



Green, Social & Sustainability Funding Framework

December.21





1. About banco BV

We came into existence in 1988, the result of two major, long-standing success stories. On the one hand, Votorantim S.A., a permanently capitalized investment holding company, with a long-term investment approach. On the other, Banco do Brazil, one of the largest financial institutions Latin America. We started life as the securities dealer Banco Votorantim. Three years later, we became a privately owned multiple bank. In 2009, Banco do Brazil acquired 49.99% of the voting capital and 50% of the total capital of the organization.

We became the fifth largest Brazilian private bank, the leader in vehicle finance and one of the largest credit institutions in the country. We have a highly diversified product portfolio, with a series of services oriented to the Retail and Wholesale segments. The world has been changing more and more rapidly, and we have been changing with it. banco BV is a pioneer in digital transformation – and we have already achieved digital maturity. We invest in strategic partnerships with start-ups and fintechs to offer the best solutions for our clients' most diverse needs, because they are at the center of our strategy. And our major objective is to build a solid, prosperous relationship with these clients based on trust. A relationship that makes people's financial life lighter, enabling them to achieve their goals.

The demand for the financial sector to incorporate environmental, social and governance (ESG) factors into investment decision making has been gaining ground in recent years. We took an important step in this respect when we evolved in the climate change agenda, assuming the compromise of offsetting the CO2 emissions from financed vehicles. We also become a carbon neutral company, offsetting all our direct and indirect CO2 emissions.

Our current experience with the coronavirus (Covid-19) pandemic demands that we do more for our employees and for society. We have taken a series of measures, from remote working, actions to ensure the health of our employees and their families, to renegotiating contracts and extending due dates, among other initiatives, for our clients. Moreover, we have reaffirmed our commitment to society with initiatives to support vulnerable families, such as the donation of R\$ 30 million, support for hospital infrastructure, such as the line of credit extended to manufacturers of ventilators, positively impacting the lives of more than 500,000 people.



We have responded to an uncertain and challenging situation with a demonstration of serenity and solidarity. Social responsibility, support for clients and employees have never been more indispensable.

Our business units:

Retail

Our major activity in the Retail segment is auto finance for used vehicles, mainly through multi-brand dealerships. We operate through a third-party distribution network: multi-brand vehicle dealers and banking correspondents, as well as credit stores located in the main cities in Brazil.

Other businesses:

- Credit Cards
- Insurance: life, auto and loan;
- Loans: personal, private payroll, vehicle guarantee and home equity;
- Consumer direct credit: student loans, solar panels, tourism etc.

Wholesale

Corporate & Investment Banking (CIB): The CIB serves companies with annual revenues in excess of R\$ 300 million, classified in two segments:

- Corporate: companies with annual revenues ranging from R\$ 300 million to R\$ 1.5 billion, in which we undertake operations that include cash management, financial structuring, guarantees (sureties), working capital, hedges, currency exchange, capital market and mergers and acquisitions.
- Large Corporate: companies with annual revenues of over R\$ 1.5 billion, in which we work mainly with capital market, financial structuring, guarantee (surety) and treasury operations.

Wealth Management

In the Wealth Management we develop and promote a series of sustainable solutions, through our Asset Management and Private Banking. The strategic goals of each of these areas are formulated in different ways:

● **Asset Management (BV Asset):** Recognized for its broad experience in the real economy, its flexibility in structuring products in accordance with the needs of each client, its capacity to innovate, its rigorous control processes and its consistent performance both in traditional and in alternative investment funds.

● **Private Banking:** We develop solutions that drive security privacy and peace of mind in managing the assets of clients with an investment capacity of more than R\$ 3 million. Starting with a detailed analysis of the profile of each investor, we offer financial products and solutions that meet their needs, always seeking the best asset and portfolio management solutions.

You can find more detailed information about banco BV in our Investors Relation website: <https://ri.bv.com.br/en/>



2. Our purpose and strategy

In order to fulfill our goal of making people's and companies' financial lives easier, we need to ensure that businesses are run in a sustainable way – starting with ourselves.

We are committed to build a prosperous relationship with people and the planet. For this, we work towards neutralizing our environmental impacts, accelerate social inclusion internally and externally: increasing the diversity of our team, supporting the social development of young and old people, and providing financial knowledge to people in an accessible, transparent and humanized way. And then we seek for businesses that have a high positive environmental and social impact, to extend the reach of our transformation.

Our goal is to promote social development through sustainable action with our ecosystem. To achieve this goal, our strategy is based on four pillars:



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1. Neutralize our environmental impact: We want to ensure that any negative environmental impact caused by BV's operation is neutralized/compensated and/or reduced.

The main actions in this direction are: In the of 2020, we have assumed the compromise of offsetting the CO₂ emissions from 100% of the financed vehicles. This means almost 4 million tons of CO₂. We also become a carbon neutral company, offsetting all our direct and indirect CO₂ emissions.

2. Accelerating social inclusion: Our activities in inclusion begin by ensuring that the diversity of our country is also represented in our team. In conjunction. We also aspire to contribute to the social inclusion of the youth and the elderly, because it's in the present that a sustainable future is built.

In this pillar we had actions such as: women internship program; investment in social projects using funds derived from tax incentives in the categories of culture, sport, childhood and adolescence, health and the elderly – in 2020 we supported 28 projects. We also supported inclusion by sport, supporting six institutes mostly funded by the bank and all the measures we took during the pandemic of coronavirus, which has positively impacted more than 500 people.



3. Multiply and humanize financial knowledge: One of the most effective ways to contribute to a lighter and more peaceful financial life is by multiplying and humanizing this knowledge so that it has a positive impact on as many people as possible.

Some actions in this pillar: Participation in the National Financial Education Week, organized by the National Financial Education Committee (CONEF); Training in financial health for clients and prospects for the bank's Private Payroll Loan product;

BV digital specialist integrated into the bank's credit card app – employing artificial intelligence, this tool makes financial recommendations to clients based on their profile.

4. Mobilize resources to support sustainable business: We understand that our role in sustainable growth is to enable as many high socio-environmental impact businesses as possible, acting as catalyst for positive change.

In this pillar the main action was the emission of our Green Bond. We were the first Brazilian private bank to do that.

3. Our purpose commitment do sustainable development

We believe in the importance of **conducting our business in a responsible way, controlling the potential negative impact** that our activities could have, and **catalyzing a positive impact** on our communities and the environment. We recognize **we have a responsibility to manage the environmental and social impacts** of our business activities and operations, and to proactively identify opportunities to support sustainable and responsible growth for generations to come.

Therefore, we are **committed to integrating** environmental, social and governance (ESG) **risk management practices into** our **business** practices and procedures.

Our dedicated **ESG and Climate Risk Team**, first established in 2012, brings together our experience and expertise in managing environmental and social risk as well as spotting opportunities and structuring solutions to drive positive impact financing.



Meanwhile, we are guided by global frameworks and standards in our approach to delivering balanced and sustainable outcome, such as:

- Since June 2016, we are signatories to the [Equator Principles](#). Assuming this commitment implies the adoption of a series of risk management guidelines used to determine, assess and manage environmental and social risks in projects – and, most importantly, the creation of a standard of diligence in support of credit decisions.
- We are signatories to [Principles for Responsible Investment](#) (PRI), an important global responsible investment initiative supported by the UN.
- At the end of 2020, we become signatories to the [Global Compact](#), which is the World's largest corporate sustainability initiative, led by the United Nations.

4. Green, Social & Sustainability, Funding Framework

Under this Framework, there are [three types](#) of [bonds](#) that [banco BV](#) can [issue](#), in public or private formats:

- 1 **Green bonds:** bonds instruments where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Green Projects that promote the transition to a low-carbon, climate resilient and sustainable economy (as defined in section “Use of proceeds” below);
- 2 **Social bonds:** bonds instruments where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Social Projects that address or mitigate a specific social issue and/or seek to achieve positive social outcomes (as defined in section “Use of proceeds” below);
- 3 **Sustainability bonds:** bonds instruments where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Sustainable Projects that address or mitigate a **specific issue social environmental and/or seek to achieve positive social environmental outcomes** (as defined in section “Use of proceeds” below);





The Framework is aligned with the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and the Sustainability Bond Guidelines (SBG) (2018 editions), which are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the sustainable financing market.

The Framework as such consists of the following components:

- Use of proceeds;
- Process for project evaluation and selection;
- Management of proceeds
- Reporting
- External review

4.1 Use of proceeds

An amount equivalent to the proceeds of Green, Social or Sustainability Bond (“Use of Proceeds”) issuances shall be used to finance or refinance, in part or in full, existing or future, investments or loans (“Transactions”) that meet the “Eligibility Criteria” below. In addition to outlining the required eligibility criteria, the following table also maps the SDGs.

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Investments or loans could be for corporations, assets, or projects (development, acquisition, maintenance, refurbishment, installation, expansion, or operation) we finance through transactions with our clients. In case of general corporate loans, at least 90% of the turnover of the corporation needs to be attributable to “Eligibility Criteria” and fulfil the respective requirements.



In addition to outlining the required “Eligibility Criteria”, the table below also maps the [United Nations Sustainable Development Goals](#) (SDGs).

Exclusions


It is worth to mention that any proceeds from green, social or sustainability bond issued under this Framework will not be used under any circumstance to finance any of the following excluded activities:

- Aviation and Shipping
- Carbon related
- Defense and security
- Fossil fuel exploration and distribution
- Mining
- Nuclear power generation and nuclear related technologies
- Oil & Gas
- Tobacco



Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
		7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.	<ul style="list-style-type: none">• Generation of energy from renewable sources;• Development and/or manufacture of components of renewable energy technology, including equipment for renewable energy generation and energy storage.	<ul style="list-style-type: none">• Wind;• Solar;• Hydropower <25MW;• Hydropower <50 MW; (large scale run-of-river projects with pondage only)• Biomass (agriculture residues or forestry products, such as wood chip);• Sugarcane bagasse co-generation;• Biogas from landfills with high gas capture efficiency (=>75%).	<ul style="list-style-type: none">• Projects that are large-scale (>25MW) dam or reservoir based hydro projects;• Biomass energy production which there is not a known credible certification schemes for forestry products, such as FSC, CERFLOR or PEFC.• Biogas from landfills without permitting or not under Brazilian environmental law.
		7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.	<ul style="list-style-type: none">• Construction/maintenance/ expansion of associated distribution networks• Wholly dedicated transmission infrastructure, including inverters, transformers, control systems etc.	Grid expansion/ development that enables the direct connection and integration of renewable energies	




Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
		7.3 By 2030, double the global rate of improvement in energy efficiency.	<ul style="list-style-type: none">• Development, manufacture and/or installation of energy efficiency technologies and products.• Development of products or technology and their implementation that reduces energy consumption of underlying asset, technology, product or systems;	<p>Examples include, but are not limited to:</p> <ul style="list-style-type: none">• Wind turbines;• Solar panels;• Energy storage (e.g. fuel cells);• Energy efficient lighting (e.g. LEDs);• Improvement; in energy services (e.g. smart grid meters).	Projects to improve the energy efficiency of fossil fuel production and/ or distribution.




Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
		9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	Upgrade and retrofit infrastructure to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.	Refurbishment of residential and commercial buildings to make them more energy efficient (minimum 30% energy efficiency improvements).	Activities related to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuels.
		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.		Energy-efficiency improvements in e.g. lighting, appliances, equipment, building design and heating with a minimum of 30% improvement (Climate Bonds Initiative standard) in energy use or carbon emissions	




Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
		7.B By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support.	Construction of new buildings in the commercial real estate sector.	Certification with a minimum of LEED “Gold” or “Platinum”, or where needed, any other certification that is comparable to the above thresholds.	Buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities.




Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
		<p>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> <p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>	Development, construction and maintenance of quality transport infrastru	<ul style="list-style-type: none">Rail transportation projects for public use; <p>For all public mass passenger transportation that are not electrified, the following threshold should be met: <50gCO2 per passenger per km.</p> <p>Rail transportation of goods; For all freight transportation that are not electrified, the following threshold should be met: <25gCO2/tonne-km.</p> <ul style="list-style-type: none">Vehicle or rail feet retrofit or replacement with technologies including electric or hydrogen.Supporting infrastructure such as charging stations for electric/plug-in hybrid vehicles;Structure for public use of clean transportation (e.g. bicycle lanes, parking stands, bicycle sharing stations, among others);Transport Companies in general, to finance the manufacturing of clean fuel source vehicles;Changes from fossil fuel source to clean source on public transportation, like solar, wind, wave and other renewable energy sources;Financing of Individuals or companies to the purchasing of clean fuel source vehicles ("flex-fuel or biodiesel") or hybrid vehicles. <p>For all hybrid vehicle or flex-fuel/biodiesel from wholesale banking, the following threshold should be met: Buses = <50gCO2/km, Cars = <75gCO2/km and Trucks = <25gCO2/tonnes-km. For flex-fuel or biodiesel from retail banking, the following threshold should be met: Cars=<75gCO2/km.</p>	<p>Rail lines where fossil fuels account for more than 50% or other activities involving conventional fossil-fuel combustion.</p> <p>Freight vehicles (including rail and land) dedicated to the transport of fossil fuels or fossil fuels blended with alternative fuels.</p>




Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
Sustainable Water and Wastewater Management		6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all.	<ul style="list-style-type: none">Activities that expand public access to safe and affordable drinking water;Activities that provide access to adequate sanitation facilities;Activities that improve water quality;Activities that increase water-use efficiency.	<ul style="list-style-type: none">Construction, maintenance and equipment for water supply infrastructure;Engineered water infrastructure for flood defense, storm water management or drought resilience.	Activities related to fossil fuels operations.
		6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.			
		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.			




Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
		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	Activities that increase water-use efficiency through water recycling, treatment and reuse.	<ul style="list-style-type: none">Wastewater treatment systems and discharge infrastructure;Water saving systems, technologies and water metering (including water reuse).	Treatment of wastewater produced from fossil fuel operations (e.g. residue water from fracking).




Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
		12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	Activities that promote natural resource conservation.	<ul style="list-style-type: none">• Composting to divert organic waste from landfill as long as is from agricultural origin and under CONAMA Resolution 481;• Environmentally-sustainable forestry;• Restoration, regeneration or management of native forests and natural landscapes as long as is under an internationally recognized certification scheme¹, such as Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC);• Low Carbon Agriculture as long as is under the Brazilian Low Carbon Agriculture Plan (ABC Plan, from the acronym in Portuguese);• Environmentally sustainable agriculture as long as is under an internationally recognized certification scheme¹, such as RTRS, RSB, Bonsucro, ISCC, and Rainforest Alliance.	<ul style="list-style-type: none">• Intensive livestock production and slaughterhouse will not be supported;• New plantations which convert or degrade High Conservation Value (HCV) or High Carbon Stock (HCS);• Primary forests, or designated legally protected areas;• Operations which use fire for land clearance.




Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
		12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	Activities that promote waste management and resource recovery.	<ul style="list-style-type: none">Waste prevention, reduction, recycling and sorting projects.	Activities related to fossil fuels operations.




Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
COVID healthcare		3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.	Access to public healthcare ¹ considering activities that drive sustainable health solutions and health interventions.	Acquisition, construction, equipment or operation of projects that improve access to healthcare services for the wider population and promote inclusiveness.	-
			Public healthcare services ¹ related to the treatment of COVID-19.	<ul style="list-style-type: none">Financing to equip, operate and add capacity and efficiency to essential healthcare facilities;Manufacturing, logistics and distribution of medical products and supplies essential to medical response, disease control services and vaccinations.	-



Category	SDG Target	Eligibility Criteria	Use of Proceeds	Exclusions
	<div></div> <div><p>4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that 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><p>4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.</p></div>	<p>Activities that expand access to primary, secondary, adult and vocational education aimed to achieve minority inclusion in education of target population (low-income individuals and/or individuals in peripheral regions where socioeconomic indexes are lower than Brazil's average), and people with disabilities.</p>	<ul style="list-style-type: none">• Activities that improve educational infrastructure, such as construction of campuses or training facilities;• Programs that support financial education.	-



Category	SDG Target		Eligibility Criteria	Use of Proceeds	Exclusions
		9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets	<p>This includes directly organizations that are often unable to gain access to financial products and services such as small-and medium-sized enterprises.</p> <p>To be identified as an SME, as defined by the International Finance Corporation (IFC), the end-client should meet two of three criteria to be eligible:</p> <p>1) the number of employees < 300;</p> <p>2) turnover USD 100,000 - USD 15,000,000;</p> <p>3) total assets USD 100,000 - USD 15,000,000</p> <p>If data mentioned above is not available, then the SME average loan size should be between USD 10,000 or more, but less than USD 1,000,000 (10,000 < USD < 1,000,000).</p>	Formalization and encouragement of small, and medium enterprises	<p>Businesses and projects that are involved in:</p> <ul style="list-style-type: none">• Adult entertainment;• Gambling;• Child labour;• Forced labour.

4.2 Process for Project Evaluation and Selection

4.2.1 Green, Social & Sustainability, Bond Governance

Banco BV evaluates investments/loans which could fall under the green or social “Eligibility Criteria” and selects corporations, assets, or projects in accordance with the following procedure:

- 1 **Identification:** Each business unit is responsible for identifying in its portfolio eligible investments/loans which are considered as potential green or social transactions (“prospective transactions”);
- 2 **Review and Approval:** The “Prospective Transactions” will be reviewed by the **ESG Finance Working Group** for their determination or not as green and/or social transactions that are consistent with the Framework. The ESG Finance WG will be set-up, including **ESG and climate RISK Management Team** as the chair of the WG, and members from **Products, Finance and Legal Teams**, and any other relevant business unit involved in the selection of eligible transactions when required.

ESG and climate Risk Management Team will select the transactions which are most appropriate for the type of bond being issued (“Green Bonds”, “Social Bonds” or “Sustainability Bonds”).

4.2.2 Selection Criteria

All investments and loans must comply with the Banco BV’s standard credit process and with all applicable regulatory requirements, with the environmental and social risk management policies and exclusion lists.

In addition, to qualify as eligible for financing and/or refinancing using the net proceeds of the issuance of the relevant bond, each transaction need to:



- ① Be aligned with the Framework;
- ② Fit into one of the Eligibility Criteria;
- ③ Date of first drawdown of the loan no more than 3 years before the settlement date of the Bond issue;
- ④ Businesses and projects involved with the excluded activities;
- ⑤ Businesses and projects uncommitted with environmental and social contract clauses.
- ⑤ Banco BV's bank-level environmental and social risk management processes as implemented by the ESG and Climate Risk Team will be applied to all allocation decisions under the Framework.

Green, social and Sustainability Deposits

The objective of the Framework is to provide Eligibility criteria and product guidelines for application of client deposits to Eligible Loans by setting out qualifying social-environmental themes and activities.

Banco BV may update the Framework the Eligibility criteria from time to time, and in consultation with Sustainalytics, to ensure continued alignment with market practice. In addition, Banco BV and Sustainalytics will conduct joint reviews of the Eligibility criteria on an annual basis to evaluate if any changes are needed to conform to market expectations and to add or remove Eligible Activities from the Eligibility criteria, to comply with market developments.

The alignment of the initial set of Eligible Loans with the Eligibility criteria and with market expectation has been reviewed by Sustainalytics which considering relevant market standards.



Banco BV Green, social and Sustainability Deposits product is being offered to certain eligible clients seeking to invest their surplus cash in an interest-bearing account – which will be earmarked to fund our environmental and social financing commitments that meet the Eligibility criteria outlined above.

Process for project evaluation and selection Green, social and Sustainability Loans at Banco BV are graded through its robust credit decision mechanisms and by relevant account managers or credit committees and according to criteria set out in this framework

We will use the aggregate committed amounts of Eligible Loans to determine the maximum amount of Green, social and sustainability Deposits that we will accept (“Green Deposit Capacity”), with the objective of ensuring that the aggregate Green Deposits does not exceed the size and maturity of the Eligible portfolio.

Green, social and Sustainability Time deposits also may be referred to as Credit Deposit Bank, savings bank, current deposit, fixed deposit and recurring deposit. Both the Eligible portfolio and the Green, Social and Sustainable Deposit Capacity will be monitored daily and Sustainability will conduct a joint annual review.

If, for any reason, the value of the Green, social and Sustainability portfolio is less than the total value of the issuance of a Green, social and Sustainability deposits, Treasury unit will direct, at its own discretion, the shortfall amount towards its liquidity portfolio, consisting of cash, cash equivalents or other liquid marketable instruments, in accordance with its liquidity policies, as specified in paragraph 4.3.

4.3 Management Proceeds

Investments or loans may be eligible when have been financed within 3 years prior to the issuance of the bond. Banco BV commits on its best efforts to reach full allocation within 3 years following each Green, Social or Sustainability Bond issuance.



Eligible transactions selected and validated by the ESG Finance WG are documented in the ESG Finance Inventory. These transactions will not be segregated into a separate sub-portfolio, but allocation of proceeds will be assigned to qualified corporations, assets, or projects.

The inventory will be routinely monitored by Banco BV's Sustainability Team to detect potential shortfalls. Should a shortfall occur, Treasury unit will direct, at its own discretion, the shortfall amount towards its liquidity portfolio, consisting of cash, cash equivalents or other liquid marketable instruments, in accordance with its liquidity policies. Excess proceeds will not be used in carbon-intensive assets or projects that are inconsistent with the transition to low-carbon, climate risk resilient economy.

In the event that any transaction allocated to green, social or sustainability bonds issue will cease to or not comply with the "Eligibility Criteria", Banco BV shall substitute it for a fully compliant transaction.

4.4 Reporting

4.4.1 Allocation reporting

In order to ensure transparency, Banco BV will prepare on an annual basis a report to update investors on the allocation of the net proceeds of the issuance of each bonds, which will include:

- The net proceeds of the Sustainable Funding Instruments issued under this Framework;
- The total amount of proceeds allocated to relevant eligible transactions;
- The amounts allocated to eligible transactions in each relevant category;
- The remaining balance of unallocated net proceeds at the end of the relevant reporting period and where these have been invested.



4.4.2 Impacting reporting

Subject to feasibility and data availability, banco BV intends to report on the impact of the eligible transactions by category from a social and environmental perspective, using the performance measures identified below.



Eligibility Criteria	Environmental Indicators	Social Indicators
Renewable Energy	<ul style="list-style-type: none">Total installed capacity MWAnnual renewable energy generation in MWhGHG emissions reduced/avoided in tonnes of CO2 equivalent (where possible)	-
Renewable Efficiency	<ul style="list-style-type: none">Amount of energy saved MWhGHG emissions reduced/avoided in tonnes of CO2 equivalent (where possible)	-
Green Buildings	<ul style="list-style-type: none">Number of buildings and type of certified Green Buildings.GHG emissions reduced/avoided in tonnes of CO2 equivalent (where possible)	-
Clean transportation	<ul style="list-style-type: none">GHG emissions reduced/avoided in tonnes of CO2 equivalent (where possible)Number of clean vehicles deployedNew clean infrastructure built (km)	-
Sustainable Water and Wastewater Management	<ul style="list-style-type: none">Volume of water treated/saved/reduced (m³)Volume of wastewater treated (m³)Total population served by the system	-
Sustainable Agriculture, Forests and Land Conservation	<ul style="list-style-type: none">Area under certified land management in km² or m²	-
Pollution Prevention and Control	<ul style="list-style-type: none">Volume of waste that is separated and/or collected, and treated or disposed of (in tonnes)	-
Health Services and Wellbeing	-	<ul style="list-style-type: none">Number of places in care facilitiesor patients served
Covid Healthcare	-	<ul style="list-style-type: none">TBC
Education and Vocational Training	-	<ul style="list-style-type: none">Number of students supported
SME financing	-	<ul style="list-style-type: none">Number of SMEs financed



4.5 External Review

This Framework has been reviewed by Sustainalytics. The results are documented in a Second Party Opinion, which confirms that the Framework aligns with ICMA's Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

Banco BV will request on an annual basis, one year after issuance and until full allocation, a limited assurance report of the allocation of the proceeds of bonds issued under the Framework.