



Green, Social & Sustainability Funding Framework

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About banco BV

We are banco BV, a closed capital company constituted in 1991 and our controlling shareholders are Votorantim Finanças S.A. and Banco do Brasil S.A. BV has its head office in São Paulo and operates throughout Brazil in the wholesale and retail markets, in addition to an insurance broker. Our business combines experience and soundness with technological transformation, in other words, it brings together the credit expertise of major banks with agility and a digital mindset.

With 4.166 employees and more than 5 million personal clients, in addition to corporate clients, in all areas where we operate our work is based on four strategic pillars that give direction to our planning and decision making:

Our business units:

/ Vehicle Financing

We are a market leader in vehicle financing in Brazil with 23,000-plus resellers and digital partners.

/ 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:

- **Solar panel financing**

We operate in the financing of solar panels for homes and small businesses, through our wide distribution network with our integrator partners, in addition to our digital partner Meu Financiamento Solar (MFS).

- **Clean transportation (electric and hybrid vehicle financing)**

We grew 190% in financing of electric vehicles We recorded a 190% increase in financing for electric vehicles in 2023 compared to 2022. This growth reinforces our commitment to promoting a low-carbon economy, contributing to the reduction of greenhouse gas emissions in Brazil.

- **Credit Cards**

We provide a varied portfolio of cards to meet the individual needs of each customer, including options such as BV Livre, BV Mais and BV Único. BV cards offer benefits such as loyalty program, cashback, annual fee discounts and vehicle assistance. The credit card plays an important role in our strategy to strengthen the relationship with our customers.

- **Motorcycles, Heavy and New Vehicles**

Our financing capabilities developed over more than 2 decades in used light vehicles are extended to financing other vehicles, including motorcycles, trucks and new vehicles.

- **Car Equity Loan (CEL)**

This product allows the customer to take out credit and use their already paid-off vehicle as collateral. It closely adheres to BV's strategy, both due to its historical performance in the vehicle financing segment and because it is a product with a collateral.

- **Small and Medium Enterprise (SME)**

Initiative seeks to expand our exposure in small and medium-sized companies with a focus on anticipating receivables, through penetration into the value chain of our Wholesale customers.

Services:

- **BV as a Platform**

We offer banking infrastructure services, such as individual current accounts, PIX and payment of bills aimed at companies that wish to offer banking services to their customers without the complexity of becoming a bank, all through an open platform connected predominantly through API's.

- **Insurance Broker**

We are one of the largest insurance brokers in Brazil. With strong synergy with our vehicle financing business, we work in partnership with the main insurance companies that operates in the country, offering a wide range of solutions aligned to the diverse needs of our customers. Our products include vehicle, credit protection, home, dental, life and personal accident insurance, as well as pet and funeral assistance.

Wholesale

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

- **Corporate:** companies with annual revenues ranging from R\$ 300 million and R\$ 4 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 above R\$ 4 billion, in which we work mainly with capital market, financial structuring, guarantee (surety) and treasury operations.
- **SMEs:** receivables
- **Financial Institutions (FI).**

Our operations go beyond credit products, with a strong presence in the debt capital markets (DCM), foreign exchange, cash management, capital markets and Mergers and Acquisitions (M&A).

The CIB segment is responsible for being one of the strategic pillars in achieving our ESG finance goal, issuing and distributing Green¹, Social², Sustainable³, and other bonds aligned with International Capital Market Association (ICMA) and Loan Market Association (LMA) for strategic sectors such as Sanitation, Infrastructure, Energy, Agribusiness, Health, Education, among others, aligned with our eligible use of proceeds categories.

All financial operations aimed at the activities related to the business of banco BV were guaranteed through the previous Sustainable Finance Frameworks, which are the Green Bonds Framework document of 2019 and the Green, Social and Sustainability Financing Framework of 2021. More details, such as the Second Opinion Statements, can be found at: <https://ri.bv.com.br/en/investor-information/esg-report/>

The results of green issuances made in 2021 totaled R\$ 541,900,000.00 and can be found at the link. And the financial operations issued in 2022 total R\$ 1,765,014,053.08 and can be found at the link.

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

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

³ <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

Our purpose and strategy⁴

We believe that sustainable operations can only become a reality when shared with our ecosystem, searching to make customers' financial lives simpler and easier while building a prosperous relationship with our surroundings and promoting a perennial positive impact. **As such, our ESG agenda is directly linked to organizational culture, innovation and customer centricity, topics that underpin our day-to-day decisions and relations.**

The direction of the sustainability trajectory that BV strives for is defined annually. The proposal is submitted to the ESG Committee and the Executive Board before being sent for approval by the Board of Directors (BD). Every two years the Social, Environmental and Climate Responsibility Policy is reviewed by ESG Committee and approved by the BD.

Our ESG strategy is periodically monitored by the BD at general meetings. When deviations are detected, the topic is then more frequently accompanied by means of an action plan. To satisfactorily implement the targets, including the ESG impacts, the BD undergoes an annual self-appraisal process formally established in 2017 and carried out by the Corporate Governance area.

For the Executive Board and CEO of BV, during the year the targets are also monitored based on the strategic planning, while feedback sessions are held with the BD to evaluate behavioral competencies in line with the bank's values: Simple, Correct, Partnership and Daring. As a result, so far changes have been made that encompass various areas, for example, the inclusion of independent board members, enhancements to the executive board succession plan, the evolution of crisis and contingency planning, improved technology and information security strategies, the search for new revenue streams and a stronger ESG and compliance agenda.

Our Social, Environmental and Climate Responsibility Policy has since 2014 established the direction of BV's participation in sustainable development, exceeding the legal requisites and the exposure to social and environmental risks. Its guidelines include.

⁴ More information about our purpose and strategy can be found in our sustainability reports (<https://www.bv.com.br/documents/d/portal/relatorio-de-sustentabilidade-1>) and GRSAC (<https://api.mziq.com/mzfile-manager/v2/d/bf56a81b-6210-410e-800e-4f7d40298aab/9cd87fbc-d547-4391-44ce-12e5f4e1e00d?origin=1>), a document that reflects Social, Environmental and Climate Risks and Opportunities Report

appropriate labor relations in the BV value chain that respect human rights, labor standards and occupational safety. The topics are also covered in the BV Code of Conduct and Integrity Program.

The ESG and Risks Committees are charged with ensuring that those guidelines are complied with at BV. We also have Diversity Forums and the affinity groups Grupo Raízes (African roots), BV com Elas (with Women), BV fora do Armário (Coming Out) and BV Além da Cota (Beyond the Quota) that engage in and study in depth the theme of diversity within the bank. In 2021, we publicly committed to five targets through our Pact for a lighter future linked to the UN Sustainable Development Objectives (ODS). Extending until 2030, they are divided into three main fronts: to neutralize our environmental impact, accelerate social inclusion and foster sustainable businesses.

To neutralize our environmental impact

In addition to offsetting 100% of the CO₂ emissions of its core business, vehicle financing, BV is studying the structuring of its broader decarbonization strategy. We recently resumed our partnership with ERM to build our Net-Zero journey for wholesale and retail portfolios. In this process, we will use the guidelines of the SBTi (Science Based Targets initiative) and the IEA (International Energy Agency) to chart industry-specific decarbonization curves for our portfolios. Our goal is to set achievable decarbonization goals in collaboration with our customers.

In order to decarbonize the portfolio, BV is working on product lines, partnerships and studies. Through our Pact for a Lighter Future, the company made a public commitment to neutralize its environmental impact, offsetting 100% of the CO₂ from used vehicle financing and offsetting 100% of direct greenhouse gas (GHG) emissions by 2030. For both actions, performance in 2023 reached 100%, the same as the previous year. Since 2021, we have offset the equivalent of more than 3.9 million tons of CO₂ through our financed fleet. In 2023, specifically in relation to direct emissions from 2022, we offset an additional 3.9 thousand tons of greenhouse gases.

In an educational and pioneering way, throughout the year, BV carried out the Carbon Demonstration pilot project, in which some of our credit card customers tracked their greenhouse gas emissions. The calculation, made on the value of the invoice and on the average factor for the sector of the establishment that made the sale, used data from Open Finance.

The decarbonization of the portfolio is also translated into stimulating electrification of fleets. Highlights included:

- The partnership with Rappi, which brought special conditions for Diamond-level delivery drivers to purchase electric motorcycles, (expected to avoid approximately 1.6 million tons of CO₂) - in addition to the lower cost compared to traditional motorcycles;
- Easy credit lines for hybrid and electric cars, the financed fleet grew by 160% from 2022 to 2023, the best start to the year since 2012.
- We have also launched a specific line to finance the purchase of electric vehicle chargers or integrated with the installation of solar panels on the roofs of homes and small businesses.

In 2023, in partnership with ERM NINT, we completed the calculation of the financed emissions of the wholesale, retail and wealth portfolio in 2021. In 2024, in partnership with DEEP ESG, BV's investee, work began on recalculation of the 2021 wholesale, retail and wealth portfolio and calculation of the financed of the wholesale and retail portfolios for 2022 and 2023.

The calculation used the Partnership for Carbon Accounting Financials methodology, a global partner of financial institutions in the development and implementation of approach to assessing and disclosing GHG emissions associated with loans and investments. With it, more accurate data will support our decisions. Read more under "[Sustainability Report 2023](#)". In wholesale, it was possible to obtain the analysis by product, the total by scope (1, 2 and 3), and the value for emissions by macro sector and sector. In this way, it is possible to compare the representativeness of a sector, company or product relation to the emissions financed with their weight in the total value of the portfolio.

We also produced in 2022, for the first time, the Social, Environmental and Climate Report, inspired by the disclosure rules of the Task Force on Climate-Related Financial Disclosures. Finally, in partnership with the startup DEEP ESG, we produced the study Impact of Carbon Taxation on the Brazilian Economy, released in October 2023. The results will support when regulating the carbon market, which will increasingly require reliable and traceable data to meet requirements. In addition, for the third year running, BV has produced its GHG emissions inventory for 2022: 3,300 tons for Scopes 1 & 2⁵, down 31% on the previous period (2021).

In 2022, a partnership was signed with the IDB and the NINT to update the emissions avoided when financing solar energy projects. According to internal data, in 2021 the bank financed 379,442 KWh in panels for photovoltaic energy generation. This represents 99,37 thousand tons of CO₂ avoided, according to BV's proprietary methodology considering the same period in 2022, we financed 548,313 KWh in panels to generate photovoltaic energy, which represents 147.19 thousand tons of avoided CO₂. Between January and October 2023, we financed 244,473 KWh in panels for photovoltaic energy generation, which represents 49,47 thousand tons of avoided CO₂.

Accelerate social inclusion

We are part of an unequal society and we recognize our responsibility to be an agent of change. Our actions for inclusion begin by ensuring that the plurality of our country is represented by our team. BV's commitment to a sustainable agenda is underpinned by three essential pillars: public undertakings, transparency and incentive, topics that are increasingly reflected in our in-house culture. An example of this is the fact that we are doing more and more to achieve our goals for diversity and inclusion; and we are training our staff on the strategic issues involving ESG in their daily work.

⁵ <https://registropublicodeemissoes.fgv.br/estatistica/estatistica-participantes/3585>

BV's slogan, "Take it for life", is reflected in its organizational culture and is supported by the four strategic pillars efficiency and financial solidity strategy, customer-centricity and ESG agenda. Our employees are constantly engaged in innovation actions and in diversity of ideas.

By 2030 we are committed to: Ensuring that 50% of leadership positions are held by people who identify as female; Ensuring that 35% of BV's collaborators are Afro-Brazilians. In 2023, we achieved 40% of women in leadership positions and 46% of women in the overall workforce, along with 25% of Black employees in our overall workforce. Another highlight in this area was our certification with the GPTW seal for exemplary practices in gender equity and ethnic-racial diversity.

One way to improve diversity in the organizational culture is to achieve 50% representation of female leadership positions by 2030. Leadership positions should be occupied by individuals who identify as female. Currently, this percentage stands at 39.7% (compared to 38.2% in 2022). Additionally, with a focus on talent development, we plan to train 50 women in line leadership roles and provide training for 45 leaders with an emphasis on executive positioning and business strategy throughout 2023.

Sustainable businesses


The ESG Business area is directly linked to the target of "Financing and distributing R\$80 billion for ESG businesses". The target is made up of ESG production in the Wholesale and Retail segments. Of this amount, the amount realized from 2021 to December 2023 was 22 billion reais. The CIB's accumulated ESG production in the same period was 16.1 billion reais and is made up of credit and capital market operations related to financial operations focused mainly on the renewable energy generation, energy efficiency, sustainable construction, sanitation and agriculture sectors. Accumulated retail ESG production amounted to 5.8 billion reais and is made up of financing operations for electric vehicles, hybrids and solar panels. The criteria for using the resource in topic 4.1 will balance the leasing of the resource in conjunction with the sectoral target that will be established at the end of the Net-Zero study.

From the point of view of the Wholesale segment, Banco BV has an Internal Framework, which establishes the methodology and eligibility criteria to classify loan or capital market operations as sustainable and reviews this document annually, evaluating the inclusion or exclusion of eligible activities, as information and understanding on ESG issues evolve.

Banco BV also structures labelled sustainable debt for clients, which is a category of debt securities and credit structures that finance sustainability within the activities of customers or their goals/commitments on ESG. This type of transaction follows the standards of the main international frameworks and national guidelines, and functions as an effective tool for a more sustainable and resilient economy to climate change.

3

Social, Environmental, Climate Risk Management⁶



Given the risks and uncertainties that can occur due to climate change, affecting the environment, people, human rights and markets, among others, they have been very much to the fore in the decision-making process and risk management at BV since 2020.

In addition, BV calculates its carbon footprint and off sets direct and indirect emissions arising from energy consumption. In the wholesale business, our actions are based on identifying and classifying businesses that are potential polluters and on ways of reducing the impacts of our operations.

Where the financial implications arising from climate change are concerned, the direct risks loom large because they can cause financial losses to borrowers and, consequently, jeopardize their payment capacity while increasing their default with BV. That is why, before granting loans, the exposure of the credit portfolio is analyzed, including BV's ESG rating.

The ESG rating enables the transition and physical profiles to be mapped out (as defined by National Monetary Council Resolution 4.943/2021), adaptation plans, mitigation measures and disclosure by the customers in which the probable effects for the business itself as well as risk management and strategic opportunities, among others, are evaluated. Also in 2022, the scenario and capacity analysis were included when BV was stress tested, which helps us understand the financial risks.

⁶ More information about our environmental risk management can be found in) GRSAC (<https://api.mziq.com/mzfilemanager/v2/d/bf56a81b-6210-410e-800e-4f7d40298aab/9cd87fbc-d547-4391-44ce-12e5f4e1e00d?-origin=1>), a document that reflects Social, Environmental and Climate Risks and Opportunities Report

4

Green, Social & Sustainability, Funding Framework

Banks play a key role in the climate change scenario and in achieving the Sustainable Development Goals (SDGs), in terms of how they mobilize capital through investments, loans and consultancy functions. As a result, our objective is to provide customers with innovative solutions to assist them in the transition to the low-carbon economy and to promote sustainable financing. At banco BV we engage in fostering sustainable businesses, especially those that encourage the transition of the Brazilian economy towards low carbon development. The target is to distribute and finance in the capital market R\$ 80 billion for ESG business by 2030. Since 2021, R\$ 22 billion have been financed and distributed.

For this type of financing, we adopt an internal and an external framework. The former draws on our own methodology in order to classify the financing as sustainable in the wholesale segment. The external framework serves as the basis for funding considered as green, social and sustainable for example, green CDs and funding from multilateral development banks/institutions Corporation, in line with this Green, Social & Sustainability Funding Framework and its accompanying Second-Party Opinion.

BV's GSS Funding Framework establishes a robust Sustainable Financing program, applicable to existing as well as future sustainable expenditures. It can be applied to different types of debt financing including, but not limited to, bonds, loans, private placements, and repos. The transactions issued under this framework can be labelled as green, social, sustainable and/or blue, and will be used to finance, refinance or guarantee, in part or in full, eligible categories as foreseen in the Use of Proceeds section below.

The Framework is aligned with the ICMA and LSTA guidance documents: Green Bond Principles, 2021 ("GBP"), Social Bond Principles, 2023 ("SBP"), Sustainability Bond Guidelines, 2021 ("SBG"), Green Loan Principles, 2023 ("GLP"), Social Loan Principles 2023 ("SLP"), and Blue Bond Guidance (2023), all of 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.

BV issued the Green Bond Framework in 2019 and can be found [here](#). And in 2021 it issued sustainability funding and can be found [here](#).

4.1 Use of proceeds

An amount equivalent to the net proceeds from any different types of “Sustainable Finance Instruments” 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.

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 Sustainable Finance Instruments issued under this Framework will not be used under any circumstance to finance any of the following excluded activities:

- | | |
|---|--|
| • Aviation and Shipping | • Adult entertainment |
| • Defense and security | • Gambling |
| • Fossil fuel exploration and distribution | • Production or trading of weapons, ammunition, Radioactive materials. |
| • Mining | • Indigenous land |
| • Nuclear power generation and nuclear related technologies | • Activities on embargoed rural properties. |
| • Oil & Gas | • Child labor |
| • Tobacco | • Forced labor |



Green Eligible Projects

Category	SDG Alignment	Eligibility Criteria	Exclusions
Clean Transportation	 <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>	<p>Development, construction and maintenance of quality transport infrastructure</p> <ul style="list-style-type: none"> • Rail transportation projects for public use; Public mass passenger transportation with zero CO₂ tailpipe emissions • Rail transportation of goods; Freight transportation with zero direct tailpipe CO₂ emissions from the trains and wagons, and bi-mode trains and wagons that have zero direct tailpipe CO₂ emissions when operated on a track with the necessary infrastructure, and use a conventional engine where such infrastructure is not available (bi-mode) • Vehicle or rail fleet retrofit or re-placement 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 Climate Smart Vehicles: motorbikes, passenger cars, and light commercial vehicles with zero CO₂ tailpipe emissions 	<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>



Green Eligible Projects

Category	SDG Alignment	Eligibility Criteria	Exclusions
Renewable Energy	 <p>7.1 By 2030, ensure universal access to affordable, reliable, and modern energy services.</p>	<p>Expenditures on projects for renewable energy generation including the development and/or manufacturing of components and equipment for generation and energy storage related to the following renewable sources:</p> <ul style="list-style-type: none"> • Wind; • Solar; • Hydropower <20MW; • Hydropower <50MW; (large scale run-of river projects with pondage only) • Biomass (agriculture residues or forestry products, such as wood chip); • Sugarcane bagasse cogeneration. • 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, CER-FLOR or PEFC. • For biogas: <ol style="list-style-type: none"> 1) the landfill may not have been opened after July 8, 2020, 2) the landfill or landfill is permanently closed and is not taking in further biodegradable waste, 3) they produced landfill gas is used for the generation of electricity or heat as biogas or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel, or as feedstock in chemical industry, 4) methane emissions from the landfill and leakages from the landfill gas collection and utilization facilities are subject to control and monitoring procedures set out in Annex III to Council Directive 1999/31/EC


Green Eligible Projects

Category	SDG Alignment	Eligibility Criteria	Exclusions
Green Grid Investments	 <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p>	<ul style="list-style-type: none"> • Construction/ maintenance/ expansion of associated distribution networks • Wholly dedicated transmission infrastructure, including inverters, trans-formers, control systems, with direct connections to: • Non-conventional renewable electricity generation sources, such as wind, solar, small hydro (with an installed capacity of 20 MW or less) • Low carbon large hydropower with a CO₂ intensity of less than 100 gCO₂e/kWh • Energy storage systems such as batteries <p>Transmission Line Efficiency: Upgrade of transformers and switchgear to improve energy efficiency and reduce GHG emissions, such as from SF6.</p>	
Energy Efficiency	 <p>9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.</p> <p>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 acting in accordance with their respective capabilities.</p>	<p>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.</p> <p>Refurbishment of residential and commercial buildings to make them more energy efficient (minimum 30% energy efficiency improvements).</p> <p>Energy efficiency improvements in lighting, appliances, equipment, building design and heating with a minimum of 30% improvement (Climate Bonds Initiative standard) in energy use or carbon emissions.</p>	<p>Activities related to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuels. Projects to improve the energy efficiency of fossil fuel production and/ or distribution.</p>


Green Eligible Projects

Category	SDG Alignment	Eligibility Criteria	Exclusions
Green Buildings	 <p>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 landlocked developing countries, in accordance with their respective programmers of support.</p>	<p>Construction of new buildings in the commercial real estate sector.</p> <p>Certification with a minimum of LEED “Gold” or “Platinum”, or where needed, any other certification that is comparable to the above thresholds.</p>	<p>Buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities.</p>
Pollution Prevention and Control	 <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p>	<p>Operational sanitary landfills with processes of burning residual gas to use energy from the methane emitted in the decomposition of organic matter under anaerobic conditions, with gas capture efficiency of 75%.</p> <ul style="list-style-type: none"> Decommissioned or closed sanitary landfills with landfill gas capture for energy generation with high gas capture efficiency (75%). Sorting (e.g. glass, metal, plastic, paper) and composting units (urban organic waste). Including, after sorting recycles, mixed residual waste to be transferred to 	<p>Activities related to fossil fuel operations.</p>



Blue Eligible Projects

Category	SDG Target	Eligibility Criteria	Exclusions
Sustainable Water and Wastewater Management	 <p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> Investments in water supply systems that improve efficiency, capacity, water quality, and/or reduce energy consumption or water loss from the water system. To be eligible, the water supply system must either have (1) an average energy consumption of the system (including abstraction, treatment, and distribution) of 0.5 kwh per cubic meter billed/unbilled authorized water supply or less, or (2) decrease the average energy consumption of the system by at least 20% (including abstraction, treatment, and distribution; measured in kwh per cubic meter billed/unbilled authorized water supply). Construction, maintenance, and equipment for water supply infrastructure. The activity must be quantifiable, and time bound to achieve flood risk reduction include a monitoring program to evaluate the effectiveness of the Nature Based Solution scheme. (Activity 3.1 Nature Based Solutions for flood and drought risk prevention and protection, Environmental Delegated Act). <p>Activities that increase water-use efficiency through water recycling, treatment and reuse that achieve at least 20% water savings vs. incumbent facilities including:</p> <ul style="list-style-type: none"> Wastewater treatment plant must have a net energy consumption. <ul style="list-style-type: none"> - <= 35kWh/ population equivalent (p.e) per annum for treatment plant capacity below 10 000 p.e. - <= 25 kWh/p.e per annum if the capacity is between 10 000 and 100 000 p.e - <= 20 kWh/p.e per annum if capacity is above 100 000 p.e. <p>(Activity 5.3 - Construction, extension and operation of wastewater collection and treatment, Climate Delegated Act)</p> <ul style="list-style-type: none"> Water saving systems, technologies, and water metering (including water reuse). 	Buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities.



Biodiversity Eligible Projects

Category	SDG Target	Eligibility Criteria	Exclusions
Environmentally Sustainable Management of Living Natural Resources and Land Use	 <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p>	<p>Activities that promote natural resource conservation.</p> <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 scheme, 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.

Social Project Categories

Category	SDG Target	Eligibility Criteria	Exclusions
Health Services and Wellbeing	 <p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.</p>	<p>Activities that drive sustainable health solutions and health interventions.</p> <ul style="list-style-type: none"> • Acquisition, construction, equipment, or operation of projects that improve or provide access to healthcare services and promote inclusiveness. • 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. • Projects dedicated to aiding the physical, emotional, and social health of children and adolescents with disabilities or in situations of social vulnerability. • Advanced nursing care to children and youths with cancer 	
Access to Essential Services	 <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>	<p>Activities that expand access to primary, secondary, adult and vocational education aimed to achieve minority inclusion in education.</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. 	

Social Project Categories

Category	SDG Target	Eligibility Criteria	Exclusions
Socioeconomic Advancement and Empowerment	 <p>9.3 Increase the access of small-scale industrial and other enterprises, in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.</p>	<p>This includes directly financing organizations that are often unable to gain access to financial products and services such as small-and medium sized enterprises and to promote a just and affordable climate transition, which “maximizes economic, social and decent work gains and minimizes and mitigates negative impacts.”</p> <p>Formalization and encouragement of small, and medium enterprises</p>	
Digital Inclusion	 <p>9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.</p>	<ul style="list-style-type: none"> • Programs promoting digital literacy among targets populations. • Programs to expand digital access to financial services to target populations. 	

Target Populations

Category	Target Population
Health Services and Wellbeing	<p>Low-income individuals and/or individuals in peripheral regions where socioeconomic indexes are lower than Brazil's national average, people with disabilities; and children and adolescents in situations of vulnerability include those with disabilities and mental health difficulties; those with immigrant backgrounds; those with risk factors for maltreatment including living in poverty or low-income neighborhoods, areas of overcrowded housing, and intimate partner violence or parental substance misuse; and those in out-of-home care.</p>
Access to Essential Services	
Digital Inclusion	
Socioeconomic Advancement and Empowerment	<p>SME, as defined by the International Finance Corporation (IFC), the end-client should meet two of three criteria to be eligible: 1) the number of employees < 300; 2) turnover USD 100,000 – USD 15,000,000; 3) total assets USD 100,000 – USD 15,000,000. 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> <p>For additional coverage, we will use data from the IBGE or another public or private organization that provides data that consolidates IFC's SME concept, information such as: geospatial (based on places of greatest vulnerability), human development or poverty indices.</p>

4.2 Process for Project Evaluation and Selection

4.2.1. Green, Social & Sustainability, Bond and Loan 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 Sustainability Finance Team as the chair of the WG, and members from ESG and climate risk Management Team. Products, Finance and Legal Teams, and any other relevant business unit involved in the selection of eligible transactions when required.

Sustainability Finance Team will select the transactions which are most appropriate for the type of Sustainable Finance Instruments being issued.

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 Sustainable Finance Instrument, each transaction needs to:

1. Be aligned with the Framework.
2. Fit into one of the Eligibility Criteria.
3. Have the date of first drawdown of the loan no more than 18-24 months before the settlement date of the Bond issuance or Loan transaction.
4. Businesses and projects not involved in the excluded activities.
5. Businesses and projects committed with environmental and social contract clauses.
6. Comply with Banco BV’s bank-level environmental and social risk management processes as implemented by the ESG and Climate Risk Team, applicable 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 DNV, to ensure continued alignment with market practice. In addition, Banco BV and DNV 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 DNV which considering relevant market standards.

Banco BV Green, Social and DNV 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.

The process for project evaluation and selection of Green, Social and Sustainability Loans at Banco BV area is 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 DNV 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 18-24 months prior to the issuance of the bond or execution of the loan. Banco BV commits on its best efforts to reach full allocation within 18-24 months following each Sustainable Finance Instrument 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 Sustainable Finance Instruments 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 each Sustainable Finance Instruments, 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 metrics identified below.

Green Project Impact Reporting

Project Category	Indicative Impact Indicators
Renewable Energy	<ul style="list-style-type: none"> Total installed capacity MW Annual renewable energy generation in MWh GHG emissions reduced/avoided in tonnes of CO₂ equivalent (where possible)
Energy Efficiency	<ul style="list-style-type: none"> Amount of energy saved MWh GHG 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 low carbon vehicles deployed. New low carbon infrastructure built (km)
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)

Blue Project Impact Reporting

Project Category	Indicative Impact Indicators
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 Water treatment facilities added

Biodiversity Impact Reporting

Project Category	Indicative Impact Indicators
Sustainable Agriculture, Forests and Land Conservation	<ul style="list-style-type: none"> Area under certified land management in km² or m²

Social Project Impact Reporting

Project Category	Indicative Impact Indicators
Health Services and Wellbeing	<ul style="list-style-type: none"> Number of places in care facilities or patients served Increased hospital bed capacity and/or decreased density Cost reduction for standard treatments and medicines Number of hospital beds added Number of patients benefitting from healthcare or medical treatment
Access to Essential Services	<ul style="list-style-type: none"> Number of students supported Improved teacher-student ratio Reduced school dropout rate
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> Number of SMEs financed Number of loans to SMEs in low-income areas and/or microenterprises Number of low-income people provided with access to affordable micro-credit/microfinance
Digital Inclusion	<ul style="list-style-type: none"> Number of people in target population benefitting from digital literacy projects Number of people in target population provided digital access to financial services

4.5 Product scope and accounting basis

The products below are some of the solutions that are included in the scope of sustainability and the transition financing facilitated a goal of R\$ 80 billion between 2021 and 2030. We include new facilities and refinancing of existing facilities.

Business unit	Product	Description	Relevant alignment frameworks	Accounting basis
CIB - Banking	Debt Capital Markets (DCM)/ Leveraged Finance (LF)	Financials corporate, public sector issued Use of Proceeds (green/ social/ sustainability) bonds and government related development bank issuances	Banco BV Sustainable Finance Framework ICMA Green, Social and Sustainability Bond Principles. CBI Climate Bond Standard	Proportional bookrunner share
	Syndicated Loans	Loans for qualifying social and green labelling	Banco BV Sustainable Finance Framework LMA/ APLMA/LSTA Green/Social Loan Principles	Proportional bookrunner share
	Commercial Mortgage-Backed Securities (CMBS)	CMBS deals that have underlying green assets that are LEED certified Underlying social assets that qualify under affordable social housing criteria	Banco BV Sustainable Finance Framework Green Bond Principles	Proportional bookrunner share
CIB - Markets	Municipal Financing	Municipal bonds with eligible social and/or green criteria	Banco BV Sustainable Finance Framework	Proportional bookrunner share
	Credit	Collateralized loan obligations and loan portfolio financing Renewable energy project finance	Banco BV Sustainable Finance Framework ICMA Green Bond Principles	Proportional bookrunner share
CIB - Corporate Banking	Green Loans	Term lending or revolving credit facility with a dedicated purpose that falls within the green eligibility criteria	Banco BV Sustainable Finance Framework LMA/ APLMA/LSTA Green/ I Loan Principles	Limits at issuance (and any incremental increase to limits in the case of refinancing)
	Green Trade Finance	Financial products that facilitate trade flows and transactions between importers and exporters across both domestic and international markets	Banco BV Sustainable Finance Framework	Limits at issuance (and any incremental increase to limits in the case of refinancing)
	Green Bonds, Guarantees, and Indemnities (BGIs)	Binding commitments given by banco BV to support trading activities	Banco BV Sustainable, Finance Framework, ICMA Green Bond Principles	Limits at issuance (and any incremental increase to limits in the case of refinancing)

Business unit	Product	Description	Relevant alignment frameworks	Accounting basis
CIB – Corporate Banking	Green Bill of Exchange and Promissory Note Discounting	Trade products which facilitate cash flow through the purchase qualifying trade debts by banco BV, at an agreed discount	Banco BV Sustainable Finance Framework	Limits at issuance (and any incremental increase to limits in the case of refinancing)
	Green Selective Receivable Finance	Trade products which convert trade receivables from qualifying transactions into cash	Banco BV Sustainable Finance Framework	Limits at issuance (and any incremental increase to limits in the case of refinancing)
	Green Import Letters of Credit	A written undertaking given by a bank on behalf of the importer to pay the exporter an amount of money within a specified time.	Banco BV Sustainable Finance Framework	Limits at issuance (and any incremental increase to limits in the case of refinancing)
	Climate Bonds Certified Portfolio	“Asset Certification” for the “Climate” products offered by the bank, provided they are aligned with the standards and criteria of the Climate Bonds. The product will finance or refinance projects with a positive contribution to climate change adaptation and mitigation in accordance with the criteria of the Climate Bond Initiative.	CBI Climate Bond Standard	Limits at issuance (and any incremental increase to limits in the case of refinancing)

4.6 External Review

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

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 and loans executed under the Framework.

