

An S&P Global Second Party Opinion (SPO) includes S&P Global Ratings' opinion on whether the documentation of a sustainable finance instrument, framework, or program, or a financing transaction aligns with certain third-party published sustainable finance principles. Certain SPOs may also provide our opinion on how the issuer's most material sustainability factors are addressed by the financing. An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings. See [Analytical Approach: Second Party Opinions](#).

Second Party Opinion

Banco Cooperativo Sicredi S.A.'s Sustainable Financing Framework

June 27, 2024

Location: Brazil

Sector: Financial services

Primary contacts

Victor Laudisio
Sao Paulo
victor.laudisio
@spglobal.com

Deborah Siqueira
Sao Paulo
deborah.siqueira
@spglobal.com

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Social Loan Principles, LMA/LSTA/APLMA, 2023
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2023
- ✓ Sustainability Bond Guidelines ICMA, 2021

See [Alignment Assessment](#) for more detail.

Strengths

Sicredi promotes financial inclusion of underserved regions by being the only physically present financial institution in 216 municipalities in Brazil. While digitalization has accelerated the entrance of new users to Brazil's financial system, some vulnerable populations still lack access.

The bank's financing of building retrofits relies on stringent quantitative thresholds. The required 30% improvement in energy efficiency for existing buildings is more advanced than regional practices, aligning more closely with standards in developed markets.

Social categories cover critical local needs. The bank uses official indicators from each municipality to screen for underserved populations. The framework includes provisions to direct proceeds toward vulnerable regions and population of areas affected by hazardous events, such as the recent severe flooding in Rio Grande do Sul, where the bank is headquartered.

Weaknesses

The framework does not set limits on the expansion of livestock and agricultural operations. Sicredi has strong agribusiness credit screening policies, including verifying that land wasn't recently converted to agricultural land. However, it is not entirely clear how the bank will avoid the expansion of the number of cattle or legal expansion of crop farming areas through its financing. Emissions from the beef sector and other land-use changes from deforestation and soybean cultivation contributed to 73% of Brazil's greenhouse gas emissions in 2022 (latest available year from SEEG, Observatório do Clima).

Eligible first-generation ethanol production facilities do not have minimum life cycle emissions performance thresholds. Furthermore, the bank does not have any policies to promote the use of lower-carbon practices or second-generation feedstock for the eligible production facilities.

Areas to watch

The bank will finance low-carbon agriculture projects on a project-by-project basis. We view the combination of sustainability measures (multiple regenerative agriculture practices implemented at once) as stronger than the financing of single-use projects. This is because agriculture is not an inherently environmentally beneficial baseline activity, given the potential land use changes and impact on biodiversity. However, Sicredi's policies include relevant safeguards against those risks for its green financing.

Social projects related to agriculture could pose environmental risks. These projects focus on generating social benefits; but the bank doesn't apply the same environmental screening criteria to these financings.

The bank's physical risk considerations are nascent. This is especially relevant given the increasing climate change-related events in the states and sectors where the bank operates.

Eligible Green Projects Assessment Summary

Eligible projects under issuer's sustainable financing framework are assessed based on their environmental benefits and risks, using Shades of Green methodology.

Renewable energy Medium to Light green

Energy generation projects in which members from both urban and rural areas can get credit for equipment, installation, upgrade and/or maintenance. Projects relate to solar (photovoltaic), wind, biomass, biofuels certificated under the RenovaBio scheme, and biomethane from waste

Environmentally sustainable management of living natural resources and land use Light green

No-till farming

Integrated systems using sustainable forest management

Bio-inputs

Animal waste treatment

Soil conservation management practices, recovery and restoration of soil acidity, and lower levels of fertility

Regenerative agriculture

Biological nitrogen fixation

Organic farming systems

Afforestation (establishing forests where there was no recent tree cover), reforestation, and landscape conservation or restoration of natural landscapes

Implementation and improvement of certified sustainable forest management and planting of commercial forests certified by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC)

Irrigation systems

Green buildings Light green

Projects for construction of residential, commercial, or industrial buildings that receive or target a design or post-construction environmental certification

Retrofitting buildings so that the building's energy efficiency increases at least 30%

Energy efficiency Medium green

Projects and items that increase energy efficiency equal to or higher than 20%

Clean transportation


 **Light green**

Purchase of clean fuel sources (i.e., battery electric vehicles) or hybrid passenger cars, light commercial vehicles, and trucks

Purchase of electric motorbikes, mopeds, and bicycles

Development of electric vehicle charging stations

Sustainable water and wastewater management

 **Light green**

Technologies and equipment for efficient water use

Systems to reduce pollutants in liquid waste

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Company Description

Banco Cooperativo Sicredi S.A. (Sicredi) is a cooperative financial institution that serves agribusiness customers (representing about 40% of its lending portfolio), individuals, and businesses in Brazil. It is the seventh largest financial institution in terms of loans, holding a market share of about 3.0%, and the sixth largest in terms of deposits, holding about 3.5%. Despite its presence in 26 Brazilian states, Sicredi still has some geographic concentration because approximately 58% of its credit portfolio is in southern Brazil. To date, Sicredi has five central cooperatives and 104 franchise cooperatives, with physical presence in all Brazilian states and the Federal District and over 7.6 million members. The bank has its origins in 1902, when the first credit cooperative in Latin America was founded and is based in Porto Alegre, Brazil.

Material Sustainability Factors

Climate Transition Risk

Banks are highly exposed to climate transition risk through their financing of economic activities such as agriculture, which affect the environment. Banks' direct environmental impact is small compared to financed emissions and stems mainly from power consumption (e.g. data centers). Policies and rules to reduce emissions could raise credit, legal, and reputational risks for banks with large exposures to high-emitting sectors, such as oil and gas, metals and mining, real estate, or transportation. These medium- to long-term risks are significant and will be proportional to the impact of climate change on the economy. Positively, financing the climate transition offers a growth avenue for banks through lending, debt structuring, and other capital markets activities.

Physical Climate Risk

Physical climate risks will affect many economic activities as climate change will increase the frequency and severity of extreme weather events. Banks finance a wide array of business sectors that are exposed to physical climate risks, exposing banks to through their financing activities. However, while climate change is a global issue, weather-related events are typically localized, so the magnitude of banks' exposure is linked to the geographical location of the activities and assets they finance. Banks may contribute to mitigate the effects of physical climate risks by financing adaptation projects and climate-resilient infrastructure, as well as by investing in solutions that support business continuity in exposed geographies. Extremely high rainfall in May 2024 caused unprecedented flood damage in the Brazilian state of Rio Grande do Sul, where Sicredi's loan portfolio has approximately 30% exposure.

Access & Affordability

Banks' large impact on society and the economy stems from their role in enabling access to financial services to individuals and businesses, and in ensuring the correct functioning of payment systems, which are cornerstones of economic development and stability. In most countries, unbanked and underserved population segments are still meaningful, although the access gap is most acute in emerging economies. Market imperfections such as low competition, incomplete information, and lack of financial literacy often result in costly alternatives for small businesses and low-income people, so ensuring affordable access to financial services, especially to the most vulnerable population, remains a challenge for the banking industry. New technologies will, however, increasingly enable banks to close this gap through cost efficiencies and product innovation. While structural issues such as poverty, informality, and lack of financial literacy partly limit access to financial services, banks have large opportunities to support economic development through financial inclusion. In Brazil, while the digitalization of financial services plays a key

role in increasing the number of users and transactions and has set a trend of decreased physical presence of banks, low-income, underserved, and vulnerable population still faces significant barriers to access digital services.

Biodiversity & Resource Use

Banks contribute to significant resource use and biodiversity impact through the activities they fund or invest in. For example, the construction sector--which is a major recipient of bank financing--is a large consumer of raw materials such as steel and cement. Similarly, bank-financed agricultural activities can have material biodiversity impacts. While Brazilian agribusiness practices have improved in the last year, indicated by the significant decrease in Amazon deforestation rates, the majority (approximately 70%) of illegal deforestation in the country is still attributed to pastureland expansion.

Issuer And Context Analysis

All project categories included in the framework aim to address some of Sicedi's material sustainability factors. Renewable energy, green buildings, energy efficiency, clean transportation, and low-carbon agriculture address climate transition risk. The latter also addresses biodiversity loss risks. Access to financial services, socioeconomic advancement, and empowerment seek to widen access to financial services and contribute to the economic development of targeted groups such as women-led small and midsize enterprises (SMEs) and people living in underserved communities in Brazil.

Sicedi has yet to measure its financed carbon footprint. The bank, in line with local and global peers, has measured its direct emissions and has programs and targets to address them. However, its reporting of scope 3 emissions does not include financed emissions, which are the most relevant for the sector. Nevertheless, Sicedi has already taken steps to contribute to decarbonization by tailoring its climate and environmental transition financing offerings ("green economy" loans as defined by Sicedi), which represent around 17.5% of its total loans.

The bank has yet to perform climate risk stress tests for its credit portfolio exposure to physical risks. That said, for agriculture, the company does consider the financed activity's exposure to physical risks before granting loans and monitors its agriculture credit portfolio. However, this does not involve a climate risk and vulnerability assessment, which has become particularly relevant given the recent unprecedented flood damage in the state of Rio Grande do Sul.

Sicedi's business model, strategy, and commitments address some pressing access and affordability issues. Digitalization has significantly reduced the physical presence of traditional financial institutions in Brazil, which had fallen 10.8% in the three years ending 2021 (latest available data). In contrast, Sicedi has opted to expand its branches and is the only bank with physical presence in 216 Brazilian municipalities. Moreover, Sicedi has clearly committed to ensure interest rates below the average of the Brazilian banking system in order to finance essential services projects under the framework. This is especially relevant in the context of high debt levels that the low- and middle-income population faces in Brazil.

Sicedi has relevant considerations for biodiversity protection in its credit policies and practices. In addition to its screening policies, under the framework, Sicedi offers credit lines that are intended for farmers whose licenses were revoked following a legal process related to illegal deforestation or non-compliance with environmental regulations. This is especially relevant considering the high number of such cases in Brazil. The restoration of ecosystems will be carried out in accordance with environmental regulations to bring the producer back into compliance with the law. The farmer must obtain approval from IBAMA (Brazilian Institute of Environment and Renewable Natural Resources) on the plant species to be planted, and the location and methods for afforestation or reforestation.

Alignment Assessment

This section provides an analysis of the framework's alignment to the Social and Green Bond/Loan principles and the Sustainability Bond Guidelines.

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Social Loan Principles, LMA/LSTA/APLMA, 2023
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2023
- ✓ Sustainability Bond Guidelines ICMA, 2021

✓ Use of proceeds

We assess all the framework's green project categories as having a Green shade and consider all social project categories to be aligned. The issuer commits to allocate the net proceeds issued under the framework exclusively to eligible green and social projects. Please refer to the Analysis of Eligible Projects section for more information on our analysis of the environmental and social benefits of the expected use of proceeds.

✓ Process for project evaluation and selection

The framework articulates the process to select and evaluate the eligible projects. The bank's Sustainable Finance and Financial Institutions department will be responsible for analyzing eligibility against the criteria established by the framework, as well as controlling and monitoring the portfolio of eligible projects. During this process, departments with specific expertise may be consulted, such as the Social, Environmental and Climate Risk department. All operations are subject to the issuer's risk mitigation processes, which may include environment and social questionnaires, geoprocessing analyses, quantitative assessments, and an exclusion list in line with market practices. In addition to activities on the exclusion list, allocation to controversial and high-emitting sectors is not allowed under the framework. Moreover, the bank identifies relevant objectives for all eligible categories and defines target population for social projects.

✓ Management of proceeds

Sicedi will maintain a system to track the allocation of proceeds via treasury management. The bank intends to allocate an amount equal to the net proceeds within three years from the date of each issuance. Both the tracking method and the allocation of proceeds will be externally audited periodically. Additionally, the issuer commits to conduct periodic adjustments to account for repayments on the eligible loans. Unallocated proceeds will be invested in accordance with the bank's policies.

✓ Reporting

Sicedi commits to annually publish allocation and impact reports until full allocation. The allocation report will include the amounts disbursed for each project category described and the distribution of proceeds between green and social categories, including amounts and number of transactions. It will also include the balance of unallocated proceeds. In the annual impact report, the issuer will disclose impact and outcome indicators in line with ICMA's Impact Reporting guidelines, which we view positively when compared to reporting commitments in the region.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)," as well as our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

Sicredi is not in a position to share the expected allocation of proceeds from its sustainable debt instruments, given the extensive list of green and social project categories. To date, the company has entered into seven bilateral sustainable loan agreements with development financing institutions. Sicredi also issued a green bond of US\$100 million (R\$550 million), exclusively allocated to solar energy projects for individuals as well as micro, small, and midsize business clients. Additionally, the company has issued a domestic sustainable bond totaling R\$780 million (US\$156 million), with 60% allocated to SME financing and microfinance and 40% allocated to solar power projects.

The use of the proceeds for new bond or loan issuances will include refinancing, i.e., assets for which Sicredi has commenced operations or placed-in-service from its existing sustainable financing.

The framework excludes financing projects that violate human rights (forced labor, child labor, etc.), sectors with negative social perception (including tobacco, gambling, etc.), production or trade of any product or activity that may relate to misdemeanors as importers and exporters (mainly in border regions), natural extraction, polluting/polluting substance producer, among other.

Green project categories

Renewable energy

Assessment

 **Medium to Light green**

Description

Energy generation projects in which members from both urban and rural areas can get credit for equipment, installation, upgrade, and/or maintenance. Projects relate to:

- Solar (photovoltaic);
- Wind;
- Biomass projects that use agricultural residue as sources, especially for electricity generation. Eligible investments are those that meet the following conditions: (a) For installations that produce electricity from biomass/biofuel, the electricity generated can't have greenhouse gas emissions exceeding 100 grams of carbon dioxide equivalent per kilowatt hour (gCO_{2e}/kWh). (b) Feedstock will not be procured from land that was deemed to have high biodiversity or a high level of carbon stock in the past 10 years;
- Biofuels certificated under Brazil's RenovaBio policy; and
- Biomethane from waste.

Analytical considerations

- Renewable power generation, like solar and wind projects, is key to the low-carbon transition and represents a Dark Green shading. However, there are more risks in bioenergy and biofuel production, given that crop-based feedstocks can deplete existing terrestrial carbon pools and reduce biodiversity of the ecosystems where the crop is produced. Given the limited visibility of the future allocation for this category, we assign an overall Medium to Light Shade due to the inclusion of biomass-based electricity and first-generation ethanol production financing.

Second Party Opinion: Banco Cooperativo Sicredi S.A.'s Sustainable Financing Framework

- The bank does not have circular economy considerations for its solar and wind assets financing. Even though this is a limitation, this is in line with current practices for financing such projects. That said, the bank does consider biodiversity loss risks, which is a relevant risk depending on where and how solar and wind projects are built.
- We assign a Medium green shade for Sicredi’s biomass-based electricity generation project financing. Bioenergy can have climate mitigation benefits and contribute to the circular economy, but its climate risks and impacts depend on multiple factors such as feedstock, fugitive emissions, and transportation distances and mode. To mitigate such impacts, Sicredi has established that bioenergy facilities must only use residues from agricultural land that has undergone the bank’s screening policies. This involves verifying that the areas were not recently converted to agricultural land from native vegetation using Mapbiomas, a data tool that provides annual land use and land cover data for all Brazilian biomes. It also involves ensuring that the land does not overlap with IBAMA embargoes, protected areas, and indigenous lands. Also, emissions from electricity generated by the facilities must be lower than 100 gCO2/kWh, on a life cycle basis (considering land use change emissions from the underlying agriculture activity), in line with CBI screening criteria. As a result, bioenergy facilities can't use agricultural residue from areas that have been subject to legal land conversion, because the feedstock source would exceed the limit of 100 gCO2/kWh.
- We assign a Light green shade for Sicredi’s biofuels financing. First generation biofuels (production of biofuels from food or feed crops) can have climate-mitigation benefits, but this heavily depends on land use change considerations, the efficiency of the crushing and fermentation/distillation process in terms of emissions, and the asset's fuel efficiency when using the biofuel. Also, first generation biofuels pose high biodiversity loss risks given the extensive use of monoculture and the relatively low adoption of regenerative practices for sugarcane in Brazil.
- The bank will only finance biofuel production plants that have been certified under the Brazilian RenovaBio policy scheme. To participate in the RenovaBio program, sugarcane crushers need to have certified sugarcane farming operations that comply with agricultural best practices, but not necessarily low-carbon practices, and meet the greenhouse gas emissions limits (from the crushing facility only) set by the biofuel decarbonization law. However, the limits of RenovaBio become more stringent each year in line with Brazil's Nationally Determined Contribution (NDC) to the Paris Agreement. We think the certification scheme supports the transition of Brazil’s transportation value chain to a lower-carbon economy in the near term. However, we note that the greenhouse gas emission thresholds do not consider life cycle emissions, are exposed to long-term obsolescence risks from the phase-out of internal combustion engine and hybrid vehicles, and do not promote the use of lower-carbon second-generation feedstock.
- We see positively that the bank will only finance biofuel production plants and no other activities such as crop harvesting machinery or sugarcane transportation trucks, which generally use fossil fuels in Brazil. Furthermore, we consider that food competition is not a significant risk to the project category, supporting our Light green shading. We consider the extensive availability of agricultural land for other crops combined with the wide availability of planted sugarcane areas for first-generation biofuel production in Brazil.
- We assign a Light green shade for Sicredi’s biomethane projects financing. Biomethane projects help avoid methane emissions from landfills, which still is not the common waste disposal method in Brazil. According to the Brazilian Association of Public Cleaning and Special Waste Companies, in 2022, 40% of the solid waste generated in Brazil went to open air dumps, which entail very high pollution risks. Methane gas recovery projects financed by Sicredi will use solid waste as a source, excluding recyclable materials such as plastic and metal, which is a positive consideration from a circular economy standpoint. Furthermore, fossil fuels still represent around 10% of the country’s energy mix. Thus, we expect that methane gas recovery from Brazilian landfills will help transition to a low-carbon economy by avoiding the release of methane from landfills and substituting the use or potentially avoiding new production of fossil fuel. That said, the bank does not have any waste prevention or reduction considerations, which is a limitation of the financing.
- Sicredi has limited consideration of physical climate risks of these projects.

Environmentally sustainable management of living natural resources and land use

Assessment

 Light green

Description

- Low-carbon agriculture projects, including no-till farming methods, integrated systems using sustainable forest management, bio-inputs, animal waste management, soil conservation management practices, regenerative agriculture, biological nitrogen fixation, organic farming, and irrigation systems;
- Afforestation, reforestation, and landscape conservation or restoration of natural landscapes; and

- Implementation and improvement of certified sustainable forest management and planting of commercial forests certified by FSC and PEFC.

Analytical considerations

- Cultivation (regenerative) practices in crop and livestock farming that enhance soil health and, consequently, soil water absorption and carbon levels, or that support above- or below-ground biodiversity, are crucial for a low-carbon and climate-resilient future. In addition, afforestation, reforestation, and sustainable forest and plantation management are important parts of managing greenhouse gas emissions and adapting to climate change. Sicredi's credit policies include strong land-use change safeguards. The bank will primarily allocate the proceeds to low-carbon agriculture projects. Given the high environmental risk baseline for agriculture and forestry, especially in Brazil, we view the integration of many sustainability measures as strongly contributing to a low-carbon future. However, the bank expects to allocate proceeds to individual and not multiple projects at once. While we recognize the limitations around the social acceptance of fully adopting sustainable measures, we think this approach limits the overall benefit of the financing for this category to a Light green shade.
- Sicredi's agricultural credit operations undergo socioenvironmental validation to ensure that the land wasn't recently converted to agricultural land and that the land doesn't overlap with IBAMA embargoes, protected areas, and indigenous lands. Reforestation or afforestation projects in the category include credit lines for farmers whose licenses were revoked following a legal process related to illegal deforestation or noncompliance with environmental regulations. The restoration of ecosystems will be carried out in accordance with environmental regulations to bring the producer back into compliance with the law. The farmer must obtain approval from IBAMA on the species to be planted, and the location and methods for afforestation or reforestation. We believe that such financing provides a significant contribution to the progress of low-carbon agriculture in Brazil, considering the high number of noncompliance events and challenges regarding the traceability of crop and livestock farming practices. We assign a Dark green shade for Sicredi's reforestation or afforestation projects financing.
- Irrigation systems financed by Sicredi will not necessarily be directed to low-carbon agriculture, which limits the overall benefit. That said, the bank aims to implement irrigation systems as an adaptation project. The state of Rio Grande do Sul, where most of the bank's agricultural financing is directed, has experienced crop failures due to extensive droughts over the past three years. The irrigation systems, therefore, aim to provide resilience by promoting water efficiency at the farm level. Approximately 75% of the currently financed systems are running on renewables, and we expect this percentage to increase slightly as the proportion of renewables in the Brazilian grid rises. We assign a Light green shade for Sicredi's irrigation projects financing.
- The low-carbon agriculture projects include integrated systems that are nationally recognized low-carbon agriculture production methods (Brazilian National Policy on Integrated Crop-Livestock-Forestry Systems [ICLFS], created in 2013). In 2020 (latest data available), according to Embrapa (Brazilian Agricultural Research Corp.), around 16 million hectares of agricultural land, or 7% of total agricultural land in Brazil, used these systems. Brazil's NDC includes a goal of adding 5 million hectares of integrated systems by 2030. We assign a Light green shade for Sicredi's ICLFS projects financing.
- By creating farming systems that integrate livestock, native forests, and crop farming, there is evidence that a larger amount of organic carbon accumulates in the soil, creating better conditions to develop microorganisms (higher below-ground biodiversity), higher water infiltration, and lower erosion risk. Native forests allow for the better integration of other species (higher above-ground biodiversity). In this sense, we believe that integrated systems allow for lower-emissions agriculture, provide climate resilience, and improve biodiversity, contributing to a low carbon economy. However, the bank does not have any policies on limiting the growth of cattle livestock herds, which can undermine the environmental benefit of the system, given the high environmental footprint of cattle.
- Animal waste management projects include methane gas recovery to produce electricity. The electricity generated must have greenhouse gas emissions not exceeding 100 gCO₂e/kWh. Biogas recovery helps decrease methane emissions from manure and avoids additional fossil fuel use. Composting also decreases methane emissions and can help farmers avoid the use of synthetic fertilizers. Still, like other livestock-related projects, the bank does not have any policy on limiting cattle head growth, which is a limitation. We assign a Light green shade for Sicredi's animal waste management project financing.
- Unlike the framework's other categories, Sicredi assesses physical climate risks of these projects at the farm or municipal level, which is a strength.

Green buildings

Assessment	Description
------------	-------------

Light green

- Projects that construct residential, commercial, or industrial buildings that receive or target a design or post-construction environmental certification. Eligible certification standards include LEED Gold, LEED Platinum, EDGE, Aqua-HQE (Excellent or above), Living Building Challenge, or Selo Procel Edificações (Class A); and
- Projects that retrofit buildings so that their energy efficiency increases at least 30%.

Analytical considerations

- High energy performance for existing buildings and the additional need to reduce emissions associated with materials used for new construction are important aspects in the transition to a low-carbon economy. Sicredi is not in a position to share the expected allocation of proceeds between new buildings and retrofits. Given the uncertainty, we assign a shade of Light green to the overall category, which is the shade we attribute to new construction projects that may be associated with high embodied emissions since the issuer did not specify any threshold or mitigation plan.
- The eligibility criteria for new buildings considers some global green building certifications and local certifications. The framework doesn't set embodied emissions requirements. The bank has established the highest levels of certifications and commits to select the most ambitious national certification, which requires an energy performance that is better than regulations require and involves an independent audit. Certification criteria can vary between standards and levels of certification, leading to different projects having varying climate risks and benefits.
- We view favorably that Sicredi establishes an eligibility criterion for the renovation of existing buildings of at least 30% reduction of energy. We consider this threshold more advanced than regional practices. Furthermore, projects that are limited to retrofitting existing buildings have embodied emissions as a less material environmental factor, constituting a Medium green shade within the framework. Nevertheless, the issuer does not have visibility on the allocation of proceeds to those projects, limiting our overall view of the shading category.
- The framework does not specify considerations in place to mitigate physical climate risks and resilience of this project category, which is also a limitation.

Energy efficiency

Assessment

Medium green

Description

Projects and items that bring energy gains equal to or higher than 20%.

- For individuals: items with energy efficiency classification of A or B, according to the Brazilian National Institute for Metrology (Inmetro) or that have the Procel label.
- For companies: Energy efficiency projects made by ESCO or related to the purchase/finance of equipment, civil works, and associated cash flow necessities. Projects may include: a) Buildings: efficient lighting (LED), cooling, water heating, mechanical ventilation, heat insulation, and related system automations; b) Industry: efficient air compressors, electric motors, and heat recovery systems

Analytical considerations

- Activities that seek to improve energy efficiency are necessary to transition to a low-carbon economy in line with the Paris Agreement 2050 objectives because they help reduce overall energy consumption and decrease primary energy demand. Brazil's electricity mix is highly reliant on renewables (85%), which is a positive aspect of Sicredi's energy efficiency projects. The quantitative performance improvement threshold is a key contributor to the Medium green shade. Still, as with any energy efficiency improvement, there are rebound risks from a higher use of energy by the consumer. That said, the high share of renewables in the Brazilian grid helps to mitigate such risks.
- For energy efficiency of home appliances for individuals, we consider the screening of equipment that receive the highest rating for the Brazilian national energy efficiency program to promote the rational use of electricity (Procel) and the established eligibility criteria of 20% efficiency as strengths of the framework. Eligible activities will improve households' energy efficiency,

an important step transitioning to a low-carbon economy. Additionally, the framework’s exclusion list confirms that these projects will not be applicable for fossil fueled appliances or heating systems, so the lock-in risk is not material.

- For energy efficiency of companies, we consider that the policy that expenditures must only be allocated to energy efficiency projects carried out by ESCO, a certified Brazilian national classification of companies that provide energy conservation services, as a strength of the framework. As with home appliance projects, the framework excludes projects that use fossil fuels and excludes hard-to-abate industries. The eligible civil works are limited to projects that reduce infiltration (seals on doors and windows, automatic door closing springs, installation of doors or air curtains in open passage), reduce direct sunlight (curtains), natural lighting (optimizing the use of natural lighting in buildings helps reduce total energy consumption), and solar-powered water heaters to replace electric/gas heaters. Therefore, activities eligible under this project will improve energy use of industrial processes, an even more important step in the transition to a low-carbon economy compared to households’ energy use.
- Given the nature of the projects and their small scale, we think the potential for physical climate risk for this category is less material than other categories.

Clean transportation

Assessment

 Light green

Description

- Purchase of clean fuel source (i.e. battery electric vehicle) or hybrid (i.e. hybrid electric vehicle or plug-in hybrid electric vehicle) passenger cars, light commercial vehicles, and trucks;
- Purchase of electric motorbikes, mopeds, and bicycles; and
- Development of electric vehicle charging stations.

Analytical considerations

- Electrification and supporting infrastructure have a key role in decarbonizing the transport sector and align with a low-carbon and climate-resilient future. We view electric vehicle (EV) and motorbikes and related infrastructure as aligned with a Dark green shade. However, the category receives a Light green shade given the relevant share of Sicedi’s current clean transportation credit portfolio going to hybrid vehicles, which we view as technology that supports a near-term climate transition.
- Brazil has vast biofuel availability and infrastructure. In addition, EV production and charging infrastructure is nascent and scarce and there is a low availability of the processed minerals needed for EVs. Such conditions support the use of hybrid passenger cars, light commercial vehicles, and trucks as a near-term solution for the country’s transition to a low-carbon economy. Unlike developed countries’ NDCs, which have committed to ending their production of combustion vehicles, Brazil’s NDC supports the use of more sustainable biofuels, such as second-generation ethanol. A disruptive transition to EVs could bring significant obsolescence risk to the Brazilian biofuel industry.
- The bank commits to direct emission thresholds for hybrid passenger vehicle of 50 gCO₂ per km and 25 gCO₂ per km for hybrid freight vehicles, in line with CBI criteria. We note however that a maximum emission threshold does not necessarily safeguard against high fossil fuel consumption of hybrid vehicles.

Sustainable water and wastewater management

Assessment

 Light green

Description







- Technologies and equipment for efficient use of water
- Systems to reduce pollutants in liquid waste, including filters and other equipment for wastewater treatment, installation, and maintenance of wastewater treatment plants for waste resulting from industrial processes.

Analytical considerations

Second Party Opinion: Banco Cooperativo Sicredi S.A.'s Sustainable Financing Framework

- Efficient water and wastewater activities, in terms of both energy and water, are generally positive from a climate resilience and pollution prevention perspective. In addition, industrial wastewater management in areas where the treated wastewater is legally injected back into water bodies carry significant pollution risks if not done correctly. Finally, climate-resilient water treatment and drainage systems are very relevant especially in the context of increasing flooding events in urban areas, like the recent case in Rio Grande do Sul. However, Sicredi still has nascent physical risk considerations for this category, which is a significant limitation of its green financing practices.
- Eligible expenditure under the framework includes financing water use efficiency projects. These projects are not limited to smart dosage systems and rainwater collectors, which are relevant demand-side improvement measures but have different levels of environmental benefits. These activities can reduce emissions, enhance resilience, and limit negative local environmental impacts from water overuse. We apply a conservative Light green shade for this project category given its broad scope, with uncertainty around its overall environmental benefit.
- The issuer has not included specific thresholds related to key environmental considerations such as loss-ratio improvements and renewable energy consumption for the different types of projects within this category, limiting comparability of benefits. That said, Sicredi expects that financing for water use efficiency and wastewater treatment projects, which it has not disbursed yet, will use renewables 82% on average, in line with Sicredi's current credit portfolio.
- Eligible expenditure also includes general financing of systems that reduce pollutants in liquid waste, which are relevant wastewater treatment activities. These activities avoid water pollution. The issuer has confirmed that no water or wastewater treatment-related infrastructure expenditure will exclusively support emission-intensive sectors and nuclear, which strengths its net environmental benefit. We assign a Light green shade for Sicredi's wastewater treatment financing.
- The bank does not have commitments to reduce the embodied emissions (meaning all the carbon dioxide emitted when producing materials or when using fossil fuel equipment) of building materials and fossil fuel equipment for the construction of new water and sewage networks. It also doesn't have commitments to reduce the embodied emissions from the acquisition of chemicals for water treatment plants, which we view as a limitation.

S&P Global Ratings' Shades of Green

Assessments					
Dark green	Medium green	Light green	Yellow	Orange	Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Health care services	 Conventional steel production	 New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Social project categories

Access to essential services: financial services

Financing to target population in locations where Sicredi is the only financial institution physically present through credit lines with interest rates lower than the average of the Brazilian banking system.

Analytical considerations

- Projects in this category aim to foster financial inclusion of a comprehensive target population group that includes low- and middle-income individuals, elderly people, migrant and/or displaced persons; populations with low Human Development Index (i.e., below Brazilian average); and underserved populations. We think this helps mitigate a relevant challenge in the Brazilian economy, where approximately 14% of its economically active citizens still lacked access to the banking system at the end of 2022, according to the central bank.
- We view favorably that Sicredi uses official indicators provided by the government to clearly define its target population groups. For example, it uses data from the Applied Economics Research Institute (IPEA) to determine low- and middle-household income ranges (up to R\$10,529.96 per year, which is approximately US\$2,108.36). These are then converted into per capita income values using a methodology derived from the Brazilian Institute of Geography and Statistics (IBGE). This conversion allows the bank to select an income range that is compatible to the two lowest income strata adopted internally, supporting the inclusion of individuals that face the most significant obstacles to financial access.
- Additionally, the bank considers elderly people those 65 years or older, in line with Law 13,982/2020. We view as positive that the underserved population, which is generally defined by its lack of access to essential services, will be screened based on official economic indicators available for each municipality. We view favorably that these two definitions mirror the ones used by the national government in its most recent sustainable financing framework.
- We see a clear social benefit in Sicredi's focus on locations where it is the only financial institution physically present. According to Brazil's central bank in its most recent Financial Citizenship report, approximately 17.4 million people did not have access to a bank branch locally. This was further intensified by the COVID-19 pandemic, which increased the digitalization of financial services, disproportionately affecting most vulnerable consumers that lack access or literacy to use digital channels. Sicredi has increased its physical presence, using its cooperative business model to strengthen customer relationships. This has led to 216 municipalities where Sicredi is the only financial institution with physical branches--93.11% of them with less than 10,000 inhabitants.
- Sicredi's commitment to offer credit lines with rates below the average of the national banking system helps enhance social benefits to vulnerable groups. Research from Baillie Gifford and Plano CDE found that in Brazil, individuals' main motivation to apply for a loan is to buy food and pay for essential costs and that more than 40% of the population is not able to honor its financial commitments. In addition, the study revealed that cooperatives can communicate terms of credit lines to lower-income individuals more clearly than traditional and digital banks. In this sense, we view positively that Sicredi has financial education as a pillar of its sustainability strategy, promoting financial literacy initiatives through its foundation.

Access to essential services: education

Financing to target population with interest rates lower than the average of the Brazilian banking system for:

- Student loans for primary, secondary, and higher education fees; school supplies; and language courses.
- Operational and investment expenses of primary and secondary educational institutions located in municipalities with low social indicators or that have been affected by hazardous events.

Analytical considerations

- Sicredi aims to broaden affordable access to educational services to vulnerable children and youth, which it defines as individuals under 18 years old who currently are or are likely to be in adverse conditions that inhibit development. For this purpose, Sicredi states its economic analysis team will adopt local social indicators related to children and youth vulnerability

as eligibility criteria. Moreover, the definition of underserved population, as well as income and Human Development Index thresholds, will be the same across the framework. Please refer to the analytical considerations above for more information.

- In our view, the project helps address a material social challenge faced in Brazil, especially by the vulnerable population. In 2022, approximately 40% of students left school to work. This context is more critical among Black, indigenous and multiracial Brazilians, who represent 70% of young people who have not completed high school. In addition, due to the COVID-19 pandemic, Brazil saw the attendance of four- and five-year-old children drop significantly, a relevant setback to the universalization of education at that age, which the country should have achieved in 2016, according to the Continuous National Household Sample Survey (PNAD).
- According to the 2023 Educational Census, Brazil has significant regional disparities related to technological resources. For example, in northern Brazil, only 24.2% of primary educational institutions have internet available for student use, while in the south this figure increases to 72.4%. In this context, financing of operational expenses and investments for education institutions in municipalities with low social indicators or that have been affected by hazardous events adds a tangible social benefit. In our view, the criteria used to select institutions will help direct resources to the most exposed regions.
- According to the 2023 English Proficiency Index, Brazil ranks 70th out of 113 countries, with low proficiency levels attributed to high economic inequalities, which hamper the entry of non-English speakers into competitive positions in the job market. Academic findings also show that social groups with higher income have higher English proficiency development. Therefore, we view positively that the Scredi includes loans for language courses directed to the vulnerable population.

Employment generation through the potential effect of SME financing and microfinance

Financing the working capital and investment needs of SMEs and micro-enterprises, with the objective of expanding their access to financial services, contributing to their operations and expansion strategies, and generating employment.

Analytical considerations

- Scredi defines the target population for this project category following the International Finance Corp. (IFC's) definitions. The bank uses annual revenue to set the thresholds of up to \$3 million for micro- and small enterprises, and from \$3 million to \$15 million for midsize enterprises. These criteria also apply to women-owned or led projects, with the additional requirements of having either 51% women ownership or being 50% founded by a woman who has an active role in the enterprise, for women-owned entities; and either having at least 30% female participation in senior management or on the board or investment committee, for women-led enterprises. Scredi bases the additional requirements on the 2X Challenge, a commitment made by development and international finance institutions to mobilize resources for gender finance.
- Scredi states that in Brazil, micro- and SMEs face challenges to access financial services due to the lack of collateral or minimum use or access to technology. These issues were aggravated by the pandemic, when micro and small enterprises received only 9% of all the credit volumes available in the country, according to McKinsey. This contrasts with their high participation in the Brazilian economy--they represent more than 50% of its workforce and 30% of GDP. Such factors corroborate the bank's potential contribution to addressing a material social challenge.
- Brazil has around 10.3 million female entrepreneurs and approximately 25% of them have suffered gender discrimination in their business environments, according to the Micro and Small Business Support Service (SEBRAE). For example, only 6% of female entrepreneurs had support from financial institutions to start their businesses, while 57% had never applied formally for a loan. We view positively that Scredi aims to help reduce this gender gap and that it has a solid track record of ensuring that women-led or owned businesses receive a significant share of allocation in social projects.
- We view as positive that Scredi may direct resources to more vulnerable regions with low HDI or that have been affected by hazardous events. For example, the flooding in Rio Grande do Sul, where Scredi is headquartered, affected more than 90% of the state's economic activities, according to the Federation of Industries of the State (FIERGS).

Rural families program

Financing to small rural producers in selected subprograms of the National Program for the Strengthening of Family Farming ("Pronaf").

Analytical considerations

- Projects in this category aim to support smallholder farmers, defined as those with revenues up to R\$500,000, or roughly \$100,112.53, in line with the Rural Credit Manual published by Brazil's Central Bank. Research conducted by the Confederation of Agriculture and Livestock of Brazil (CNA) and the National Service for Rural Learning (SENAR) in 2022 revealed that more than 38% of rural producers surveyed had never accessed rural credit lines, and for 34.3% of those who have, cooperatives such as Sicredi were the main financing source.
- Eligibility will be limited to small producers in selected subprograms of Pronaf, a government program that provides financial and technical support to small rural properties and family farmers. By enabling credit access tailored to the demands of small rural producers with lower interest rates and longer payment terms, Pronaf supports the professionalization of the activities carried out by this target population. By using Pronaf as screening criteria, Sicredi helps promote social benefits to smallholder farmers through an official government program that has already reached more than 2.6 million small rural properties since its inception.
- In addition to the eligibility criteria set in this framework, the selection of the target population will be subject to Pronaf's specific requirements, which include but are not limited to living on the rural property or in a place close to it, and having at least 50% of the gross family income from rural activity. In our view, these requirements help direct proceeds to increased social benefits.
- We view positively that Sicredi will allow for many sublines of Pronaf that target specific objectives. For example, the agroecology subline finances agroecological or organic production systems, while the bioeconomy subline directs resources to use of renewable energy technologies that help recover land and improve productive capacity. Women farmers are also eligible for financing under a specific subline, as well as agroindustry projects. In addition, the framework allows for the consideration of the costing subline, which covers normal expenses of agricultural production, such as the purchase of inputs and seeds.
- Some of these projects may also offer environmental benefits, but the social focus is the primary driver of the inclusion of this category under the framework. Still, agricultural projects might pose environmental risks, which are partially prevented and mitigated by Sicredi's risk management procedures. The bank also excludes livestock projects under the framework, which mitigates indirect land use risks associated with livestock activity. However, we still highlight the potential occurrence of adverse environmental impacts, although these do not impair alignment.

Affordable basic infrastructure

Financing projects aimed at providing potable water and/or basic sanitation for target population in underserved locations of Brazil. Items may include, but are not limited to artesian wells, domestic filters, water pumps, and general construction expenses.

Analytical considerations

- The eligible projects aim to address the country's deficiencies by providing access to financing for basic infrastructure for treated water and effluent collection systems, such as legal artesian wells and biodigester septic tanks to migrants or displaced persons people who are vulnerable because of the effects of natural disasters, and the underserved population. Sicredi will select the latter based on local indicators for each municipality. The bank may also apply income criteria to select the target population, in line with other social project categories.
- In our view, the project provides a clear social benefit by helping improve water and basic sanitation conditions in the country. In 2022, more than 49 million people lived in households with inadequate sewage collection systems and more than 6 million had improper water supply, according to the most recent census from the Brazilian Institute of Geography and Statistics (IBGE).
- Sicredi acknowledges that projects might pose environmental impacts, which in our view are only partially addressed by the mitigants carried out by the bank. However, we don't think such impacts impair the social benefits promoted by the project and don't limit alignment.

Socioeconomic empowerment

Financing technologies and services for people with disabilities.

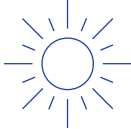
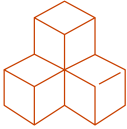




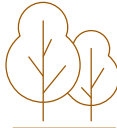


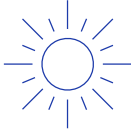
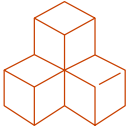


Analytical considerations

- Sicredi refers to the Convention on the Rights of Persons with Disabilities to establish that people with disabilities are those with long-term physical, intellectual or sensory impairments, which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.
- This target population represents around 8.9% of all Brazilians over two years old. The population faces significant social challenges, such as barriers to access labor markets. According to IBGE, the employment rate is 26.6% among people with disabilities, compared to 60.7% among the total Brazilian population. Moreover, the average real income for this target population is R\$1,860 (about \$372.42) at national level, while people without disabilities earn an average of R\$2,690 or \$538.61. By financing objects such as wheelchairs, hearing aids, prosthesis, therapies, and property adaptations, Sicredi helps mitigate the barriers this population faces.

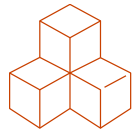
Mapping To The U.N.'s Sustainable Development Goals

Where the Financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the Financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not impact our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs			
Renewable energy				
	7. Affordable and clean energy*	9. Industry, innovation and infrastructure*	13. Climate action	
Environmentally sustainable management of living natural resources and land use				
	2. Zero hunger*	12. Responsible consumption and production*	13. Climate action	15. Life on land*
Green buildings				
	11. Sustainable cities and communities*	13. Climate action		
Energy efficiency				
	7. Affordable and clean energy*	9. Industry, innovation and infrastructure*	11. Sustainable cities and communities	13. Climate action

Clean transportation



9. Industry, innovation and infrastructure



11. Sustainable cities and communities*

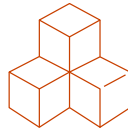


13. Climate action

Sustainable water and wastewater management



6. Clean water and sanitation*



9. Industry, innovation and infrastructure



12. Responsible consumption and production*



13. Climate action

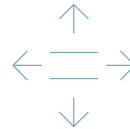
Access to essential services: financial services



1. No poverty*



8. Decent work and economic growth*



10. Reduced inequalities*

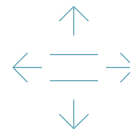
Access to essential services: education



1. No poverty*



8. Decent work and economic growth*

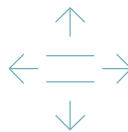


10. Reduced inequalities*

Employment generation through the potential effect of SME financing and microfinance



8. Decent work and economic growth*



10. Reduced inequalities

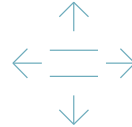
Rural families program



2. Zero hunger*



8. Decent work and economic growth

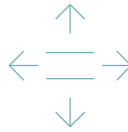


10. Reduced inequalities

Affordable basic infrastructure

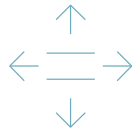


6. Clean water and sanitation*



10. Reduced inequalities

Socioeconomic empowerment



10. Reduced inequalities*

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Analytical Approach: Second Party Opinions: Use of Proceeds](#), July 27, 2023
- [FAQ: Applying Our Integrated Analytical Approach for Use-of-Proceeds Second Party Opinions](#), July 27, 2023
- [Analytical Approach: Shades of Green Assessments](#), July 27, 2023
- [S&P Global Ratings ESG Materiality Maps](#), July 20, 2022

Analytical Contacts

Primary contact

Victor Laudisio
São Paulo
victor.laudisio
@spglobal.com

Secondary contacts

Deborah Siqueira
São Paulo
deborah.siqueira
@spglobal.com

Rafael Janequine
São Paulo
rafael.janequine
@spglobal.com

Catherine Rothacker
Oslo
catherine.rothacker
@spglobal.com

Bryan Popoola
Washington, D.C.
bryan.popoola
@spglobal.com

Research contributor

Sachin Powani
Mumbai

Second Party Opinion: Banco Cooperativo Sicredi S.A.'s Sustainable Financing Framework

Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P) receives compensation for the provision of the Second Party Opinions product (Product). S&P may also receive compensation for rating the transactions covered by the Product or for rating the issuer of the transactions covered by the Product. The purchaser of the Product may be the issuer.

The Product is not a credit rating, and does not consider credit quality or factor into our credit ratings. The Product does not consider, state or imply the likelihood of completion of any projects covered by a given financing, or the completion of a proposed financing. The Product encompasses Use of Proceeds Second Party Opinions and Sustainability-Linked Second Party Opinions. An S&P Global Use of Proceeds Second Party Opinion provides an opinion on an issuer's sustainable finance instrument, program, or framework, and considers the financing in the context of the issuer's most material sustainability factors, the issuer's management of additional sustainability factors relevant to the sustainable financing, and provides an opinion regarding alignment with certain third-party published sustainable finance principles ("Principles"). An S&P Global Ratings Sustainability-Linked Second Party Opinion considers features of a financing transaction and/or financing framework and provides an opinion regarding alignment with relevant Principles. For a list of the Principles addressed by the Product, see the Analytical Approach, available at www.spglobal.com. The Product is a statement of opinion and is neither a verification nor a certification. The Product is a point in time evaluation reflecting the information provided to us at the time that the Product was created and published, and is not surveilled. The Product is not a research report and is not intended as such. S&P's credit ratings, opinions, analyses, rating acknowledgment decisions, any views reflected in the Product and the output of the Product are not investment advice, recommendations regarding credit decisions, recommendations to purchase, hold, or sell any securities or to make any investment decisions, an offer to buy or sell or the solicitation of an offer to buy or sell any security, endorsements of the suitability of any security, endorsements of the accuracy of any data or conclusions provided in the Product, or independent verification of any information relied upon in the credit rating process. The Product and any associated presentations do not take into account any user's financial objectives, financial situation, needs or means, and should not be relied upon by users for making any investment decisions. The output of the Product is not a substitute for a user's independent judgment and expertise. The output of the Product is not professional financial, tax or legal advice, and users should obtain independent, professional advice as it is determined necessary by users.

While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P and any third-party providers, as well as their directors, officers, shareholders, employees, or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness, or availability of the Product. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for reliance of use of information in the Product, or for the security or maintenance of any information transmitted via the Internet, or for the accuracy of the information in the Product. The Product is provided on an "AS IS" basis. S&P PARTIES MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDED BUT NOT LIMITED TO, THE ACCURACY, RESULTS, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCT, OR FOR THE SECURITY OF THE WEBSITE FROM WHICH THE PRODUCT IS ACCESSED. S&P Parties have no responsibility to maintain or update the Product or to supply any corrections, updates, or releases in connection therewith. S&P Parties have no liability for the accuracy, timeliness, reliability, performance, continued availability, completeness or delays, omissions, or interruptions in the delivery of the Product.

To the extent permitted by law, in no event shall the S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence, loss of data, cost of substitute materials, cost of capital, or claims of any third party) in connection with any use of the Product even if advised of the possibility of such damages.

S&P maintains a separation between commercial and analytic activities. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

For PRC only: Any "Second Party Opinions" or "assessment" assigned by S&P Global Ratings: (a) does not constitute a credit rating, rating, sustainable financing framework verification, assessment, certification or evaluation as required under any relevant PRC laws or regulations, and (b) cannot be included in any offering memorandum, circular, prospectus, registration documents or any other document submitted to PRC authorities or to otherwise satisfy any PRC regulatory purposes; and (c) is not intended for use within the PRC for any purpose which is not permitted under relevant PRC laws or regulations. For the purpose of this section, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

For India only: Any "Second Party Opinions" or "assessments" assigned by S&P Global Ratings to issuers or securities listed in the Indian securities market are not intended to be and shall not be relied upon or used by any users located in India.

Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.