclusively used to finance or refinance projects in the public and private sector with clear social and/or environmental benefits. These projects are under the frameworks of the Green Bond Principles and Sustainability Bond Guidelines issued in 2021 and Social Bond Principles in 2023. Moreover, the projects' financed will also contribute to one or more of United Nations' Sustainable Development Goals (SDGs).

To identify the potentially eligible projects and their environmental and social contribution that are part of the current Banco ABC Brasil credit portfolio, an assessment of the bank's credit operations was made. This assessment included, but was not limited to, the client's type of economic activity, which is identified by the Classificação Nacional de Atividades Econômicas (CNAE), the client's location and the type of asset financed. This assessment enabled us to understand which green and social categories (asset side) could be part of our SFF and which procedures are needed for the identification of credit operations that can be funded by a GSS bond or loan taken by the bank (liability side).

The green categories present types of operations with a clear environmental additionality that can be financed with the proceeds from a GSS bond or loan. The social categories present types of operations with a clear social additionality aimed at targets that can be financed with these proceeds. Some possible SDG targets that the financed projects can contribute to are listed in the Eligible Green Categories and Eligible Social Categories. Each project will contribute to at least one target and not necessarily will contribute to all of them. For accountability and transparency purposes, Banco ABC Brasil will select KPIs that are appropriate to the contribution to each SDGs. All KPIs that can be selected are listed in the Reporting session.

The bank will define and disclosure, before each issuance, minimum percentage thresholds of social and green allocation, when proceeds are raised through Sustainability operations. This will be applied by Banco ABC Brasil to increase transparency to investors who wish to invest both on green and social opportunities through sustainability bonds and loans.

In the following sessions, the eligible categories, their compatibility with the SDGs and their goals, along with the characterization of assets/projects to be financed are presented.

2.1. Eligible Green Categories

Environmentally Sustainable Management of Living Natural Resources and Land Use

Proceeds in this category will be allocated in low carbon and sustainable agriculture projects, including the purchase of more efficient machinery and equipment.

Types of projects are the following:

GBP Categories	Types of Eligible Assets	Description	SDG Goal
Environmentally Sustainable Management of Living Natural Resources and Land Use	Sustainable Agriculture	<p>Projects that fall under at any of the following cases that deliver at least 20% reduction in GHG emissions:</p> <ul style="list-style-type: none"> - No-till farming systems - Biological nitrogen fixation - Integrated systems using sustainable forest management, including: Integrated Crop-livestock-forest (ICLF, in Portuguese), Crop-livestock (ICL), Crop-forest (ICF), Crop-livestock (ICL), or Livestock-forest (ILF), and Agroforestry systems for small and medium scale producers¹. All projects with forestry must have a sustainable forest management plan in place. The sustainable management plan must comply with Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais e Renováveis's (Ibama) 	<p>2. Zero Hunger - 2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p> <p>13. Take urgent action to</p>

¹ Small-scale or Small-sized farms have annual revenue up to BRL 500,000 while medium-scale or medium-sized farms have annual revenue up to BRL 2,400,000 as established in the Rural Credit Manual. Available at: <https://www3.bcb.gov.br/mcr/completo>

		<p>guidelines² and address the sustainable management of chemical use. Industrial-scale livestock facilities are not included.</p> <p>Projects that fall under at any of the following cases:</p> <ul style="list-style-type: none"> - Drip irrigation and other precision agriculture methods³ that increase precision in agriculture production and reduce resource water use by at least 15% - Adaptation of production systems and projects for ecological protection from climate impacts and risk management to small-scale producers and medium-scale producers of crops. The projects include organic fertilization, wind break systems made with native trees and vegetation and protected agriculture with the use of greenhouses. Greenhouse projects must have measures to increase water efficiency. In case the greenhouse uses energy, there needs to be assurance that (i) measures to increase 	<p>combat climate change and its impacts - 13.A</p> <p>Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible</p>
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² Guidelines are available at [Norma Administrativa 1, de 24 de abril de 2007](#)

³ Global Positioning System (GPS), Geographic Information Systems (GIS) Technology, Unmanned aerial vehicles (UAVs) and dusters, Satellite Remote Sensing. Other application fields such as VRT technology, Yield Monitoring and Mapping, Site-Specific Crop Management (SSCM), Soil Mapping, Internet of Things (IoT) and Artificial Intelligence And Machine Learning

		<p>energy efficiency will be prioritized and (ii) in case of growing out of season crops with energy powered heat/cool, the energy must be powered by electricity or a low carbon energy source. Investments of adaptation of production systems will be based on climate vulnerability assessment, made to identify climate risks, and adaptation plans developed in response to the findings of this assessment</p> <ul style="list-style-type: none"> - Projects with Certified sustainable agriculture through recognized and conversion of non-certified agriculture into certified agriculture (listed in Annex 1) - Investment in agriculture production waste treatment projects, such as wheat straw, corn stover, sugarcane bagasse, forest residues, switchgrass, energy cane, sorghum, food waste treatment projects to generate organic fertilizer⁴ 	
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⁴ Eligibility Criteria: Zero measurable methane emissions. Monitoring, sampling and control of the following is carried out in accordance with PAS100 guidance or equivalent national or state standard or guidance. Waste inputs (to ensure only source separated, uncontaminated garden/yard and other appropriate waste is received). The process (for example, to ensure temperature, moisture and emissions are aligned with correct process operation); and Product quality (properly sampled and analysed for parameters that would affect its use: for example, heavy metals and other biocidal substances, particle size, contamination, stability). The resulting product is not landfilled and replaces non-waste material in the market.

	Sustainable practices in livestock	<p>Projects that fall under at any of the following cases:</p> <ul style="list-style-type: none"> - Investment in projects of small-scale producers of treatment and transformation of animal waste, in this case animal manure, including biodigestion⁵ and composting of animal waste⁶ to generate organic fertilizers. 	
	Forestry and Restoration	<p>Sustainable forestry and forest management projects that increase carbon stock in soil or reduce the surrounding negative impact of forestry activities, including:</p> <ul style="list-style-type: none"> - Forestry in non-deforested areas with commercial purposes limited to small producers - Reforestation in areas previously deforested and afforestation with tree species that are well-adapted to the site conditions (native trees) - Forest conservation 	<p>15. Life on land - 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</p>

⁵ Eligibility criteria:

- Total methane emissions $\leq 1285g$ CH₄/ tonne of waste input (this is approximately equivalent to 100g CO₂e/ kWh)
- Woody waste must be segregated before or after processing and sent to an eligible EfW or composting plant
- Monitoring, sampling and control of the following is carried out in accordance with PAS110 guidance or equivalent national or state standard or guidance: Waste inputs (to ensure only source separated, uncontaminated food and other appropriate waste is received); The process (for example, to ensure temperature and emissions are aligned with correct process operation). And Product quality (properly sampled and analysed for parameters that would affect its use: for example, heavy metals and other biocidal substances, nutrients and contamination).

⁶ Eligibility criteria: Zero measurable methane emissions. Monitoring, sampling and control of the following is carried out in accordance with PAS100 guidance or equivalent national or state standard or guidance. Waste inputs (to ensure only source separated, uncontaminated garden/yard and other appropriate waste is received). The process (for example, to ensure temperature, moisture and emissions are aligned with correct process operation); and Product quality (properly sampled and analysed for parameters that would affect its use: for example, heavy metals and other biocidal substances, particle size, contamination, stability). The resulting product is not landfilled and replaces non-waste material in the market.

		<ul style="list-style-type: none"> - Preservation, conservation or recovery of flora on the surroundings of the project - Forestry projects with certifications in Annex 1 - Soil recovery and restoration of degraded areas if unrelated to contamination or negative environmental externality caused by the bank or borrower’s own activities. Soil recovery and restoration will not be done with the intent of promoting future livestock activities. <p>For non-certified projects with certification listed in Annex 1, a sustainable management plan must be in place. The sustainable management plan must comply with Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais e Renováveis’s (Ibama) guidelines and address the sustainable management of chemical use.</p>	<p>13. Take urgent action to combat climate change and its impacts - 13.A</p> <p>Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible</p>
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Regarding assets that require certifications, proceeds will only be allocated to certified projects, excluding those that do not have the certifications listed in Annex 1. In case of clients whose assets and/or production are not fully covered by certifications, they will have to demonstrate that the proceeds will be strictly used at the certified portion of their assets/production.

Renewable Energy

The category's objective is to finance construction, development, acquisition, maintenance and operation of renewable energy power plants and facilities, including transmission and distribution of renewable energy.

Types of projects are the following:

GBP Categories	Types of Eligible Assets	Description	SDG Goal
Renewable Energy	Solar energy generation	Construction, development, operation and maintenance of centralized solar power plants, distributed generation of solar power, and concentrated solar-thermal power generation (with at least 85% of the energy generation produced from solar energy source)	7. Affordable and Clean Energy - 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
	Wind energy generation	Construction, development, operation and maintenance of wind power plants	
	Hydropower Plants	Construction, development, operation and maintenance of small run-of-river hydropower facilities with up to 10 MW of installed capacity, without artificial reservoir or reservoir with low storage capacity, including small hydroelectric plants	
	Biomass Power Plants	Construction, development, operation and maintenance of waste biomass (residues) plants to generate electricity. Includes ⁷ : - agriculture residues, including sugarcane bagasse, with cogeneration from sugarcane bagasse;	

⁷ Eligibility Criteria: Heating/cooling, and co-generation facilities using biofuel/biomass
Thresholds for biofuel/biomass produced/used (primary energy) 16.0gCO₂e/MJ
Energy efficiency thresholds 80%

		<ul style="list-style-type: none"> - biogas from industrial waste, all waste coming from agriculture waste⁸; Projects must not reduce the carbon stock in soil – such as through the use of timber from deforestation of native forest 	
	<p>Biofuels</p>	<p>Sustainable Biofuel production compliant with Brazilian Forest Code and that do not compete with the production of food neither drains carbon reserves in soil:</p> <ul style="list-style-type: none"> - Ethanol from sugarcane with machinery for harvesting and that do not employ field burning practice at pre-harvest stage. Also, BONSUCRO certification will be requested for producers with annual revenue higher than BRL 250 million and investments higher than BRL 10 million. For smaller producers (that are not typically financed by Banco ABC Brasil) they will be requested to demonstrate at least that sugarcane does not come from the expansion/conversion of areas⁹; or - Biodiesel from certified soy cultures (RTRS) (certifications are in Annex 1) <p>For biofuel production, installations need to have at</p>	

⁸ Waste from non-RSPO certified palm oil operation and animal manure are excluded

⁹ Included deforestation of Brazilian biomes (namely Amazonia, Cerrado, Atlantic Forest, Caatinga, Pantanal and Pampa)

		least 65% reduction in lifecycle GHG emissions when compared with the fossil fuel baseline of 94gCO ₂ e/MJ.	
	Transmission	Transmission projects dedicated to connecting renewables to the power grid or/support integrate at least 90% renewable energy.	
	Associated Equipment	Installation of necessary equipment systems and technology for the implementation of generators, including dedicated integration infrastructure for renewable energy, and performance monitoring systems, not including equipment reliant on fossil fuel.	
	Energy Storage	Energy storage systems, such as batteries and water pumping systems with environmental and social risk assessment, for renewable energy	

Energy Efficiency

Proceeds in this category will be allocated in activities or projects, such as purchase of equipment, and constructions that deliver energy savings. There are no CNAEs for this category as mentioned in the introduction.

Types of projects are the following:

GBP Categories	Types of Eligible Assets	Description	SDG Goal
Energy Efficiency	LED lighting	Projects that implement LED, including public lightning projects that only uses LED systems (LED can provide 30% to 90% in energy savings)	7. Affordable and Clean Energy - 7.3 By 2030, double the global rate of improvement in energy efficiency

	<p>Light poles with solar energy generation</p>	<p>Projects which implement light poles with solar energy panels that produce their own energy and can be installed in areas without energy distribution infrastructure</p>	
	<p>Other energy efficiency measures</p>	<p>Projects that save at least 20% of energy consumption, in comparison with the project's baseline, such as:</p> <ul style="list-style-type: none"> - Projects for the installation of software and specific technology of smart elevators, which use less energy and can return energy to the building - Projects to use natural light, which decreases the need of using energy for lighting - Projects to use natural ventilation, which decreases the need of using energy for ventilation in buildings 	
	<p>Energy Distribution</p>	<p>Projects that decrease the technical losses of distribution infrastructure. Projects include:</p> <ul style="list-style-type: none"> - Implementation of high-efficiency station transformers - Re-conducting residential circuits with larger 	

		<p>conductors to reduce resistive losses</p> <ul style="list-style-type: none"> - Installation of smart meters that enable the system controllers to measure voltage - Installation of capacitor banks at strategic points on the distribution system to improve power factor 	
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Green Buildings

Proceeds of this category will finance Green building projects that present resource efficiency.

GBP Categories	Types of Eligible Assets	Definition	SDG Goal
Green Buildings	Certified Buildings	Construction or upgrade of residential, industrial and commercial buildings with high level performance certifications, available in Annex 1. The green housing portfolio tracks results related to water savings, energy savings, etc.	<p>13. Take urgent action to combat climate change and its impacts - 13.A Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible</p> <p>12. Ensure sustainable consumption and production patterns – 12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p>

Clean Transportation

The category’s objective is to finance manufacture or acquisition of clean vehicles, construction and operation of clean transportation facilities, and supporting infrastructure that reduce GHG emissions stemming from transportation.

Types of projects are the following:

GBP Categories	Types of Eligible Assets	Definition	SDG Goal
Clean Transportation	Non-motorized transport	Manufacture or acquisition of non-motorized vehicles, spare parts and accessories, such as bicycles and tricycles	11. Sustainable Cities and Communities - 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
	Electric and hybrid transport	Manufacture or acquisition of: <ul style="list-style-type: none"> - vehicles for passenger transportation that are electric or hybrid, including buses with zero direct emissions and buses, BRT systems and passenger rail (including subways, light rail vehicles and trains) that meet direct emission threshold of up to 50 gCo₂/p-km; or - light vehicles for individual transportation which are electric or hybrid that meet direct emission threshold of up to 75 gCo₂/km¹⁰ 	
	Mobility infrastructure	Projects that improve the infrastructure for	9. Industry Innovation and Infrastructure -

¹⁰ Vehicles that have “Selo CONPET” with max tailpipe emissions of 75 gCO₂/km. This number can be verified at the website provided by the Brazilian Labeling Program (Programa Brasileiro de Etiquetagem). The table with this information is in the column “CO₂ fóssil (g/km)” and can be verified at: <https://www.gov.br/inmetro/pt-br/assuntos/avaliacao-da-conformidade/programa-brasileiro-de-etiquetagem/tabelas-de-eficiencia-energetica/veiculos-automotivos-pbe-veicular>

		<p>clean mobility, as follows:</p> <ul style="list-style-type: none"> - Facilities to recharge vehicles with renewable fuels (biogas and biodiesel for heavy transportation including shipping, aviation and trucks) or electricity - Infrastructure of public transportation, including electric: buses, trains, subways, light rail and BRT - Infrastructure of rail freight transport (zero direct emissions, or in case of hybrid, portfolio emissions must be less than 25gCO₂/tkm). <p>Transportation of agriculture commodities is not included. Furthermore, construction of new or existing road infrastructure retrofits and parking facilities, fossil fuel filling stations and other assets which prolong the life and facilitate the use of fossil fuel powered transport are not included in this category</p>	<p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>11. Sustainable Cities and Communities - 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>
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Sustainable Water and Wastewater Management

The category's objective is to expand the access to water supply and sewerage. Types of projects are the following:

GBP Categories	Types of Eligible Assets	Description	SDG Goal
Sustainable Water and Wastewater management	Water systems	<ul style="list-style-type: none"> • Water distribution network modernization to reduce water loss • Projects for rainwater reutilization or reutilization of water of processes (water recycling systems and wastewater treatment facilities). Treatment of water from fossil fuel operations is not included 	6. Clean Water and Sanitation - 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
	Wastewater systems	<ul style="list-style-type: none"> • Industrial Wastewater treatment stations • Infrastructure and operational set-up of urban drainage of rainwater • Expansion of sewage system • Reuse of sewage sludge (e.g. digestion with biogas recovery and phosphorous recovery) • Treatment of sewage sludge and disposal of water treated (e.g. urban drainage, sanitation facilities, production of compost) <p>This category does not include treatment of wastewater from fossil fuel operation</p>	6. Clean Water and Sanitation - 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

Pollution Prevention and Control

This category includes projects that mitigate environmental impact of activities through the improvement of more efficient production processes, systems of control pollutant emissions, waste treatment and reuse of materials.

Types of projects are the following:

GBP Categories	Types of Eligible Assets	Description	SDG Goal
Pollution Prevention and Control	Waste disposal or treatment	<ul style="list-style-type: none"> Operational sanitary landfills with processes of burning residual gas to use energy from the methane emitted in the decomposition of organic matter under anaerobic conditions, with gas capture efficiency of 75%¹¹ Decommissioned or closed sanitary landfills with landfill gas capture for energy generation with high gas capture efficiency (75%)¹² Sorting (e.g. glass, metal, plastic, paper) and composting units (urban organic waste). Including, after sorting recycles, mixed residual waste to be transferred to 	<p>9. Industry Innovation and Infrastructure - 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <p>12. Responsible Consumption and Production - 12.5 By 2030, substantially reduce waste generation through</p>

¹¹ Eligibility Criteria:

- Total methane emissions $\leq 1285g$ CH₄/ tonne of waste input (this is approximately equivalent to 100g CO_{2e}/ kWh)
- Woody waste must be segregated before or after processing and sent to an eligible EfW or composting plant

- Monitoring, sampling and control of the following is carried out in accordance with PAS110 guidance or equivalent national or state standard or guidance:

- Waste inputs (to ensure only source separated, uncontaminated food and other appropriate waste is received).

- The process (for example, to ensure temperature and emissions are aligned with correct process operation). And

- Product quality (properly sampled and analysed for parameters that would affect its use: for example, heavy metals and other biocidal substances, nutrients and contamination).

¹² Criteria: Gas capture $\geq 75\%$; AND Gas used to generate electricity and input to the natural gas grid or used as vehicle fuel; AND The landfill is not accepting further waste (with the exception of restoration materials).

		waste-to-energy facilities	prevention, reduction, recycling and reuse
	Reduction and Reuse	<ul style="list-style-type: none"> Recycling processing of recyclable waste (such as glass, plastic, paper, metal) fractions into secondary raw materials excluding chemical recycling Installation of pollutant emission control systems and installation of filters, not including application related to the production and use of fossil fuels 	

2.2. Eligible Social Categories¹³

Access to Essential Services – Healthcare

This category includes projects related to implementing health infrastructure, such as hospital, clinics, laboratories, in municipalities with HDI below national average or health projects of the public sector.

Types of projects are the following:

SBP Categories	Target Audience	Types of Eligible Assets	Description	SDG Goal
Access to Essential Services - Healthcare	Municipalities with Human Development Index below the Brazilian average or investments	Hospitals, clinics, laboratories and other health services	<ul style="list-style-type: none"> Public hospitals, health facilities, clinics laboratories 	3. Good Health and Wellbeing - 3.8 Achieve universal health coverage, including financial risk

¹³ Low Income definition: For the Government, a low-income family is one that lives on up to half a minimum wage per person. Available at:

https://mds.gov.br/webarquivos/MDS/2_Acoes_e_Programas/Cadastro_Unico/Cartilha/Cartilha_Nocoas_Basicas.pdf.

Disadvantaged populations definition: A population group at risk of education exclusion as a result of sex, location, poverty, disability, ethnicity, language, migration, displacement or other characteristics. Available at: <https://uis.unesco.org/en/glossary-term/disadvantaged-populations>.

	<p>in the public sector</p>		<ul style="list-style-type: none"> • Private hospitals, health units, clinics and private laboratories located in municipalities with HDI below the Brazilian average that offer services for free or at subsidized rates¹⁴ • Public health services (mobile emergency care, nursing, etc.) • Private health services (mobile emergency care, nursing, occupational therapy, etc.) that are offered for free or at subsidized rates that serve municipalities with HDI below the Brazilian average • Support for the modernization and improvement of operational efficiency of non-profit Philanthropic 	<p>protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>
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¹⁴ In cases that services are offered for free or at subsidized rates, the client will be request provide information on it.

			<p>Health Institutions that offer services for free or at subsidized rates to the general public located in municipalities with HDI below the Brazilian average</p> <ul style="list-style-type: none"> • PPP projects and/or public health service concessionaires that offer services that for free or at subsidized rates to the general public in municipalities with HDI below the Brazilian average 	
	<p>Laboratories that produce non-patented medicines and vaccines</p>	<p>Research laboratories</p>	<ul style="list-style-type: none"> • Production of non-patented medicines and vaccines that will be distributed for free or at subsidized rate to the general public, specifically: <ul style="list-style-type: none"> - Capital expenditure to medicines and vaccines distributed by the Unified Health System (SUS) 	<p>3.Good Health and Wellbeing 3.B Support the research and development of vaccines and medicines for the communicable and noncommunicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in</p>

			<ul style="list-style-type: none"> - Capital expenditure to medicines and vaccines related to new infectious diseases and pandemic outbreaks 	<p>accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all</p>
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Access to Essential Services – Education

This category includes projects related to implementing education services and infrastructure, such as daycares, schools, colleges, museums, public research, and others, in municipalities with HDI below national average or health projects of the public sector.

Types of projects are the following:

SBP Categories	Target Audience	Types of Eligible Assets	Description	SDG Goal
Access to Essential Services – Education	Municipalities with Human Development Index below the Brazilian average or investments in the public sector	Educational centers and related services	<ul style="list-style-type: none"> • Daycare centers, primary, secondary, higher education and complementary courses that are offered for free or at subsidized 	4. Quality Education - 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and preprimary education so that

			<p>rates to the general public in municipalities with a human development index (HDI) below the national average</p> <ul style="list-style-type: none"> Public school transport with emissions threshold of less than 50 gCO₂e/pkm 	<p>they are ready for primary education</p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p>
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Affordable Basic Infrastructure

This category encompasses infrastructure projects in municipalities with HDI below the national average or in locations with lack of that infrastructure to improve local citizens quality of life.

These projects include, but are not limited, to:

SBP Categories	Target Audience	Types of Eligible Assets	Description	SDG Goal
Affordable Basic Infrastructure	Municipalities with HDI below the national average or when it is proven that the project is carried out in an area without the infrastructure to be developed	Infrastructure projects, such as electricity distribution, public lightning and sidewalks	<ul style="list-style-type: none"> Electricity distribution to areas that do not have access to the National Interconnected System (SIN) Paving urban roads in areas that lack connection, sanitation, allowing for inclusive urbanization in low income cities 	<p>11. Sustainable Cities and Communities - 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries</p> <p>9. Industry Innovation and Infrastructure -</p>

			<ul style="list-style-type: none"> • Implementation , expansion and/or adaptation of exclusive lanes, sidewalks, bike paths, and infrastructure for bike-sharing stations • Implementation , expansion and/or adaptation of signage and public lighting • Construction of shelters at stopping points for public urban passenger transport to improve connectivity in disadvantaged areas • Access to recreation or sport through public facilities (for instance, sports courts or parks) free or subsidized for low-income or disadvantaged population • Projects, that as results of Vulnerability Assessment from climate impacts were included in the adaptation plan, such as containment of 	<p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>
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			unstable slopes, recovery of flood susceptible areas	
	Municipalities with HDI below the national average or when it is proven that the project is carried out in an area without the infrastructure to be developed	Water systems	<ul style="list-style-type: none"> • Water Reservoirs¹⁵ • Distribution networks specifically for drinking water to population without access, including desalination plants, and with adequate waste management plan for brine disposal 	6. Clean Water and Sanitation - 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all

¹⁵ Criteria: 1. New drinking water treatment, storage, and sustainable supply infrastructure that documents at least 20% water savings (e.g. reducing Non-Revenue Water) per unit of service compared to a documented baseline. 2. Rehabilitation of existing water infrastructure that documents at least 20% water savings per unit of service compared to a documented baseline. 3. More sustainable desalination plants that help protect groundwater depletion and wetlands and avoid hypersaline pollution of the environment (e.g., ISO standard 23446). 4. Water efficiency technologies and equipment and water management activities that reduce water footprint. This includes the financing or refinancing of technologies (e.g. drip irrigation, water recycling solutions, etc.) where the manufacturers show the respective substantial water efficiency benefits or a documented reduction in water consumption in land-based.

Affordable Housing

Affordable Housing category include construction of homes to unprivileged families:

SBP Categories	Target Audience	Types of Eligible Assets	Description	SDG Goal
Affordable Housing	Families with monthly income of up to BRL 7,000.00 ¹⁶	Housing projects, such as houses and apartments	<ul style="list-style-type: none"> Projects that offer housing units for families with monthly income of up to BRL 7,000.00, including financing the acquisition of those homes and financing their construction. For the acquisition of homes, total expenditure in housing by individuals, which includes installments for home purchase and expenditures with utilities, will be limited to a maximum of 30% of family's gross income 	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

¹⁶ The threshold of BRL 7,000 is the threshold used in the program named "Casa Verde e Amarela". It is a Federal Government Program that aims to promote the right to housing, associated with economic development, and the generation of work and income with the inclusion of standards of habitability and quality of life for the urban population. Available at: <https://www.gov.br/pt-br/noticias/assistencia-social/2021/10/casa-verde-e-amarela-governo-federal-institui-medidas-para-facilitar-acesso-ao-financiamento-habitacional>



Employment Generation

This category includes loans to Micro, Small and Medium companies to generate employment.

SBP Categories	Target Audience	Types of Eligible Assets	Description	SDG Goal
Employment Generation	Micro, Small and Medium Enterprises (MSMEs)	Projects and working capital needs from MSMEs	Loan for MSMEs (companies with annual revenues of up to BRL 300 million) ¹⁷	<p>8. Decent Work and Economic Growth - 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</p> <p>9. Industry Innovation and Infrastructure - 9.3 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>

¹⁷ Not included fossil fuel operations, non-certified palm oil, and activities in the exclusion list

Socioeconomic Advancement & Empowerment – Gender, Racial and Persons with Disabilities

The category’s objective is to decrease inequality and improve the conditions of women, blacks, persons with disabilities and elderly. Finance will be directed to:

- Companies with relevant participation in leadership positions of blacks, women or people with disabilities;
- Companies focused on supporting women, black people and elderly;
- Companies that attend the needs of people with disabilities.

SBP Categories	Target Audience	Types of Eligible Assets	Description	SDG Goal
Socioeconomic Advancement & Empowerment – Gender, Racial and Persons with Disabilities	Women	Loans to MSMEs led/owned by women	MSMEs led/owned by women following one of the following 2X Challenge direct criteria: <u>Entrepreneurship</u> a. Share of women ownership above 51% or higher; OR b. Business founded by woman/women that retain an active role in the organization ¹⁸ .	Gender Equality - 5.A Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws
			<u>Leadership</u> a. Share of women in senior management above 30%; OR; b. Share of women on the Board or Investment	

¹⁸ The client will have to state that this/these founder(s) retain an active role

			Committee (IC) higher than 30%	
	Black people and/or persons with disabilities	Loans to MSMEs with leaders of unfavored groups considering the local socioeconomic context	<p>MSMEs with relevant participation of black people and/or persons with disabilities following the parameters:</p> <ul style="list-style-type: none"> - More than 50% between partners; - More than 50% on the board of directors; - president/CEO; - More than 50% on the senior management positions <p>NOTE: At least one of the 4 conditions must be met for any of the groups (black people or persons with disabilities, and cannot be cumulative between these groups. In other words, a company with 30% of black people and with 20% of persons with disabilities on the board does not meet the criteria).</p>	<p>10. Reduced Inequalities - 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</p>
	Business that attend to the needs of persons with disabilities, i.e., persons with disabilities including those who have long-term	Loans to business that attend the needs created by disabilities of the target audience	Investments in MSMEs businesses which offer to the physically handicapped orthopedic appliances and devices (e.g. devices that would attend to people with disabilities' needs, such as equipment for hearing or equipment	<p>10. Reduced Inequalities - 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws,</p>

	<p>physical, mental, intellectual or sensory impairments which, in interaction with various attitudinal and environmental barriers, hinders their full and effective participation in society on an equal basis with others</p>		<p>that help to guide vision impaired persons)</p>	<p>policies and practices and promoting appropriate legislation, policies and action in this regard</p>
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3. Process for Project Evaluation and Selection

Governance

The identification of the credit operations that fall under the green and social categories will be made in the credit workflow by processes that are developed and monitored by the bank’s Environmental and Social (E&S) Risk unit and Sustainability unit.

The financial allocation monitoring, the evaluation of the environmental and social benefits of projects and the alignment with other Banco ABC Brasil policies (e.g. Social, Environmental and Climate Responsibility Policy, Exclusion List available in Annex 2) will be carried out by the areas involved in the SFF, being the Treasury team, Sustainability team, E&S risk team and other strategic units, when needed.

The deliberation of these subjects will be made by a multidisciplinary team of Banco ABC Brasil involving representative of the relevant areas participating in the funding allocation: Risk Management, Human Resources, Treasury and Sustainability. The Sustainability team will monitor the allocation of the proceeds on a semi-annual basis. Internally, a semi-annual report about the allocation of proceeds will be developed to be discussed by the Executive Board.

Portfolio Categorization

The portfolio categorization process starts with the credit submission. The bank will identify whether the operations fall under any of the green or social categories, based on the following information:



i. Clients' CNAE

The potential CNAEs that can be used for eligible projects were identified with the document "Taxonomia Verde FEBRABAN", developed by the Brazilian Federation of Banks (FEBRABAN). This taxonomy has 3 modalities for each CNAE: Climate Change Exposure, Green Economy and Environmental Risk Exposure. The modality used to identify the eligible CNAEs is Green Economy, which uses as a basis the EU Taxonomy, the CBI Taxonomy, the Social Bond Principles and the Green Bond Principles. The modality has the goal to map which CNAEs have a potential positive contribution to society and/or the environment, from a business sector perspective.

ii. Client's size

Potentially eligible operations with Micro, Small and Medium Enterprises (MSMEs) will be identified based on the companies' annual revenue (up to BRL 300 million).

iii. Client's location

Enterprises located in municipalities with an HDI lower than current Brazil's HDI average will be potentially eligible for some social categories, such as Education, Healthcare or Employment generation, as provided in the Use of Proceeds section.

iv. Financed items

Clients will be required to inform if the financial resources will be used in any of the types of eligible projects (as described in the Use of Proceeds section). It will be important to ensure that clients from 'green economy sectors' actually are being financed to develop green or social projects. Also, some operations which are eligible to be financed by Green or Social bonds are not linked to CNAEs with direct environmental or social contribution. It happens for Energy Efficiency or renewable energy, which generally are projects that can be done by companies from a wide range of economic sectors, regardless of its core businesses. A retail company, for instance, can use funds to procure solar energy projects or increase the energy efficiency of its offices.

v. Diversity at company's leadership or entrepreneurship

MSMEs will be required to inform if they follow the diversity criteria for leadership positions (see Use of Proceeds section).

These aspects will be combined to identify potentially eligible operations. The tagging of operations will be periodically reviewed by the E&S risk and Sustainability teams.

Environmental and Social Risk Management

Banco ABC Brasil's Environmental and Social Risk Management (ESMS) is in line with the national E&S legislation and the IFC Performance Standards. The bank has been implementing an action plan to follow the rules of the National Monetary Council (4,943/2021 and 4,945/2021) and Central Bank of Brazil (139/2021 and associated norms). All actions was fully implemented in 2022, in accordance with the deadlines imposed by the oversight bodies.



The ESMS has the objective to identify, measure, mitigate and monitor the direct and indirect risks related to E&S issues (including the climate ones) of the Bank's processes, products and businesses. Its tools are based on the main international references, such as the IFC Performance Standards.

All credit operations funded by the proceeds raised from GSS bonds or loans will be categorized according to its E&S risk (high, medium or low), based on the nature of its business activities and contextual information (e.g. location, credit amount). High-risk operations are submitted to the Credit Committee. Additional information and/or corrective actions to mitigate E&S risks may be requested from these clients

Exclusionary Criteria

Projects or credit operations that meet one or more exclusion criteria listed in Annex 2 cannot be allocated to the GSS bonds by Banco ABC Brasil. It follows the ABC Brasil Framework Exclusion List that is part of its Credit Policy and additional good practices from the market.

When the issuance counterparty is a Development Finance Institution, its respective exclusion list will also apply.

4. Management of Proceeds

Banco ABC Brasil's credit portfolio is composed by direct deposits, and investments from other banks and Development Finance Institutions (DFIs). The proceeds raised through GSS bonds will be distributed to (i) in the case of reimbursement of projects originated before any issuance, the look back period will be of 24 months; and (ii) projects that will be financed by Banco ABC Brasil after any issuance. Banco ABC Brasil aims to completely allocate the proceeds from the issuances within 24 months.

The proceeds of the Bond or Loan will be managed by Banco ABC Brasil's Treasury team along with the Sustainability team. Upon settlement of the Bond, the net proceeds are credited to the bank's treasury account and incorporated into its liquidity pool. The issuer will ensure that an equivalent amount will be used to fund outstanding qualifying projects described below and/or will be made available to finance the growth of the issuer's financing activity in such fields. While awaiting investment in such projects, the proceeds will be integrated into the Bank's liquidity reserve, composed of cash, and highly liquid market securities (Sovereign Bond, reverse repo - Selic).

The proceeds will not be invested in loans which are explicitly excluded from the bank's regular lending policies. Also, on lending operations financed with proceeds transferred from BNDES or other governmental funds (e.g. constitutional funds) will not be tagged for the use of proceeds from GSS bonds/loans.

A green loan may take the form of one or more tranches of a loan facility and may be made by way of a term loan, revolving credit facility and/or contingent facilities. Loan



facilities that may be obtained under this Framework with both green and non-green tranches will not collectively be labelled as green. However, green tranches within the aforementioned facilities, can be labelled as green.

The amount and composition of the asset portfolio will be monitored once per year by Banco ABC Brasil team to account for new drawdowns and/or repayments of assets, which will not be directed to carbon-intensive assets, and to monitor compliance with the aforementioned use of proceeds policies. Some procedures are done automatically and integrated to the existing bank's systems in order to mitigate operational errors.

The monitoring process will ensure that the total funding required for eligible projects is greater than the outstanding principal amounts due on GSS bonds/loans and that eligible projects are not securing other 'use of proceeds' obligations. In case loans are no longer eligible, Banco ABC Brasil will replace them within 12 months and report information regarding changes to the portfolio (asset divestment, postponement or replacement) in its annual reports.

The processes set forth above will be applicable throughout the life of the bond issued based on this framework.

5. Reporting

Allocation Report

An Allocation Report will be annually disclosed by Banco ABC Brasil in its website, with the use of proceeds of issued GSS bonds until their redemption. The report will contain the following information:

- The number of clients;
- The average loan amount;
- The disbursement amount for each green/social category that composes the portfolio;
- The amount of proceeds not yet allocated;
- The amount of proceeds allocated to refinancing;
- The regional distribution of proceeds;
- The category type;

The Allocation Report will also include information if proceeds have been allocated to existing projects in the GSS portfolio at the date of issuance or in projects contracted at a later date. The reported values and allocations will be validated by an external verifier which can be changed throughout the life of the bond if at least 50% of the bond holders wish to do so.

Banco ABC Brasil will disclose in a post-issuance report any findings from the external verifier regarding a failure to spend proceeds on specified usages throughout the life of the bond. And the issuer should be required to immediately replace these funds. This



information will be made available to all ESG data providers and scoring agencies for reassessment of implications on the issuer’s general ESG status/ ratings.

Banco ABC Brasil will de-label the securities if fails to spend proceeds as planned, as verified in by the independent review.

Also, Banco ABC Brasil will annually disclose the impacts per use of proceeds category until GSS bonds redemption. The data collection, consolidation, aggregation and reporting will be carried out by Sustainability team. Some information such as Greenhouse Gas (GHG) reductions and other environmental or social benefits will be estimated with the use of proper methodologies and disclosed. Reporting on revolving credit facility will be made annually until loan maturity.

Banco ABC Brasil will annually report at least one indicator of each type (output and outcome) for all categories in which it allocates funds. The output and outcome indicators are connected to the possible SDGs targets that can be achieved and will be selected from the list below:

5.1. Green

Environmentally Sustainable Management of Living Natural Resources and Land Use

GBP Categories	Types of Eligible Assets		Output indicators	Outcome Indicators
Environmentally Sustainable Management of Living Natural Resources and Land Use	Sustainable Agriculture	No-till farming systems	Farming area subject to sustainable practices (ha) Number of benefited producers	GHG avoided (t CO ₂ eq.) Ton of products produced in the area under sustainable practices
		Biological nitrogen fixation	Reduction in fertilizer consumption (t) Number of benefited producers	GHG avoided (t CO ₂ eq.) Reduction in consumption of inputs (ton/year)
		Integrated systems using sustainable forest	Integrated systems area (ha)	GHG captured /avoided (t CO ₂ eq.)

		management, including Integrated Crop-livestock-forest (ICLF, in Portuguese), Crop-livestock (ICL), Crop-forest (ICF), Agroforestry systems	Number of benefited producers	% of water reduced/avoided Reduction in consumption of inputs (ton/year)Ton of products produced in the area under sustainable practices
		Drip Irrigation	Water use before and after the project (m ³)	% of water reduced/Avoided
		Projects with Certified sustainable agriculture	Certified cultivation area (ha) Number of benefited Producers	Avoided financial losses GHG avoided (t CO ₂ eq.) Reduction in consumption of inputs (ton/year) Ton of products produced in the area under sustainable practices
	Sustainable practices in livestock	Investment in projects of animal waste treatment projects, including biodigestion and composting of animal waste with energy generation	Treated waste (t) Generated biogas (m ³) Generated biofertilizer (t)	GHG avoided (t CO ₂ eq.) Ton of products produced in the area under sustainable practices
		Integrated production systems,	Integrated systems area (ha)	GHG captured /avoided (t CO ₂ eq.)

		including: Integrated Crop- livestock- forest (ICLF), Crop- livestock (ICL) or Livestock- forest (ILF)	Number of benefited producers	Ton of products produced in the area under sustainable practices
	Forestry and Restoration	Forestry in non- deforested areas	Forest area (ha)	GHG captured (t CO ₂ eq.)
		Reforestation in areas previously deforested	Forest area (ha)	GHG captured (t CO ₂ eq.) Forest area recovered (ha)
		Forest conservation	Forest area (ha)	GHG captured (t CO ₂ eq.) Forest Area under conservation (ha)
		Preservation, conservation or recovery of flora on the surroundings of the project	Forest area (ha)	GHG captured (t CO ₂ eq.) Area preserved, conserved or recovered (ha)
		Forestry projects with certifications in Annex 1	Forest area (ha)	GHG captured (t CO ₂ eq.)
		Soil recovery and restoration of degraded areas	Soil and pasture recovered area (ha)	GHG captured (t CO ₂ eq.) Total area recovered (ha)

Renewable Energy

GBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Renewable Energy	Solar energy generation	Renewable energy installed capacity (MW)	GHG avoided (t CO ₂ eq.)

	Wind energy generation	Renewable energy installed capacity (MW)	GHG avoided (t CO ₂ eq.)
	Hydropower Plants	Renewable energy installed capacity (MW)	GHG avoided (t CO ₂ eq.)
	Biomass Power Plants	Renewable energy installed capacity (MW)	GHG avoided (t CO ₂ eq.)
	Biofuels	Biofuel production volume (m ³)	GHG avoided (t CO ₂ eq.)
	Transmission	Renewable energy projects supported by transmission Potency of these projects (MW)	MW of renewable energy transmitted
	Associated Equipment	Renewable energy installed capacity (MW)	GHG avoided (t CO ₂ eq.)
	Energy Storage	Renewable energy storage capacity	GHG avoided (t CO ₂ eq.)

Energy Efficiency

GBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Energy Efficiency	LED lighting	Reduction energy consumption (kWh/yr)	GHG avoided (t CO ₂ eq.)
	Light poles with solar energy generation	Reduction energy consumption (kWh/yr)	GHG avoided (t CO ₂ eq.)
	Other energy efficiency measures	Reduction energy consumption (kWh/yr)	GHG avoided (t CO ₂ eq.)

	Energy distribution	Reduction energy consumption (kWh/yr)	GHG avoided (t CO ₂ eq)
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Green Buildings

GBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Green Buildings	Certified buildings	Number of certified Buildings Reduction energy consumption (kWh/yr)	GHG avoided (t CO ₂ eq.) % of water reduced/avoided

Clean Transportation

GBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Clean Transportation	Non-motorized transport	Number of non-motorized vehicles	GHG avoided (t CO ₂ eq.) Estimated number of beneficiaries
	Electric and hybrid transport	Number of electric/hybrid vehicles provided	GHG avoided (t CO ₂ eq.) Estimated number of beneficiaries
	Mobility infrastructure	Length of low carbon mass-transit systems (km) Rail length (km)	GHG avoided (t CO ₂ eq.) Estimated number of beneficiaries

Sustainable Water and Wastewater management

GBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Sustainable Water and Wastewater management	Water systems	Expanded water storage, treatment or distribution capacity (m ³ /year)	m ³ (annual) of water leaks after the project / m ³ (annual) of water leaks before the project
	Wastewater systems	Expanded sewage or wastewater treatment capacity (m ³ /year)	m ³ (annual) of sewage treated Population with access to sewage

Pollution Prevention and Control

GBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Pollution Prevention and Control	Waste disposal or treatment	Treated waste (t) Generated biogas (m ³)	GHG avoided (t CO ₂ eq.) Waste properly disposed (t), avoiding contamination
	Reduction and Reuse	Waste recycled (t or m ³)	Reduction of input need (t) Space avoided from use in the landfill (t or m ³)

5.2. Social

Access to Essential Services – Healthcare

SBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Access to Essential Services - Healthcare	Hospitals, clinics, laboratories and other health services	Number of healthcare units financed	Estimated number of beneficiaries
	Research laboratories	Number of laboratories financed	Estimated number of beneficiaries Estimated number of medicines or vaccines

Access to Essential Services – Education

SBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Access to Essential Services - Education	Educational centers and related services	Number of schools/educational institutions supported Number of research projects supported	Estimated number of beneficiaries

Affordable Basic Infrastructure

SBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Affordable Basic Infrastructure	Infrastructure projects, such as electricity distribution, public lightning and sidewalks	Number of municipalities benefited Number of urban infrastructure projects supported	Number of people in the municipalities benefited by the projects
	Water systems	Expanded water storage, treatment or distribution capacity (m ³ /year)	Population with access to water

Affordable Housing

SBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Affordable Housing	Housing projects, such as houses and apartments	Number of residencies financed	Number of beneficiaries

Employment Generation

SBP Categories	Types of Eligible Assets	Output indicators	Outcome Indicators
Employment Generation	Projects and working capital needs from MSMEs	Number of financed MSMEs	Estimated number of job positions created or maintained

Socioeconomic Advancement & Empowerment – Gender, Racial and Persons with Disabilities

SBP Categories	Types of Eligible Assets	Output indicators	Output Indicators
Socioeconomic Advancement & Empowerment – Gender, Racial and Persons with Disabilities	MSMEs led/owned by women	Number of financed MSMEs with women ownership or founded by women	Estimated number of women benefited
		Number of financed MSMEs with women in senior management or board or IC	Estimated number of women benefited
	MSMEs with leaders of unfavored groups considering the local socioeconomic context	Number of financed MSMEs led by blacks and/or people with disabilities	Estimated number of beneficiaries
	Companies focused on supporting black people	Number of financed companies that offer products and services that support black people	Estimated number of beneficiaries
	Business that attend the needs created by disabilities of the target audience	Number of financed companies that attend the needs created by disabilities of the target audience	Estimated number of beneficiaries



ANNEX 1 – ELIGIBLE CERTIFICATIONS

Proceeds should be allocated in projects **directly related** to the following certifications:

Sustainable agriculture and forestry

Agriculture

- Rainforest Alliance
- UTZ for cropping agriculture
- Round Table for Responsible Soy (RTRS)
- BONSUCRO
- Global GAP (Good Agricultural Practices): Global GAP integrated farm assurance - Crop Base
- Better Cotton Initiative (BCI)

Forestry

- Forest Stewardship Council (FSC)
- Program for the Endorsement of Forest Certification (PEFC)

Green buildings

- LEED Gold or higher
- “BRE” Environmental Assessment Method (BREEAM): Excellent
- Processo AQUA (AQUA-HQE) at Excellent
- EDGE (IFC)
- DGNB : Platinum and Gold

ANNEX 2 – SUSTAINABLE FINANCE FRAMEWORK EXCLUSION LIST

- a) Activities that are illegal under host country laws, regulations or ratified international conventions and agreements, or subject to international phase out or bans, such as:
- i. Production or activities involving harmful or exploitative forms of slave labor or child labor;
 - ii. Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
 - iii. Activities that involve sexual exploitation;
 - iv. Polychlorinated biphenyl compounds (PCBs);
 - v. Production or activities involving pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans¹⁹;
 - vi. Production or activities involving persistent Organic Pollutants (POPs)²⁰;
 - vii. Production or activities involving ozone depleting substances subject to international phase out²¹;
 - viii. Transboundary trade in waste or waste products²², except for nonhazardous waste destined for recycling;
 - ix. Production or activities involving lead paint or coatings in the construction of structures and roads²³;
 - x. Activities that are illegal under host country laws, regulations or ratified international conventions and agreements relating to the protection of biodiversity resources or cultural heritage;
 - xi. Activities that involve racism and/or anti-democratic media;
 - xii. Any activity, production, use, distribution, business or trade involving destruction of conservation areas;
 - xiii. Any other illegal activities under host country laws regulations or ratified international conventions and agreements.
- b) Any activity that, although consistent with a country's legal and/or regulatory framework, may generate particularly significant adverse impacts on people and/or the environment, such as activities that involve:

¹⁹ Reference documents are: Council Regulation (EEC) No 2455/92 of 23 July 1992 Concerning the Export and Import of Certain Dangerous Chemicals, as amended from time to time; United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; World Health Organization Recommended Classification of Pesticides by Hazard, World Health Organization Pharmaceuticals: Restrictions in Use and Availability.

²⁰ Stockholm Convention on Persistent Organic Pollutants (POPs) as amended in 2009.

²¹ Ozone Depleting Substances (ODSs) are chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes.' The Montreal Protocol lists ODSs and their target reduction and phase out dates. The chemical compounds regulated by the Montreal Protocol include aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents. (www.unep.org/ozone/montreal.shtml).

²² As defined by the Basel Convention (www.basel.int)

²³ Paints or coatings with a total lead concentration great than 90 ppm or the concentration limit set by the host country, whichever is lower.

- i. Weapons, ammunitions and other military goods/technology;
 - ii. Tobacco²⁴;
 - iii. Gambling, casinos and equivalent enterprises²⁵;
 - iv. Radioactive materials²⁶;
 - v. Unbonded asbestos fibers or asbestos-containing products;
 - vi. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length;
 - vii. Pornography and/or prostitution;
 - viii. Production or commercialization of wood or other forest products that are not produced from sustainable forest management;
 - ix. Alcohol beverages (except beer and wine);
 - x. Companies, activities or individuals subject to UN or EU sanctions.
 - xi. Companies found or suspected to have been involved or are involved in corruption, gross violations of fundamental ethical norms or other ethical business principles;
 - xii. Deforestation operations for commercial purposes for use in primary tropical rainforest.
 - xiii. Non-RSPO certified palm oil
- c) Activities that are inconsistent with addressing the challenges of climate change and promote environmental and social sustainability:
- i. Thermal coal mining or coal-fired power generation and associated facilities²⁷;
 - ii. Upstream oil exploration and development projects;
 - iii. Upstream gas exploration and development projects.

Operations with all countries are allowed, except those defined by the MLP (Money Laundering Prevention) area as prohibited from operating.

Countries not allowed to operate:

Afghanistan, Burundi, Belarus, Crimea, Ivory Coast, Cuba, Guinea, Guinea-Bissau, Haiti, Yemen, Iran, Myanmar (Burma), DPRK - North Korea, Central African Republic, Syria, Somalia, Sudan, South Sudan, Ukraine, Venezuela, Zimbabwe, and Democratic Republic of the Congo.

²⁴ This does not apply to projects whose primary objective is not related to the production, trade, or use of tobacco.

²⁵ This does not apply to projects whose primary objective is not related to the construction and operation of gambling, casinos and equivalent enterprises

²⁶ This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where it can be demonstrated that the radioactive source is to be trivial and/or adequately shielded.

²⁷ This applies only to associated facilities which primary objective is related to the production, trade or use of coal for power generation or to the transmission of energy generated by a coal-fired power plant (e.g. a dedicated transmission line).