



SUSTAINABILITY  
REPORT  
2023







**MINAS  
GERAIS**

GOVERNO  
DIFERENTE.  
ESTADO  
EFICIENTE.

SUSTAINABILITY  
REPORT  
**2023**



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**Welerson Cavaliere**  
Chairman



**Alexandre Navarro de Castro Barreto**  
Board Member



**Andrea Maria Ramos Leonel**  
Board Member



**Otávio Romagnolli Mendes**  
Board Member



**Henrique Augusto Mourão**  
Board Member

## **MESSAGE FROM THE BOARD OF DIRECTORS**

BDMG reached the end of the 2023 fiscal year in an even stronger position to fulfill its mission efficiently and uncover new opportunities for the socio-economic development of Minas Gerais. Based on clear strategic guidelines and disciplined management, the Bank engaged in the search for consistent results for society, in line with the aspirations of its shareholder, the Government of Minas Gerais.

The record of disbursements – especially motivated by the feasibility of investments, support for micro and small entrepreneurs and the infrastructure of municipal governments, as well as growth in contracted volume and the balance of the client portfolio, demonstrate the legitimization of the institution's leading role in financing chains of value that generate employment in our state. At the same time, these results took place in a context of strong change in governance, risk monitoring and care for capital structure, transparency and profitability, factors that contributed to the progress of BDMG's credit rating by rating agencies.

If, on the one hand, market recognition signals the success of the strategy, on the other, it inaugurates new ambitions in a macroeconomic horizon marked by the volatility of challenges. The path of development has no end; it is a continuum of demands that align as society faces new issues. Therefore, BDMG must always be prepared to grow.

Expanding even further its client portfolio, increasingly promoting accessible credit for municipalities of all sizes and regions of the state, being a differentiated partner to provide liquidity to small entrepreneurs, being an inducer of structuring investment projects in the state's production chain, continuously diversifying resource sources, aligning disbursements with major global sustainability agendas, being an example of support for an economic transition attentive to the climate emergency: in all these vectors, BDMG is present to assert its vision of the future as a benchmark development bank, focused on impactful investments for Minas Gerais.

As members of the Board of Directors, we renew our commitment to contribute to directing BDMG towards its mission within the context of the Minas Gerais Government's public development policies. This Sustainability Report materializes the achievements of 2023 and leads to a future of hard work, which we take the opportunity to thank our shareholder for its trust and the partnership of the Executive Board and BDMG's entire staff.

Together, we will move forward in favor of the economic, social and sustainable development of Minas Gerais!

**Welerson Cavaliere**  
Chairman of the Board of Directors





## MESSAGE FROM THE PRESIDENT

As a manifestation of its transparent action, attentive to governance practices and connected with its vocation of inducing Minas Gerais' development, BDMG has the grateful opportunity to present its Sustainability Report for the 2023 fiscal year to society. What is being presented here makes the set of initiatives carried out by the Bank tangible, offering a comprehensive view of strategy, performance and projects.

The operational results achieved during the period confirm the institution's dynamism in the search for efficient results that generate impact for society. In fact, total disbursements broke a historic record and grew 23% over 2022, reaching R\$2.98 billion. As a result, it is estimated that BDMG credit has promoted the creation of 74,142 jobs, in addition to generating R\$298.9 million in taxes. It is also worth highlighting that, out of the total disbursed, R\$1.2 billion was allocated to projects aligned with at least one of the 17 Sustainable Development Goals (SDGs) recommended by the UN.

In 2023, the Bank served 5,108 customers in 613 municipalities, covering the main value chains and strategic sectors. Of these, 84% were located in areas with a Human Development Index (HDI) lower than the national average. In other words, BDMG focused its efforts on the neediest areas of Minas Gerais, providing quick and efficient responses to demands from both the public sector and companies of all sizes.

BDMG's support for the development of urban infrastructure in Minas Gerais municipalities and the design of projects in this sphere has consistently increased. Through a more dynamic, accessible approach and with a wider range of products, the Bank increased the value of disbursements destined to the public sector by 89%. Furthermore, disbursements for investment projects and micro and small companies grew, respectively, 71% and 31% compared to 2022.

It is also worth highlighting the capture of funding opportunities in the national and international market. By consolidating an adequate capital structure, as a result of the intense work of its employees, BDMG has achieved results by improving processes that generate productivity gains and reduce operational costs, essential for achieving the 2023 goals. Among them, the upgrade of its rating by two of the world's main risk rating agencies and the progress of funding processes with relevant multilateral partners.

At this level of credibility, BDMG has increasingly aligned itself with the most appropriate international standards of governance and sustainability, by improving its methods, assessment instruments, measurement and mitigation of climate and socio-environmental risks related to its portfolio.

With just over a year since the implementation of the Social, Environmental and Climate Responsibility Policy (PRSAC), which defines a set of principles and guidelines for BDMG's operations, it is important to mention the continuously relevant performance in supporting initiatives in the energy sectors renewable energy and energy efficiency. More than R\$376 million was outlaid for this purpose alone, representing a 59% increase compared to 2022.

Based on these results, we can increasingly generate relevant social, economic and environmental impacts, fulfilling the mandate given to us by the Government of Minas Gerais and the Bank's Board of Directors. We remain focused on the purpose of fulfilling BDMG's mission towards Minas Gerais society of contributing to the State's development.

BDMG Management thanks the support of its shareholders, employees and everyone who, in some way, contributed to the results achieved in 2023.

**Gabriel Viégas Neto**  
CEO



# ***EXECUTIVE BOARD***

Gabriel Viégas Neto | Chief Executive Officer  
Antônio Claret de Oliveira Junior | Director VP  
Edmilson Gama da Silva | Executive Director  
Rômulo Martins de Freitas | Executive Director  
Sérgio Rodrigues Pimentel | Executive Director







## ABOUT THIS REPORT

BDMG has annually reported its performance under the economic, social and environmental dimensions since 2015. In this edition, relevant events and data that occurred between January 1st and December 31st, 2023 are reported, with the aim of providing transparency to the results and impacts generated by the institution's activities.

The process of preparing the document included contributions from several areas of BDMG. All information and data contained herein were investigated, checked and validated internally, and are not subject to external verification.

Topics that report management and operations systems considered internally to be of greatest relevance to stakeholders were prioritized.

As a result of rounding, the sum of the figures in the graphs may not be exact, and also the sum of the percentages in the graphs may not total 100. For the same reason, there may be small variations between the amounts presented throughout the report.

This report, approved by the Board of Directors (CAD), on March 23, 2024, meets the standard required by State Law, nº 13,303, of June 30, 2016, in its section IX, article 8.

With sustainability as a commitment, this report was published only in the electronic version and made available on our website, in PDF, also in the English version.

For more in-depth information on specific topics, visit the website [www.bdmg.mg.gov.br](http://www.bdmg.mg.gov.br) and also see:

■ **Management Report and Financial Statements**

■ **Social, Environmental and Climate Risk Management Report**

■ **Annual Letter on Public Policies and Corporate Governance**

For more information about this document and its contents, please send an email to [comunicacao@bdmg.mg.gov.br](mailto:comunicacao@bdmg.mg.gov.br).





# ECONOMIC SCENARIO





| Maria Isabel de Camargos

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**Year 2023 was marked by increases in basic interest rates in the main global economies, with the aim of maintaining price levels and inflation expectations. Restrictive monetary policy began to show its effects, especially from the second half of the year onwards, with declines in price indices and core inflation. The lower price level reflects the decline in food and energy commodity prices, as well as the normalization of global supply chains. In this context, fiscal year 2023 ended with inflation rates converging to pre-pandemic levels and with the expectation of loosening monetary policy in developed economies in the first half of 2024.**

In Brazil, 2023 was characterized by the duality between the resilience of economic activity and the real interest rate at a contractionary level. Despite the still restrictive real interest rate, activity remained resilient, with growth two percentage points above expectations at the beginning of the year. The increase in GDP was sustained by the good performance of agriculture, with record harvests in the first half of the year and by household consumption, which supported trade and services activities throughout the year. Even with robust economic activity, the Central Bank was able to begin the cycle of reductions in the basic interest rate and end the year with inflation within the target limit for the first time in the last two years.

In Minas Gerais, economic activity showed positive dynamics throughout the year. In 2023, the state's GDP growth (3.2% in the year through September) reflected the rise in agriculture - the result of good harvests of coffee, soybeans and sugar cane - and in the mining industry - supported by ore exports - energy and sanitation and segments of the automotive chain. In trade and services activities, the solid foundation of the Minas Gerais labor market - with rising income and falling unemployment - kept the demand for goods and services resilient.

Prospectively, BDMG expects the state's GDP to grow (2.0%) in line with the country's (1.7%). The resilience of the job market and Chinese demand for minerals should contribute to the services and mining segments in Minas Gerais. Additionally, the interest rate reduction cycle, which should continue in 2024, should stimulate investments and the manufacturing industry in the state and country.

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| Júlio César Lins | Lorraine Stefany Mins Firmino  
Fabiano Domingues Lopes





# WHO WE ARE

Letícia de Rezende Teixeira Guerra Caldeira  
Daniel Ewerton Martins Vidal



# BDMG

The Development Bank of Minas Gerais (BDMG) is a public financial institution for economic development, headquartered in the state of Minas Gerais, Brazil. Founded in 1962, BDMG is part of the state's economic development system, linked to the State Secretariat for Economic Development (SEDE) of the state of Minas Gerais.

Its mission is to promote the sustainable development of the state, promoting initiatives in the public and private sectors that contribute to economic growth, job creation and improving the quality of life of the population of Minas Gerais.

BDMG acts as a financing and development agent, offering a variety of financial products and services to companies, entrepreneurs, city governments and governmental agencies. Its credit lines range from

financing investment and infrastructure projects to supporting micro, small and medium-sized companies, with different conditions and terms that aim to stimulate investments in strategic areas for the socio-economic development of Minas Gerais.

In addition to offering financial resources, BDMG also plays an important role in articulating partnerships and promoting initiatives aimed at regional development and social inclusion. Its area of activity covers the entire territory of the state of Minas Gerais and neighboring states, seeking to reach regions and sectors that need support to enhance their economic activities and promote the generation of income and employment in a sustainable manner. Turning initiatives into reality, making a difference in the lives of "mineiros." Being a reference as a local development bank, focused on impactful investments for Minas Gerais.

## PURPOSE

Turning initiatives into reality to make a difference in the lives of "mineiros".

## VISION

Being a benchmark local development bank, focused on impactful investments for Minas Gerais.

## VALUES

- Making a difference
- Innovation
- Results orientation
- Cooperation

# Pillars

BDMG's operations are focused on financing projects that generate impact, measured by aligning the environmental, social and economic effects of disbursements with the Sustainable Development Goals (SDGs), anchored in the UN 2030 Agenda.

BDMG also works to mobilize resources for the private sector, to finance investment and export projects, agribusiness (especially low-carbon agriculture), clean energy, tourism and industry and

services, stimulating the growth of key sectors and production chains.

To this end, BDMG seeks to balance its operations between B (bank), by ensuring financial sustainability; D (development), by maximizing financing focused on generating impact and development; and MG (Minas Gerais), as it specializes in the vocations and economic potential of its territory.

## PILLARS



## DEVELOPMENT BANKS

Development Banks are public financial institutions focused on allocating resources that guide and boost socio-economic growth, multiplying available resources and directing the construction of the future through credit, in order to induce the behavior of economic agents and generate positive externalities for the society. In other words, they act in the process of building local development, and can play an important role in directing business.

Furthermore, they currently play a crucial role in mitigating climate change by promoting investments in renewable energy projects, energy efficiency, sustainable public transport and other green initiatives that contribute to the reduction of greenhouse gas

emissions and the transition to a low carbon economy. They also have the capacity to encourage sustainable practices in different sectors of the economy, supporting the adoption of clean technologies, the sustainable management of natural resources and the development of innovative production chains.

In this context, BDMG, as a subnational development bank, is responsible for identifying regional and local priorities, mobilizing resources and implementing a development agenda through financing long-term projects, mitigating market failures and granting credit to vulnerable and higher-risk sectors; and promote countercyclical action to support economic recovery in times of slowdown and financial instability.

# OUR STRATEGY

In 2023, BDMG's operations were guided by the 2023-2027 Strategic Plan, with medium and long-term objectives designed to ensure the achievement of its future vision: to be a benchmark development bank focused on impactful investments for Minas Gerais.

Aligned with the Minas Gerais Integrated Development Plan (PMDI), BDMG acts as a state agent for the development of sectors and regions in Minas Gerais with the mobilization of resources that make health,

education and sanitation projects viable. It contributes to increasing the state's efficiency by providing structuring services for public-private partnerships, focusing on sanitation and energy efficiency, in addition to financing infrastructure projects for the state's 853 municipalities.

Thus, it aims to simultaneously expand its credit portfolio and returns to its shareholders, as well as playing a role in promoting sustainable development.

## IMPACT COMMITMENTS

There are five impact commitments made by BDMG for its operations in the coming years:

- 1 FINANCIAL INCLUSION:** guarantee access to financial services under favorable conditions for micro and small companies, supporting the maintenance of jobs.
- 2 CLEAN ENERGY:** expand the renewable energy matrix, enabling investments in clean energy sources and energy efficiency.
- 3 PRIORITY INVESTMENTS WITH POSITIVE IMPACT:** expand fixed investment in order to stimulate the growth of companies in Minas Gerais, increasing productivity, creating new jobs and moving value chains, especially in sectors that boost the economy and have potential for the future.
- 4 INCLUSIVE AND SUSTAINABLE CITIES IN MINAS GERAIS:** have more inclusive and sustainable cities and enable infrastructure projects (sanitation, health, education, urbanization and inclusive spaces).
- 5 LOW CARBON AGRICULTURE:** enable investments in agro-innovation that guarantee high levels of productivity and contribute to soil regeneration, biodiversity and the reduction of Greenhouse Gas (GHG) emissions.

## Strategic drivers

- 1 IMPACT:** this is about mobilizing resources to strengthen the position as regional specialist in enabling projects aligned with the 2030 Agenda and the Sustainable Development Goals
- 2 COMPETITIVENESS:** BDMG's competitiveness lies in its excellence in financial solutions for development, which include services and consultancy, in addition to the constant
- 3 ORGANIZATIONAL CULTURE:** For BDMG, achieving the proposed objectives demands the alignment of its entire workforce in favor of the organization's objectives, the creation of
- 4 DIGITAL TRANSFORMATION:** Digital transformation is rapidly changing the business model in the development sector on a global scale, enabling resources from development programs to reach the hands of those who need them more efficiently. This encourages BDMG to be
- 5 FINANCIAL SUSTAINABILITY:** refers to the balance between the level of profitability and the level of risk, with the objective of achieving a level of growth compatible with BDMG's capital structure. To this end, the Bank carries out

In addition to impact commitments, BDMG's actions over the next five years are based on five strategic drivers that significantly interact with the future of the institution.

(SDGs), in addition to improving monitoring and evaluation of the impacts of action on the state's development.

improvement of the customer experience, adherence to the market in terms of positioning, profitable offering and strengthening of partners in favor of continuous improvement of service.

innovative solutions and the strengthening of governance, compliance and risk management practices, always seeking to act with agility to prioritize continuous and incremental deliveries.

prepared to explore opportunities arising from changes in the financial market, through the application of digital technologies designed to simplify and speed up processes, while increasing the institution's level of cybersecurity.

periodic reviews of its risk appetite and credit policy, with instruments for mitigating credit risk and monitoring scenarios, in addition to the continuous improvement of financial models and projections.



The global economy and society have experienced humanitarian and climate challenges, marked by disparities in opportunities, gender inequality, global health threats, depletion of natural resources and the negative impacts of environmental degradation. To alleviate this context, a transformation of socio-economic behavior is necessary for countries to grow sustainably.

The world and its main multilateral development institutions are already developing strategies to

overcome these challenges. In turn, development banks will continue to play an essential role in mobilizing and allocating the capital necessary to strengthen sustainable development.

Another fundamental agenda for the coming years is to further expand transparency and clarity of these financial institutions' purpose for society, with more visible indicators of how the financed projects impact the degree of socio-economic development in the region where they operate.

# SOCIAL, ENVIRONMENTAL AND CLIMATE RESPONSIBILITY POLICY (PRSAC)

BDMG has implemented a socio-environmental responsibility policy implemented since 2013. Since then, this policy has undergone some updating processes, highlighting the change made in 2015 to comply with CMN Resolution No. 4,327/2014, in force at the time and, in 2020, to align with international guidelines, in particular, the Paris Agreement and the Sustainable Development Goals (SDGs).

In 2021, the National Monetary Council published Resolution No. 4.9451 of the Central Bank, which provides for the Social, Environmental and Climate Responsibility Policy (PRSAC) and the actions to be implemented with a view to its effectiveness.

The PRSAC consists of a set of principles and guidelines of a social, environmental and climate nature to be observed by the Bank in conducting its strategy, its businesses, its activities and its processes, as well as in its relationship with

stakeholders, to promote the sustainable socio-economic development of Minas Gerais.

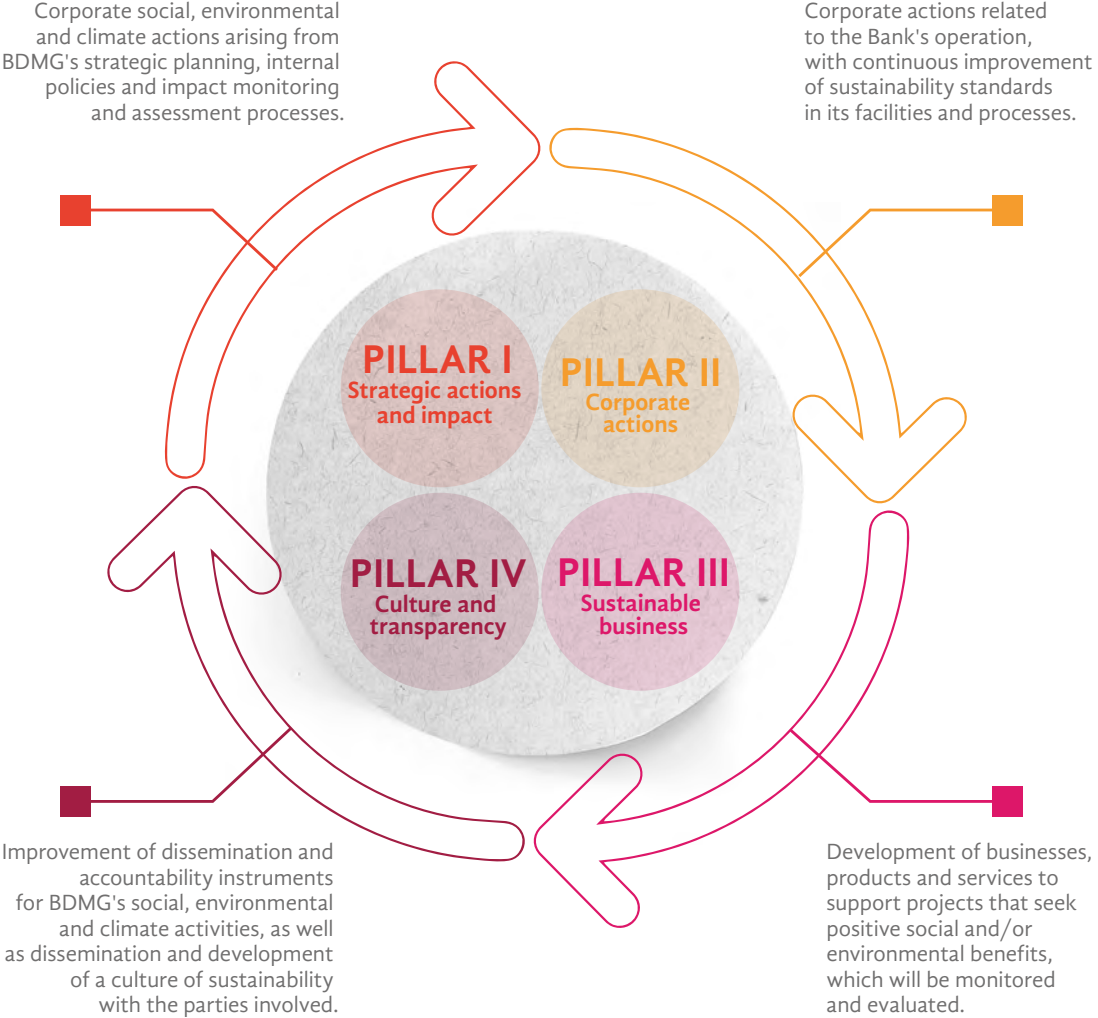
The preparation of the PRSAC 2023-2025 Plan was oriented by global agendas in favor of sustainability and climate change, such as the UN Agenda 2030, the Paris Agreement, the Addis Ababa Action Agenda, in addition to other initiatives within the national scope.

The Plan is also fully aligned with the Minas Gerais State Climate Action Plan (PLAC-MG), coordinated by the State Secretariat for the Environment and Sustainable Development (SEMAD), which aims to achieve net greenhouse gas emissions neutrality in the state by 2050, notably within the scope of the Race to Zero2 campaign.

PRSAC is made up of four pillars: strategic actions and impact; corporate actions; sustainable business; culture and transparency.

## BDMG's PRSAC Action Plan

FIGURE 01: BDMG'S PRSAC ACTION PLAN



The PRSAC and related documents can be accessed at [www.bdmg.mg.gov.br/sobre-bdmg/?responsabilidade](http://www.bdmg.mg.gov.br/sobre-bdmg/?responsabilidade)

<sup>1</sup>[www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20CMN&numero=4945](http://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20CMN&numero=4945)

<sup>2</sup>Race to Zero is a global campaign led by the United Nations (UN) and seeks to bring together a diverse community of representatives from the most diverse areas of society, in favor of the same objective: a healthy, resilient future with zero emissions carbon by 2050. [climatechampions.unfccc.int/system/race-to-zero](https://climatechampions.unfccc.int/system/race-to-zero).

In 2023, the following actions were carried out:

PILLARS	ACTIONS TAKEN IN 2023
<b>1 – Strategic and impactful actions</b> Strategic social, environmental and climate actions arising from BDMG's strategic planning, internal policies and impact monitoring and assessment processes.	<ul style="list-style-type: none"> <li>■ Definition of BDMG's participation in the goals of the State Climate Change Plan – Race to Zero.</li> <li>■ Completion of BDMG emissions compensation (base year 2021).</li> <li>■ Performing an emissions inventory of BDMG's operation.</li> </ul>
<b>2 – Corporate actions</b> Actions related to the Bank's operation, with continuous improvement of sustainability standards in its facilities and processes.	<ul style="list-style-type: none"> <li>■ Implementation of a set of actions for selective collection of waste from BDMG: research, training, lectures, training and workshops.</li> <li>■ Launch of the new Envolvê Coexistence Space.</li> <li>■ Expansion of the BDMG photovoltaic plant.</li> </ul>
<b>3 – Sustainable business</b> Development of businesses, products and services to support projects that aim for positive social and/or environmental benefits.	<ul style="list-style-type: none"> <li>■ Conducting workshops on sustainable business.</li> <li>■ Implementation of the social, environmental and climate risk system (SAC).</li> <li>■ Promotion of an ESG training program for the Management Committee.</li> </ul>
<b>4 – Culture and transparency</b> Improvement of dissemination and accountability instruments for BDMG's social, environmental and climate activities, as well as dissemination and development of a culture of sustainability with the parties involved.	<ul style="list-style-type: none"> <li>■ Execution of training and awareness actions on diversity and gender.</li> <li>■ Publication of SAC risk reports.</li> <li>■ Carrying out a communication campaign with the theme of Sustainability.</li> </ul>



Júlia Martinho Silvestre  
Rebecca Felipe Campos

## CORPORATE GOVERNANCE

BDMG's governance structure is made up of: the Board of Directors; Fiscal Council; Audit Committee; Risk and Capital Committee; People, Eligibility, Succession and Remuneration Committee; Executive Board; Credit and Renegotiation Committee; Ombudsman and Superintendencies. In addition to non-statutory committees: People, Product and New Business Management Committee; Technology Committee; Information Security and Data Protection Committee; Strategy, Communication and Budget Committee; Sustainability Committee; Customer Experience Committee; Fiscal and Tax Affairs Committee; and the Credit Policy Committee. All bodies are directly or indirectly subordinated to the General

Shareholders' Meeting, the highest decision-making body, as determined by law.

The General Audit, the Audit Committee, the People, Eligibility, Succession and Remuneration Committee and the Risks and Capital Committee are subordinated to the Board of Directors, which is responsible for defining the responsibilities, regulating the operation, as well as appointing its holders.

Periodically, BDMG's<sup>3</sup> governance structure is reviewed in order to strengthen the institution's security, efficiency and transparency. BDMG's governance structure can be viewed in the following organizational chart:

<sup>3</sup>Additional information about BDMG governance can be found at: [www.bdmg.mg.gov.br/transparencia-governanca](http://www.bdmg.mg.gov.br/transparencia-governanca)



Governance Structure

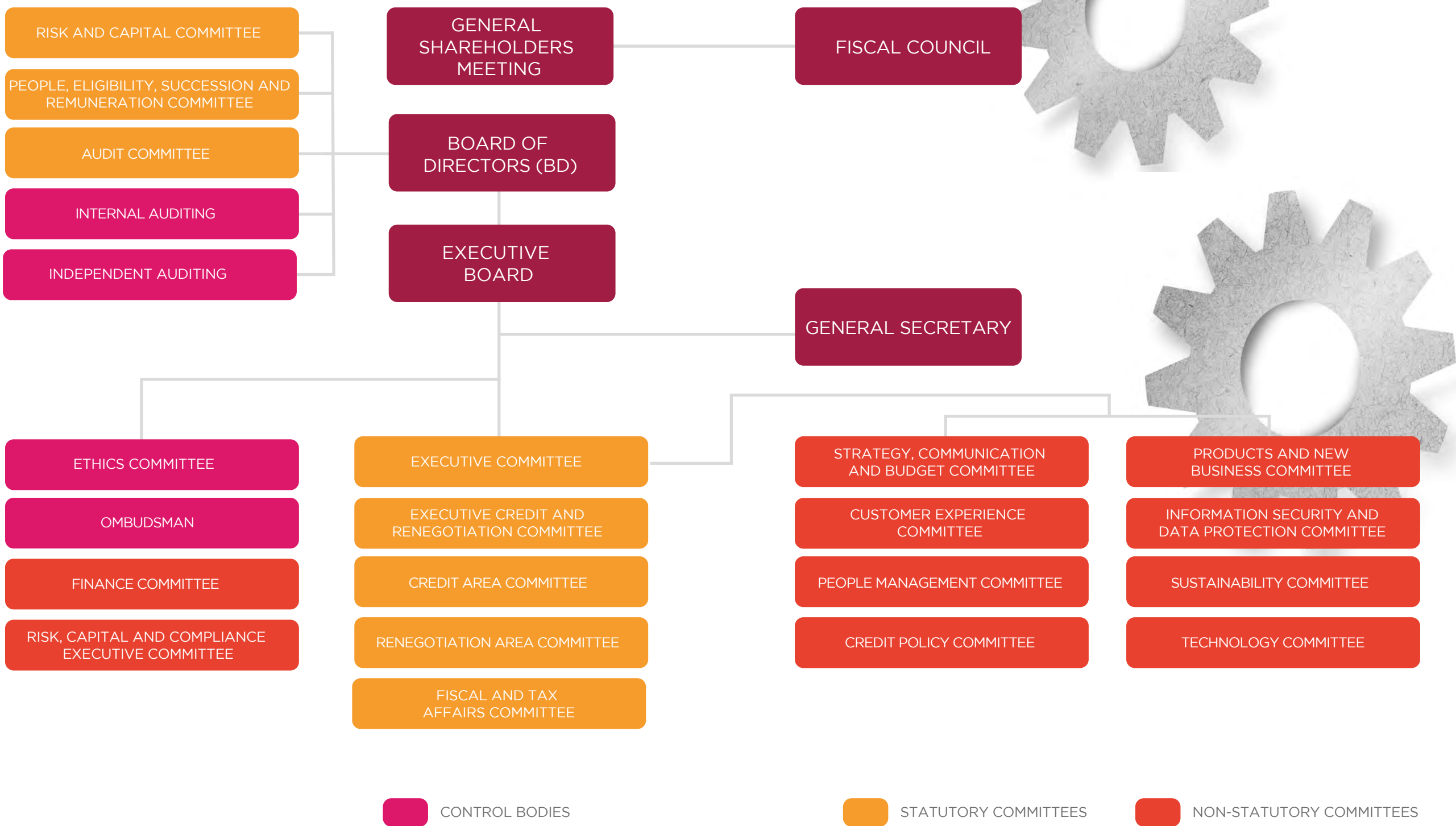


FIGURE 02: BDMG GOVERNANCE STRUCTURE

The statutory bodies that make up the governance structure, with their respective responsibilities, are:

STATUTORY BODY	MAIN DUTIES AND COMPETENCIES
GENERAL MEETING	Examines, discusses and votes on financial statements; decides on the allocation of net profit for the year and the distribution of dividends, as well as establishing the global and individual amount of remuneration for shareholders, members of statutory committees and fiscal councilors, with prior approval from the controlling shareholder; and deliberates on reform of the Bylaws.
FISCAL COUNCIL	Supervises the actions of administrators and verifies compliance with their legal and statutory duties; gives its opinion on the annual management report and financial statements for the fiscal year; also gives its opinion on the proposals of the Management bodies, to be submitted to the General Assembly, relating to the modification of share capital, issuance of debentures or subscription bonuses, investment plans or capital budget, distribution of dividends, transformation, incorporation, merger or split.
BOARD OF DIRECTORS	Deliberates annually on the annual business plan and the long-term strategy for the Bank's activities in promoting the state's economic and social development activities, promoting the annual monitoring and analysis of meeting the goals and results of its implementation; approves policies and objectives compatible with the state plan and its respective regional and sectoral development programs and development programs to be executed by BDMG, general standards, basic criteria and priorities for its operations; approves the Bank's organizational structure and its changes; establishes criteria for carrying out judicial and extrajudicial agreements and transactions.
EXECUTIVE BOARD	Carries out the general administration of BDMG, seeking to ensure the fulfillment of its objectives and the effectiveness of the deliberations of the Board of Directors to guarantee its regular functioning; takes proposals on relevant matters of the institution to the Board of Directors for deliberation, as defined in the Bylaws.
AUDIT COMMITTEE	Gives an opinion in order to assist shareholders in the appointment of administrators and fiscal councilors on the fulfillment of the requirements and the absence of restrictions on the respective elections; reviews, prior to publication, the half-yearly financial statements, including explanatory notes, management reports and independent auditor's report; supervises and evaluates the effectiveness of the area of internal controls, controllership, independent and internal audits, including verification of compliance with legal and regulatory provisions applicable to BDMG, in addition to internal regulations and codes; assesses compliance by BDMG management, with recommendations made by independent or internal auditors; assesses and monitors BDMG's risk exposure; demands, among others, detailed information on policies and procedures relating to management remuneration, use of BDMG assets and expenses incurred on behalf of the Bank.

STATUTORY BODY	MAIN DUTIES AND COMPETENCIES
RISK AND CAPITAL COMMITTEE	Advises the Board of Directors on risk and capital management and assists it in establishing and reviewing the institution's risk appetite levels; proposes policies, strategies and limits for risk and capital management to the body.
PEOPLE COMMITTEE, ELIGIBILITY, SUCCESSION AND REMUNERATION	Provides an opinion, in order to assist the members of the Board of Directors in the election of directors and members of the Audit Committee and the Risk and Capital Committee, on the fulfillment of the requirements and the absence of prohibitions; assists the Board of Directors in preparing, reviewing and monitoring the management succession policy and in evaluating proposals relating to personnel policy and its monitoring; expresses its opinion, prior to the deliberation of the Board of Directors, on proposals that deal with: increasing the number of its own personnel, implementing voluntary dismissal programs, granting benefits and advantages, reviewing job plans, salaries and careers, changing remuneration of administrators, fiscal councilors, independent members of statutory committees and freely-filled positions, as well as a profit sharing program.
EXECUTIVE COMMITTEE	Promotes the strengthening of relationships between organizational units; is responsible for implementing the strategic guidelines defined by the Executive Board; gives its opinion prior to the Executive Board's deliberation, regarding changes to the credit policy, in line with BDMG's strategic objectives, legislation, market conditions and risk appetite.
EXECUTIVE CREDIT AND RENEGOTIATION COMMITTEE	Deliberates, up to an amount equivalent to 1% of BDMG's net equity, on matters related to the limit and use of credit to define the scope, the amount recommended by the technical area; alters guarantees and other contractual changes, considering the accounting balance to define the authority; renegotiates and disposes of assets not in use.
OMBUDSMAN	Receives, records, instructs, analyzes and provides formal and appropriate treatment to complaints from customers and users of products and services; provides the necessary clarifications; and informs complainants about the progress of their demands and the measures taken.



# ETHICS, INTEGRITY AND TRANSPARENCY

## Integrity and Compliance

The Compliance area's mission is to ensure that the Bank acts in a way that respects the rules relating to the organization, complying with internal and external laws and regulations, in addition to promoting a culture of compliance, providing an understanding of its importance for achieving safe and efficient implementation of strategic objectives with employees, customers, partners and other BDMG collaborators.

With the aim of ensuring adherence to Central Bank standards and adopting good governance and sustainability practices, BDMG promotes actions associated with the pillars of ESG – Environmental, Social and Corporate Governance, including:

- Compliance with environmental legislation, in particular the assessment of customers regarding possible environmental risks.
- Compliance with labor laws and respect for differences, ensuring diversity, inclusion and well-being of employees.
- Strengthening corporate governance through the consolidation of an ethical and responsible culture.

Among the topics that deserve attention, integrity stands out. BDMG has a code of ethics, an integrity program and policy that guides ethical and honest behavior on the part of all employees and those who act on behalf of the Bank, establishing procedures for handling complaints received and measures that ensure confidentiality and the anonymity of the complainant.

BDMG has reporting channels to receive, anonymously or otherwise, information about signs of harassment, fraud, corruption, violation of legislation or regulations and the Code of Ethics, Conduct and Integrity, which may affect its activities, internal relationship and image of BDMG.

Issues such as ethics, good practices, reporting channel, fraud prevention, corruption and harassment are strategically discussed so that the results of effective compliance generate environmental, social and financial impacts for society.

In 2023, as part of promoting a culture of compliance and integrity, compliance and integrity training was carried out for members of the Executive Board, Audit Committee and employees, in addition to sending reports on the aforementioned topics to all Bank employees.

Annual training was promoted, including that targeting members of the Executive Board and Administration, Fiscal and Audit Committees; on Governance, Risks and Compliance, including the main points of Law No. 13,303/2016, which deals with the legal status of state-owned companies. Also noteworthy is the training on Anti-Money Laundering and Terrorism Financing, in compliance with Central Bank regulations, for members of the Executive Board, Audit Committee and employees.

## Ethics Committee

The principles and values that guide the conduct of employees are established in BDMG's Code of Ethics, Conduct and Integrity, which is available for internal consultation and is applicable to everyone who holds a mandate, position, function, job or who provides services to the institution, even if temporary and/or without remuneration. The Code was prepared in accordance with Law 13,303/2016, which deals with the legal status of state-owned companies.

The latest update to the Code of Ethics included specific provisions to address social media, conflicts of interest, side activities and receiving gifts.

The Ethics Committee, established at the Bank to ensure compliance, updating and dissemination of the Code of Ethics, has its duties defined in its Internal Regulations and in State Decree nº 46,644/2014, highlighting: ensuring compliance with the Code of Ethics of the Bank, following the rules and guidelines of the Public Ethics Council of the State of Minas Gerais (CONSET), as well as guiding and clarifying to all about professional ethics. It is also the Commission's responsibility to investigate, as a result of a complaint, conduct that may constitute an infringement of ethical-professional principles or rules.

## Reporting Channels

BDMG has reporting channels to anonymously receive information about signs of fraud, violation of laws or regulations and internal Code of

The investigation of unethical conduct is carried out following the guidelines established in the Internal Regulations. If, after the investigatory process, the Commission concludes that the employee or collaborator must be held responsible in the administrative, labor, civil or criminal spheres, a copy of the investigation procedure is forwarded to the People Management area so that the appropriate measures can be applied as per Article 14 of the Internal Regulations.

The BDMG Ethics Committee maintains booklets related to the topics of Work Ethics and Moral Harassment accessible to employees on its Intranet page. The documents were made available by CONSET – Minas Gerais Ethics Council.

Within the scope of State Decree 48,419/2022, which established the Minas Gerais Integrity Promotion Policy (PMPI), the BDMG Ethics Committee seeks to continuously improve its performance. Since 2023, a representative of the Ethics Committee has participated in the committee that will implement the BDMG Integrity Program.

Conduct, Ethics and Integrity; and information that may affect members of statutory bodies, in addition to signs of illegality.

## Disciplinary Process

The Bank has internal norms that deal with the disciplinary process, which provides as follows: "the BDMG employee, as a result of non-compliance with his duties or non-compliance with the prohibitions imposed on him or for any action or omission that constitutes labor misconduct, will be subject to one of the penalties provided for in

the Personnel Statute", observing the rules set out in the standard. It also describes when warning or suspension penalties should be applied and the dismissal process with just cause, in addition to describing what the investigatory procedure and disciplinary procedure should be.







**OUR  
TEAM**

Mariane Ster Corgozinho Medeiros | Ênio Diniz Franca Júnior | Américo Cândido Dias Neto  
Virgínia Silame Maranhão Lima | Bruno Inácio

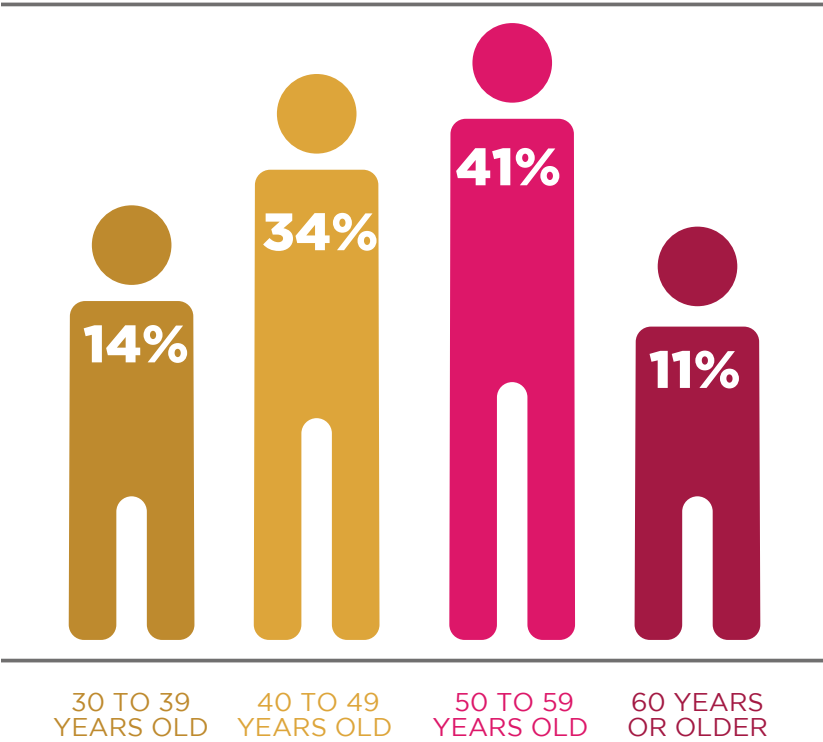


# EMPLOYEE PROFILE

BDMG has a qualified functional team committed to finding solutions for the development of Minas Gerais. At the end of 2023, there were 358 professionals on its staff, with 291<sup>4</sup> permanent

employees admitted through public competition and 62 appointed to broad recruitment positions, linked to the Board's mandate, and five members of the Board.

GRAPH 01 - AGE GROUP OF BDMG EMPLOYEES – DEC/2023



Source: Internal data

Furthermore, at the end of 2023, the BDMG team comprised 95 interns, three apprentices from the Learning Program and 186 employees from outsourced teams who provide services not typical of BDMG careers, such as: building maintenance and general services, IT services, engineering project analysis and administrative services.

Of the total number of permanent employees in December 2023, 73% had a doctorate, master's degree or postgraduate degree, with emphasis on the areas of Administration, Engineering, Economics, Accounting, Systems Analysis and Law.

<sup>4</sup>Among these, 12 employees were re-assigned or had their contract suspended

TABLE 01 - ACADEMIC QUALIFICATION LEVEL OF BDMG EMPLOYEES – DEC/2023

EDUCATION LEVEL	No.	%
Completed postgraduate degree	177	61%
Completed higher education	58	20%
Completed master's degree	26	9%
Completed doctorate	10	3%
Incomplete higher education	5	2%
Completed secondary education	5	2%
Incomplete postgraduate degree	5	2%
Incomplete master's degree	4	1%
Incomplete PhD	1	0.30%
GENERAL TOTAL	291	100%

Source: Internal Data

## Internship Program and Learning Program

The BDMG Internship Program aims to encourage teamwork and the exchange of knowledge between students and professionals, based on the Bank's integration with educational institutions. Aligned with the needs of the Bank's operational and business dynamics, the Program also aims to maximize the impact on the student's career and promote inclusion and diversity in the workplace. The Learning Program promotes the personal

and professional development of adolescents, facilitating their insertion into the formal job market and enabling the acquisition of habits, experiences and attitudes essential to human and social development. The program encompasses the Minor Apprentice modality, with the total number of these being limited to 15% of the development technicians working at the Bank.



Luiz Gustavo de Araújo de Oliveira | Ana Camila Santos de Souza | Cristiano de Souza Borges  
Davi Dias Souza | Yara Pereira de Souza | Maria Eulália Oliveira



People Management Policies

People management policies aim to ensure that the Bank has qualified, engaged professionals around the organizational strategy, through continuous development in a productive, safe and healthy work environment, stimulating business knowledge and involvement in the institution’s transformation.

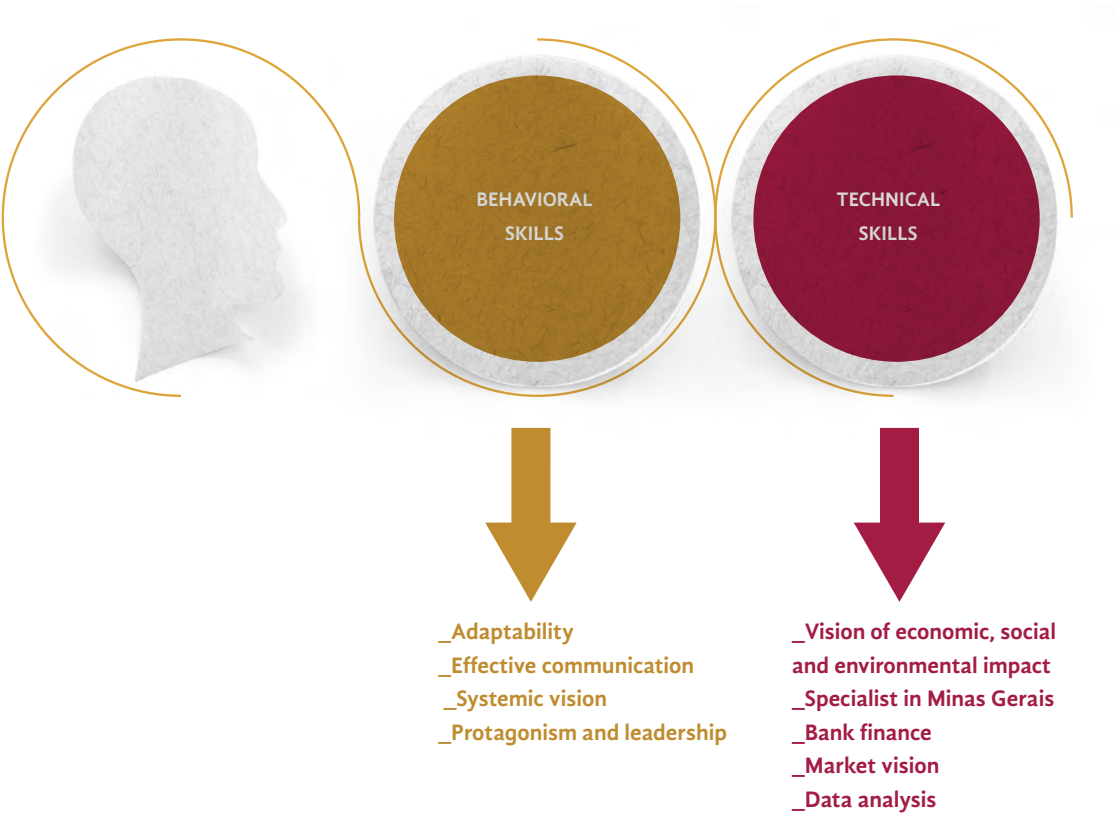
BDMG adopts the people management model articulated by skills, which promotes the alignment of management processes with the organizational strategy, creating means that enable individuals and groups to commit to the organization’s objectives.

The essential skills for implementing the strategy, which serve as input for all personnel processes and policies, were defined in Behavioral Skills and Technical Skills.

The Management for Development and Results process focuses on the continuous evolution of people and the Bank and takes into account that each professional is the protagonist of their development.

In this process, skills are periodically checked and mapped, deliveries are agreed and performance is assessed. Using these instruments, needs are identified to support the Continuous Development Program, as well as the career planning of each employee.

FIGURE 03 - BDMG ESSENTIAL SKILLS



Diversity, Equality and Inclusion

Through the support of a consultancy specialized in Diversity, Equity and Inclusion, as a result of the Technical Cooperation that BDMG has with the French Development Agency (AFD), a diagnosis was prepared that evaluated quantitative and qualitative structural aspects of BDMG’s diversity strategy. The diagnosis identified positive aspects, as well as vulnerable aspects in the current diversity strategy, from which recommendations were proposed so that BDMG can advance on its diversity and inclusion journey.

In 2023, BDMG carried out several training courses in favor of DE&I aimed at the Bank’s different internal audiences. Among them, the presentation on Diversity, Equity and Inclusion for all employees held during SIPAT (Internal Symposium on Accident Prevention), as well as the workshop aimed at leaders, stands out.

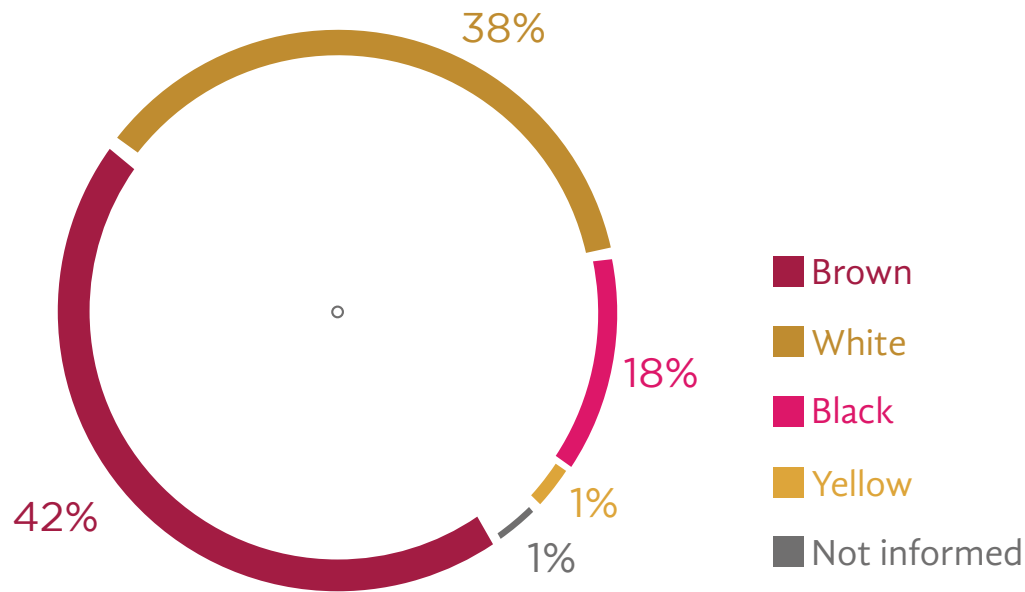
Furthermore, the Architectural Accessibility Project is underway, which, in addition to meeting legal requirements, aims to make the workspace more inclusive and welcoming for people with disabilities

or reduced mobility. A survey/diagnosis of the Bank’s accessibility situation was carried out, including conducting open interviews to collect employees’ perceptions, as well as planning short, medium and long-term interventions.

Within the scope of the Internship Program, BDMG establishes guidelines for valuing diversity and inclusion in order to enhance the impact of its actions on Minas Gerais society and in line with the Sustainable Development Goals. These guidelines include the adoption of socio-economic and gender criteria in the selection process, expanding opportunities for women, young people from public schools and beneficiaries of government programs.

Of the 94 active interns in December 2023, 60% were selected based on socio-economic criteria, 53% are women and 1% are people with disabilities (PwD). Regarding race, brown and black people represented 56%, as shown in the graph below.

GRAPH 02 - DIVERSITY AMONG BDMG INTERNS: BY RACE – DEC/2023



| Source: Internal Data



It is worth highlighting that diversity and inclusion criteria are also adopted in the selection processes for Minor Apprentices.

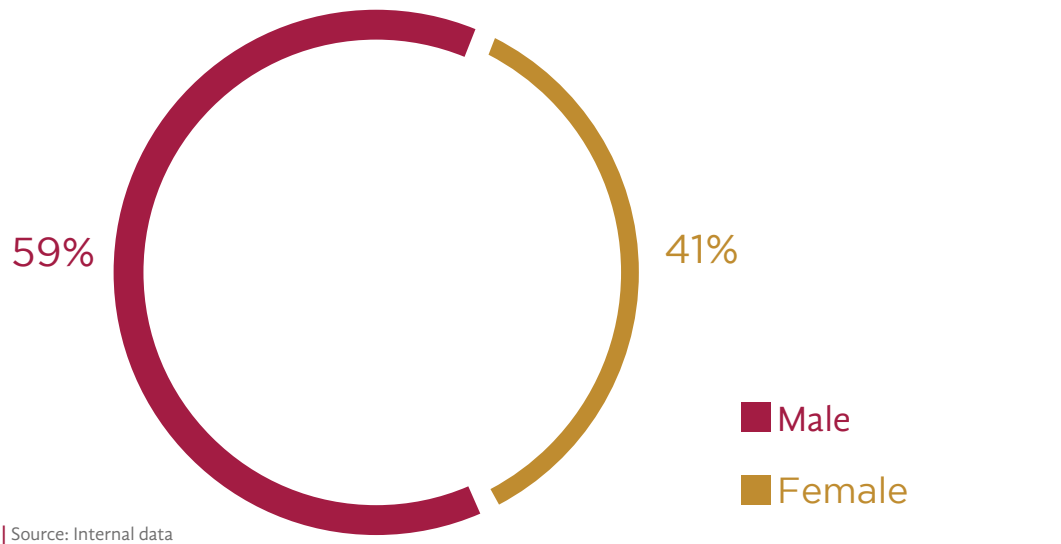
In relation to employees, BDMG's admissions are carried out through a public competition, and, therefore, the

inclusion criteria are limited to those permitted by federal and state legislation. At the end of 2023, the Bank's workforce was made up of 41% women, in addition to 5% people with disabilities (PwD). As for race, white was predominant: 75% of the employees on public contracts.

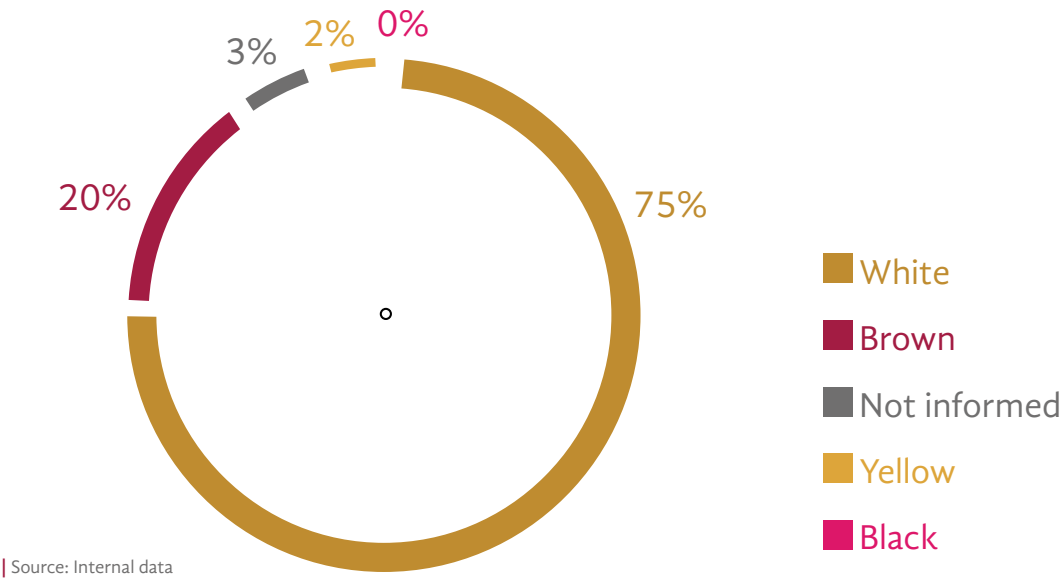
Through Technical Cooperation with the French Development Agency (AFD), internal and external actions were designed to strengthen the theme at BDMG. Among them are the presentation of a proposal for the Internal Diversity, Equity and Inclusion Policy (DE&I) of the Bank.

Regarding the external sphere, an action plan was presented to improve the credit line for female entrepreneurs (BDMG Empreendedoras de Minas). To this end, benchmarking, interviews with employees and a workshop were carried out to collaboratively identify the key positions that will form the work plan.

GRAPH 03 - BDMG EMPLOYEES, BY GENDER (DEC/2023) 59% 41% FEMALE MALE



GRAPH 04 - BDMG EMPLOYEES, BY RACE (DEC/2023)



## CONTINUOUS DEVELOPMENT PROGRAM

BDMG values the training and development of its employees to perform their duties in order to contribute to achieving organizational and unit goals. In 2023, R\$1.078 million was invested in employee

development actions, totaling 7,176 hours performed, in accordance with the Annual Training and Development Plan.

### Structuring programs

Throughout 2023, BDMG invested in two structuring programs, focused on meeting demands for knowledge and skills relevant to running the business.

The second program was aimed at developing technical and management skills, through the offer of financial subsidies for long-term, postgraduate and MBA courses.

The first program was aimed at improving the proficiency in foreign languages of professionals who work directly in international negotiations.

### Track on Sustainable Finance and ESG

In order to foster understanding and establish connections between the climate, the ecosystem and the economic, social and financial market scenarios, companies and organizations, the Development Track on Sustainable Finance and ESG was structured in 2023.

organizations and specialized consultancies. Forty one employees were trained on the following topics: climate and decarbonization; ESG and sustainable finance; international agreements and SDGs; green and social financial instruments; sustainable business; socio-environmental and climate risks; monitoring and evaluation; impact measurement; and diversity and inclusion.

The Track included eight modules that were worked on in partnerships with multilateral



**Customer focus**

To encourage the protagonism and engagement of employees who work to serve BDMG customers, training in customer experience was offered. Topics, such as focus on solutions for internal and external customers, service and profitability for the organization were covered, as well as the relationship between these aspects and the Bank’s strategy and results.

**Mandatory training**

Training mandated by law was carried out for permanent employees, interns, outsourced workers and the Board, on the topics of compliance and integrity, General Data Protection Law (LGPD) and cyber security.

The training was offered using gamification and was attended by 100% of employees. Among the topics covered, the following stand out: fundamentals of LGPD, personal data security in physical media, combating money laundering, anti-corruption law, preventing terrorist financing, among others.

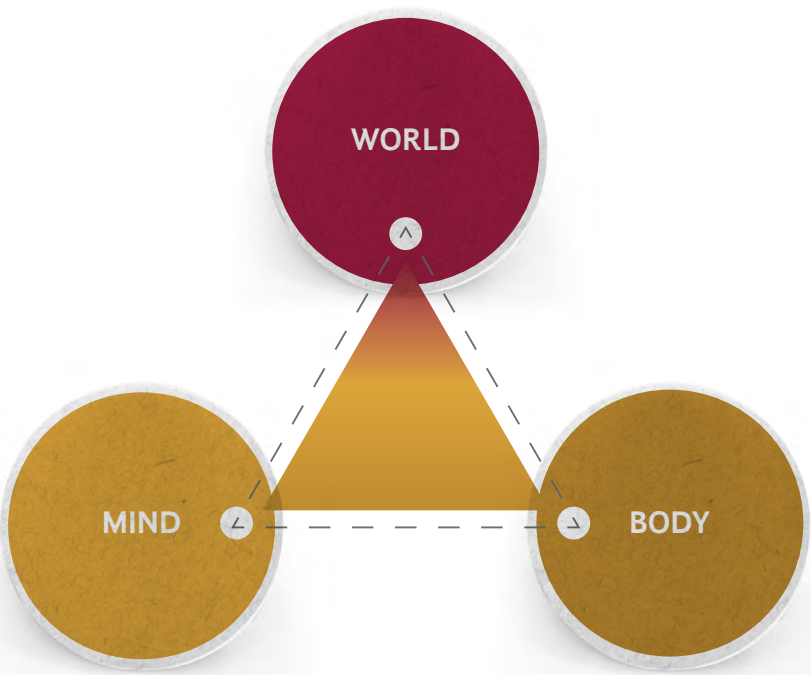
**Other initiatives**

In addition to the aforementioned initiatives, 204 employees participated in courses, lectures and seminars on topics such as data analysis, risk management, ALM (Application Lifecycle Managment) modeling and balance sheet optimization, combating harassment and public procurement.

**HEALTH AND SAFETY**

**BDMG Envolve**

During 2023, the BDMG Envolve quality of life program continued with an emphasis on activities aimed at the Body-Mind-World triad. In focus, current and more comprehensive concepts about quality of life, which include not only physical health, but also mental health, social relationships and the relationship with the environment.



Based on these pillars and the broader concept of quality of life and well-being, the following

activities were offered to employees:

**Postural Reeducation Program**

The program aims to improve the posture of its employees, through Workplace Gymnastics, physiotherapeutic support and ergonomic guidelines for the workplace and relaxation activities and body perception. Guidance on mobility, safety and workplace adaptation for people with disabilities is also provided.

During 2023, the project was reinvigorated with the resumption of bimonthly body relaxation activities. Workplace gymnastics activities recorded 1,250 participations throughout the year. Other practices were also available, such as Pilates, therapeutic massage, dance group and yoga.

**Healthy Mind Program**

This Program has been presenting good results for the mental health and well-being of employees throughout the cycles carried out annually since 2021.

The 3RD cycle began in September 2023, during SIPAT, with a lecture by psychiatrist and CEO of Gattaz, Health & Results, Dr. Wagner Gattaz, entitled “Lifestyle and emotional health: scientific bases and practical applications”.

At each cycle, employees fill out an assessment form that uses a scientifically proven and confidential approach. Based on the final data, which are statistical, the Gattaz team directs the Program’s actions, together with the Preventive Medicine and BDMG Envolv teams.

Based on evaluations obtained from Program participants, the following results were observed:

- 86% reported improved work ability.
- 87% reported improvements in emotional complaints.
- 91% reported improvement in their general condition.

Two Conversation Rounds were held with Dr. Arthur Danila, a psychiatrist specializing in changing habits and lifestyle. The themes were “Exploring your Personal Values” and “Building Emotional Resilience”.

On the BDMG Health and Safety platform, available on the intranet, all texts and videos related to the topic are published.

**Internal Accident Prevention Commission - CIPA**

Considering that the Bank does not present considerable chemical, physical and biological risks, CIPA BDMG’s focus is on ergonomic, mental health and accident risks, as well as actions that promote the health of employees.

In 2023, CIPA also began to include actions related to the prevention of sexual harassment and other forms of harassment, as provided for in new law

14,457/2022, in partnership with the Compliance and People Management areas.

CIPA also organized the Internal Week for the Accident Prevention at Work – SIPAT. With the theme “ActiveBodyMind, in the world”, the event featured a Tai Chi-Chuan class at the opening, in-person and online lectures, in addition to a day of “health marathon” and offering quick massages to employees.



Results of the Healthy Mind Program





# SOCIAL ACTION AND RELATIONSHIPS

Carla Letícia Teixeira da Silva | Anderson Luiz da Silva  
Mariana Brasil Gonçalves | Jean Ernani Pedro





| 35 Years BDMG Exhibition



| Football Club and Education Transformation Project

## BDMG CULTURAL

BDMG Cultural is an institute maintained by BDMG to promote culture in Minas Gerais. The project aims to reward composers, arrangers and instrumentalists of instrumental music, from Minas Gerais or residents of the state.

BDMG Cultural celebrated its 35<sup>th</sup> anniversary in 2023 with an extensive educational and communication program throughout the year. The main initiatives developed were the launch and selection of the 22<sup>nd</sup> edition of the BDMG Instrumental Award, the 11<sup>th</sup> edition of the Marco Antônio Araújo Award and the 6<sup>th</sup> edition of the Flávio Henrique Award. The notices for the 20<sup>th</sup> BDMG Young Instrumentalist Award, the 8<sup>th</sup> edition of the Humberto Mauro Award - Shorts of Invention and the 4<sup>th</sup> edition of the LAB Cultural artistic residency were opened.

In the second semester, BDMG Cultural expanded its activities, promoting more exhibitions and commemorative workshops, as well as the Accessibility & project, targeting educators. In the

area of communication, new editions of the BDMG Cultural Magazine were launched, in addition to an institutional minidoc.

The institution also stood out for its sponsorship of cultural projects, both in partnership with CCBB BH and through the Municipal Cultural Incentive Law (BH). A variety of events and initiatives received support, the Ridimunho festival: o sertão den'da capital, cultural magazines, music festivals, exhibitions and book launches.

The institution's 35<sup>th</sup> anniversary celebrations culminated in December, with an event at the Grand Theatre of the Palácio das Artes and the exhibition "I am not identical to myself: women artists in the BDMG Cultural collection".

In 2023, BDMG Cultural reaffirmed its commitment to supporting the promotion of development in Minas Gerais, strengthening its vital influence on the state's cultural scene.



35  
YEARS

## BDMG EMPLOYEE CITIZENSHIP INSTITUTE (INDEC)

In 2023, the BDMG Employee Citizenship Institute (INDEC) supported the projects Transformação Futebol Clube e Educação, Karatê Educativo, Escola do Amado, Instituição Espírita Lar de Marcos, Projeto Rondon Minas (Programa Mês a Mês), Ponto de Cultura – Vivendo Cultura, Recriando Vidas, Nutrindo Histórias e Bem + Arte. The projects are in the areas of education, sport, culture, health and social assistance, in institutions located in Vale do Jequitinhonha, Almenara, Juiz de Fora, Contagem and Belo Horizonte.

In addition to the projects mentioned, INDEC provided specific support to institutions that work with vulnerable families, such as the Voluntários

da Esperança Project, APAC-BH and the *Faça Uma Criança Feliz* Project; and carried out the campaigns: 1% do Imposto de Renda, Campanha do Agasalho e Banho de Amor.

In celebration of Christmas, a letter campaign was carried out, which benefited LBV institutions - Legião da Boa Vontade and Casa Lar para Idosos Recanto dos Amigos with gifts. In total, 90 children and elderly people were included.

Adding up the projects, specific support and campaigns, around two thousand people were reached and supported by INDEC in 2023.



# INCENTIVE LAWS: SUPPORT FOR SOCIAL PROJECTS

In addition to granting credit to various economic sectors and, therefore, generating social impact through financed initiatives, BDMG supports projects within the scope of federal incentive laws that adhere to its mission and purpose. In 2023, the project evaluation and selection process allocated R\$2.3 million, as follows:

TABLE 02 - FUNDS PROVIDED BY INCENTIVE LAW

FEDERAL FISCAL INCENTIVE LAW	(R\$ thousand)
Law 8,069/90 – Childhood and Adolescence	R\$ 285
Law 8,313/91 – Culture	R\$ 740
Law 11,438/06 – Sports	R\$ 535
Law 12,213/10 – Elderly	R\$ 250
Law 12,715/12 – Oncological Care	R\$ 250
LAW 12,715/12 – HEALTH OF PERSONS WITH DISABILITIES	R\$ 250
TOTAL	R\$ 2,310

Source: BDMG, 2023

R\$2.3 MI  
SOCIAL PROJECTS

TABLE 03 - PROJECTS CONTEMPLATED IN 2023  
CHILDHOOD AND ADOLESCENCE FUND (FIA)

FEDERAL FISCAL INCENTIVE LAW	(R\$ thousand)
BDMG Cultural	R\$ 600
Esportiva Transformação Association*	R\$ 315
Associação Ecológica e Esportiva de Guarda-Mor**	R\$ 220
Recanto dos Amigos	R\$ 200
Associação de Pais e Amigos dos Excepcionais de Inhapim	R\$ 165
Ramacrisna	R\$ 150
Porjeto Dó, Ré, Mi / Sistema Divina Providência	R\$ 140.5
Casa de Caridade de Alfenas N S P Socorro	R\$ 100
Instituto Mano Down	R\$ 100
Santa Casa de Misericórdia de São João Del Rei	R\$ 100
Associação de Pais e Amigos dos Excepcionais de Janaúba	R\$ 50
Hospital Paulo de Tarso	R\$ 50
Santa Casa de Misericórdia de Belo Horizonte	R\$ 50
Association of Parents and Friends of the Exceptional of Urucuia	R\$ 35
Creche Comunitária Dirce Maria das Dores	R\$ 35
TOTAL	R\$ 2,310

Source: BDMG, 2023

\* Associação Esportiva Transformação operates in the Aglomerado da Serra, in Belo Horizonte, encouraging children and adolescents to practice sports, using sport as a tool for inclusion and transformation. The project serves 500 children and adolescents aged 7 to 17.

\*\* Associação Ecológica e Esportiva de GuardaMor encourages the practice of quality educational sports, in the form of futsal, field football and volleyball, serving more than 100 children and adolescents at social risk in the municipality.

Municipal Cultural Incentive Program

In addition to the projects supported under federal incentive laws, BDMG also participated in the Belo Horizonte Municipal Cultural Incentive Program, allocating R\$308.5 thousand, of which R\$277.6 thousand directly to the benefited projects and R\$30.9 thousand for the Municipal Culture Fund (FMC), as follows:

TABLE 04 - SPONSORED PROJECTS

PROJECT	PROJECT	FMC	TOTAL
AS FLORES QUE PLANTEI - A POÉTICA VISUAL DE RAFAEL FREIRE	R\$ 90.0	R\$ 10.0	R\$ 100.0
DISPERSOS	R\$ 76.8	R\$ 8.5	R\$ 85.3
FESTIVAL O SAMBA NÃO TEM TRADUÇÃO	R\$ 28.0	R\$ 3.1	R\$ 31.1
LIVRO MARIMBONDO	R\$ 22.9	R\$ 2.5	R\$ 25.4
MAMU - MORRO ARTE MURAL	R\$ 60.0	R\$ 6.7	R\$ 66.7
TOTAL	R\$ 277.6	R\$ 30.9	R\$ 308.5

Source: BDMG, 2023

R\$308.5  
THOUSAND  
MUNICIPAL CULTURAL  
INCENTIVE PROGRAM

PARTNERSHIPS, TECHNICAL COOPERATION AND EVENTS

For BDMG, a network of connections and cooperation is crucial to boost the state’s economic and social development. Establishing strategic partnerships with financial institutions, government agencies and the private sector opens up opportunities to access financial resources, technical expertise and investments that strengthen the Bank’s ability to meet local demands and challenges.

Furthermore, collaboration with other development agents allows the identification and implementation of innovative and sustainable solutions that directly benefit communities and companies in Minas Gerais, contributing to equitable and sustainable growth throughout the region.



Global Compact

In 2022, upon completing two years as a signatory of the UN Global Compact, BDMG renewed its commitment to support the ten principles of the Compact that encompass human rights, labor, the environment and the fight against corruption.

The letter in which the Bank reaffirms its engagement forms an integral part of the Communication on Progress document (CoP). It describes the actions that aim to continually improve the integration of the Global Compact principles with BDMG’s business strategy, culture and daily operations.

The CoP is available at:  
[www.unglobalcompact.org/participation/report/cop/create-and-submit/active/464593](http://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/464593)



## Development Banks Statement on Gender Equality and Women's Empowerment

The Declaration is an initiative began on the occasion of the Finance in Common Summit (2020), and is coordinated by French Development Agency - AFD and UN Women. It is a forum that brings together 33 development and promotion institutions from all over the world, which have committed to working together to improve

their gender equality policies and contribute to the achievement of the goal of SDG 5 (Gender Equality) via improved gender equality policies and financial products.

BDMG has been part of the initiative since its conception.

## Women's Empowerment Principles (WEPs)

Since August 2021, BDMG is a signatory to the Women's Empowerment Principles (WEPs), a set of commitments established by the UN Global

Compact and UN Women that aims to leverage gender equality in the business world.

## Assessment Capacity Development Network – AsCaDe

The Assessment Capacity Development Network (AsCaDe) is made up of offices of Brazilian public banks and development agencies that carry out or have a specific interest in preparing evaluations of public programs and policies. The network was created with the support of the Office of Evaluation and Oversight (OVE) of the Inter-American Development Bank (IDB). The network seeks to strengthen evaluation systems and capabilities in Latin America and the Caribbean, starting with Brazil.

A member of the Executive Committee, BDMG participated in the annual AsCaDe meeting, held in September, at the BNDES headquarters, in Rio de Janeiro. Created with the support of the IDB's Office of Evaluation and Oversight (OVE), the network is a forum for exchanging experiences and continuous improvement in monitoring and evaluation topics in development institutions in Latin America and the Caribbean.

## Green Bank Network

The GBN (<https://greenbanknetwork.org/>) aims to connect leading institutions in clean energy financing, share best practices and support innovations related to the topic. "Green banks" have diverse rationales and objectives, including meeting ambitious emissions targets, mobilizing capital, reducing energy costs, developing green technology markets, supporting local community

development and creating jobs. These goals are reflected in the range of metrics that Green Banks use to measure and track their performance and demonstrate accountability: emissions saved, job creation, among others.

**BDMG is the only Brazilian bank to join the network.**

## Alliance of Subnational Development Banks – SDBs

The Alliance of Subnational Development Banks (SDBs) in Latin America and the Caribbean was launched, in April 2021, by the following institutions: French Development Agency (AFD), BDMG, Global Fund for Cities Development (FMDV) and Institute for Sustainable Development and International Relations (IDDRI), within the scope of the Finance in Common (FICS) dynamics. FICS is the global network that brings together more than 500 Public Development Banks (PDBs) committed

to financing the implementation of global agendas. Based on peer-to-peer and stakeholder exchange, the Alliance strives to strengthen capabilities and expand the potential of SDBs.

These and other partnerships reinforce BDMG's role as a development bank that connects with other institutions in order to innovate in its actions, share objectives and learn from its network of contacts.



## Technical Cooperation

During 2023, activities were carried out under the terms of technical cooperation with the Inter-American Development Bank (IDB) and the French Development Agency (AFD).

### French Development Agency

With AFD, cooperation includes six fronts that will help in the development of methodologies for measuring and mitigating climate risk and socio-environmental risks, expansion of the portfolio linked to the SDGs, continuous improvement of socio-environmental management, implementation of a climate and gender equality strategy, in addition to support for municipalities and project audits for micro and small companies and infrastructure.

To carry out the work, AFD hired the consultancy companies GFA Consulting Group GmbH & Way Carbon. A benchmarking study on the development of a climate strategy for BDMG and action plans has already been delivered, as well as workshops and training, in person and online.

### Inter-American Development Bank

Through the partnership with the IDB, consulting company HPL was hired to prepare a Technical Note that served as the basis for the consultation letter presented at the Brazilian meeting of the External Financing Commission (Cofix), for the Results-Based Loans project (Program Based on Results – PBR).

Results-Based Loan is a financing modality in which the disbursement is linked to the achievement of predefined sustainable results, with indicators of decarbonization and resilience, aiming to promote structural and measurable changes.

### BDMG and Bandes

In April, BDMG and Bandes – Development Bank of Espírito Santo – signed a Technical Cooperation Agreement that involves topics such as streamlining and assertiveness of internal analysis processes, financial monitoring, control and risk management. The partnership further strengthens the bond between financial institutions and aims to continuously improve the excellence of their operations.



## AWARDS AND RECOGNITION

### ALIDE Support for Women Entrepreneurs Award

During the 53<sup>rd</sup> General Assembly of the Latin American Association of Financial Institutions for Development (ALIDE), in Honduras, BDMG received the ALIDE award - Special Category: Support for Women Entrepreneurs Award, for the results obtained and the degree of relevance in supporting female entrepreneurship.



### Panel Trophy 2023: Financial Institution category

BDMG was the winner of the PAINEL 2023 Trophy in the Financial Institution category, awarded by the Besc Institute. The nominees for the Trophy were made by the Technical and Business Council of the Pact for National Infrastructure and

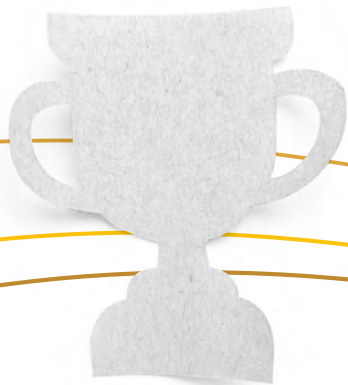
Logistics Efficiency forum and submitted to public scrutiny through voting on the Institute's website. The Bank was honored for its actions in favor of transport and logistics infrastructure.

### Minas Economy Award

In 2023, the 35<sup>th</sup> Minas Economy Awards took place, sponsored by BDMG and carried out by the Regional Economic Council (Corecon-MG), which recognized the best course completion studies in the economic area in the state.

The objective is to encourage excellence in monographs for the conclusion of economics and international economic relations courses and

contribute to improving analyses on developmental aspects. Those awarded in 2023 highlighted topics such as the impacts of regulation and analysis of inputs and products on basic sanitation, social and regional aspects in the telecommunications market, rural credit and its impacts on regional work, and the dynamics of innovation and inequalities in regional terms.



## PARTICIPATION IN EVENTS

### 28<sup>th</sup> United Nations Conference on Climate Change (COP-28)

BDMG participated in the United Nations Conference on Climate Change (COP28), in the United Arab Emirates, joining the Government of Minas Gerais delegation in meetings and panels. A highlight was "Minas Day", an event in which

BDMG presented success stories, referring to its strategic direction towards sustainability actions and tackling the climate crisis, such as disbursements under the contract with the European Investment Bank.



### Finance in Common 2023

BDMG was also at the meeting of financial leaders to discuss the challenges and opportunities for financing a more sustainable, inclusive economy, in line with the UN 2030 Agenda. Organized by the French Development Agency

(AFD), the Brazilian Development Association (ABDE) and the international group of public development banks, Finance In Common was held in Cartagena, Colombia.



### NY Climate Week 2023

At the invitation of the Green Bank Network, which it is a member, BDMG was represented at the conference organized by the Natural Resources Defense Council (NRDC), during NY Climate Week, one of the most important annual climate events.

The week brought together more than 400 events with business leaders, development banks from different countries, as well as governments and organized civil society.

## OTHER PARTICIPATIONS IN EVENTS

### Carbon Markets

BDMG participated in the workshop “Carbon Markets: Paths to Promote Climate Solutions Based on Market Mechanisms in Minas Gerais.” The event brought together the public and private sectors to debate the challenges, opportunities and benefits related to carbon markets, in the quest for state emissions neutrality by 2050.

In line with the moves towards the regulated institution of a carbon market in Brazil, BDMG analyzed the topic and approved a roadmap to guide its actions in this area. In the short term, the focus is on institutional training, enabling access to international funds that support the Bank’s actions to promote the carbon market.

### ABDE Development Forum 2023

“Green reindustrialization and the Health Economic-Industrial Complex” This was the panel that BDMG participated in during the 2023 Development Forum, promoted by the Brazilian Development Association (ABDE). The Bank contributed to debates on the importance of financing in the integration of cutting-edge

technologies and the development of research and innovation in the health sector. Actions were presented to boost this front in Minas Gerais and to show how attracting international resources has contributed to the advancement of the 2030 Agenda in the state.

### Green Hydrogen

In partnership with Invest Minas, BDMG organized a panel with participation from BNDES and KfW (German Development Bank) on financing

alternatives for green projects, especially those impacted by Green Hydrogen, one of the most promising sources of clean energy in the world.

## ESG Best Practices & Agenda 2030

BDMG mediated the panel “Vision of the ESG agenda by the capital market”, during the Best ESG Practices and Agenda 2023 Seminar, organized by Cemig, in partnership with Rede Desafio

2030, Ambipar and the UN Global Compact. The objective was to promote dialogue between mining organizations that are leaders in sustainability.

### 1<sup>st</sup> EVALAC Meeting: training in evaluation in LAC

Building on its mandate to strengthen evaluation capabilities in the Latin America and Caribbean region, the IDB Group’s Office of Evaluation and Oversight (OVE) created EVALAC, an evaluation capacity development program that seeks to

contribute to sustainable development in the region. BDMG was invited to participate in the first meeting, in November, in Panama, which brought together 96 representatives from 16 countries.

### Sustainable Agriculture

In May, the Bank was present at the 15<sup>th</sup> edition of the Technological Integration Week (SIT). Held by Embrapa Milho e Sorgo (Corn and Sorghum), the meeting aimed to present the contributions of agriculture to the bioeconomy and decarbonization in the country. BDMG representatives presented the sustainable agriculture practices financed by the Bank through the BDMG Solo Mais and BDMG Bioinsumos lines, as well as their benefits, such as

reduced production costs, maintenance or increase in productivity levels, improved soil quality and greater carbon capture.

BDMG was also invited to present innovative practices for the agricultural sector at the 3<sup>rd</sup> Rural Workshop 2023 – Sustainable Livestock, held in June, in the municipality of Abaeté.





# TRANSPARENCY AND CUSTOMER RELATIONSHIP

## Corporate Communication

Throughout 2023, an even more aligned performance was sought between the content released to the press on BDMG's official social networks, in marketing campaigns and in actions aimed at the internal public, expanding the reach of the positive message about the Bank in society and reinforcing its reputation, in line with the strategic guidelines of the shareholder - the Government of Minas Gerais.

Thus, the Communication and Marketing area undertook structured planning of advertising campaigns in online and offline media that involved publicizing the credit lines available to women entrepreneurs, presenting reduced rates for micro and small companies, sustainability and notices of Municipalities and Innovation. Through testimonials from clients from the private and public sectors, the objective was to demonstrate that the credit offered by BDMG has the potential to transform lives and realities in Minas Gerais.

Following the same logic of themes worked on in advertising campaigns, BDMG acted in relation to the press. In a proactive, transparent manner with the national and Minas Gerais press, significant results were obtained throughout 2023, with 4,324 articles captured

by the clipping system, 99.4% of which were classified as positive/neutral, 0.6 pp higher than the 2022 result. With the announcements, BDMG achieved 35 hours of exposure on TV and radio stations, as well as spaces on portals and printed newspapers in other states, also taking the Bank's image outside of Minas Gerais.

In 2023, as a reinforcement of the Bank's contribution to the economic analysis of Minas Gerais, the Communication department also began to release three monthly bulletins to the press produced by the BDMG economic team. On social media, in line with the several campaigns undertaken, the Bank's channels were constantly fed with multimedia content of a marketing and institutional nature with an increase in the number of posts, especially on LinkedIn, fed with videos, photo, news about everyday life of the Bank and product offerings.

From the point of view of internal communication, actions were developed, through content on the intranet, so as to keep the internal public updated on the main news relating to the Bank's operations and value the work of the teams, always with the concern of giving a voice to employees.



## Ombudsman

Complaints from customers and users of products and services are received via a toll free telephone number and are recorded by the Customer Service Center (NAC) in the CRM system. The Ombudsman also responds to demands sent by the Central Bank Ombudsman (BACEN) and the State Audit Committee and General Ombudsman (OGE/MG), ensuring compliance with deadlines and ensuring strict compliance with legal and regulatory rules

relating to the rights of its customers.

The number of total Ombudsman services and typical cases increased in 2023 compared to the previous year, maintaining, however, low significance in relative terms when compared to the number of active customers or new funding from the bank.

## Customer Service Center (CSC)

The CSC is made up of a team of 17 attendants and two supervisors, working in the Micro and Small Business area. They are responsible for answering customers of all sizes, via telephone or chat, but mainly micro and small companies (98%). To this end, the attendants receive training in the use and access to the BDMG systems, in addition to courses and lectures on information security, bank secrecy, data protection law and customer relations.

The customer service satisfaction survey, carried out during 2022 and applied at the end of each incoming call, showed that 96.5% of customers were very satisfied or satisfied; 91.6% of them declared that the demand was completely resolved.







7  
ENERGIA LIMPA  
E ACESSÍVEL



14  
VIDA NA  
ÁGUA



15  
VIDA  
TERRESTRE

OBJETIVOS  
DE DESENVOLVIMENTO  
SUSTENTÁVEL



5  
IGUALDADE  
DE GÊNERO



9  
INDÚSTRIA, INOVAÇÃO  
E INFRAESTRUTURA



3  
SAÚDE E  
BEM-ESTAR



6  
ÁGUA POTÁVEL  
E SANEAMENTO



11  
CIDADANIA



10  
REDUÇÃO DAS  
DESIGUALDADES



# SUSTAINABLE BUSINESS

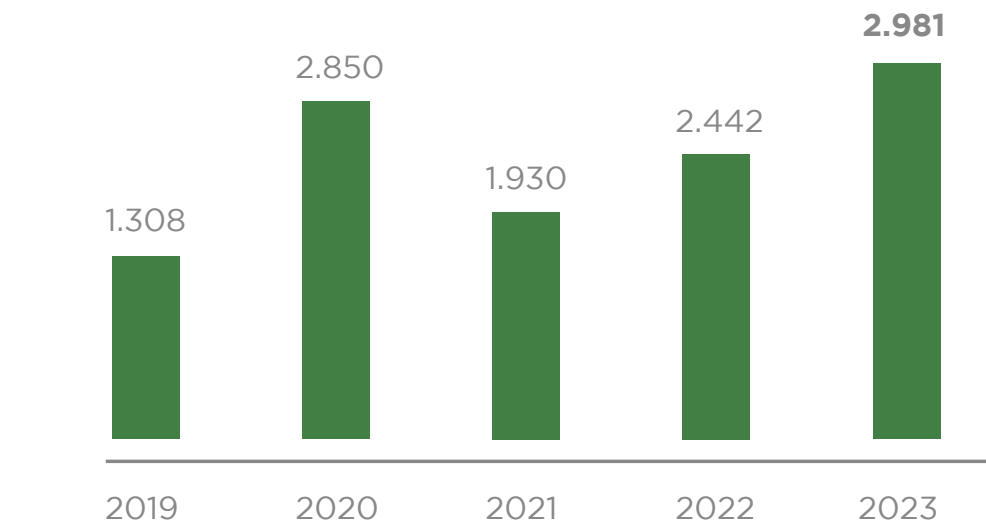
Daniel Sarsur Lucas da Silva  
Cynthia Ribeiro Santana



GENERAL RESULTS 2023

BDMG reached a historic disbursement record in 2023 and closed the year with the release of R\$2.98 billion in credit, a volume 23% higher than the total disbursed in 2022.

GRAPH 05 - TOTAL DISBURSEMENT - IN R\$ MILLION (2019-2023)



| Source: BDMG, 2024

Regarding the origin of the resources disbursed, 70% came from domestic and international funding; 27.4% came from transfers and 2.6% from funds (FAPEMIG and Renova). As for transfers, 46% were resources from the National Bank for Economic and Social Development (BNDES); and 29% from the Coffee Economy Defense Fund (FUNCAFÉ).

TABLE 05 - ORIGIN OF RESOURCES DISBURSED (2023)

	2022		2023	
ORIGIN OF RESOURCE	AMOUNT (R\$ MM)	%	AMOUNT (R\$ MM)	%
Own resources	1,767.9	73%	2,086.0	70%
Transfers	605.9	25%	817.5	27%
Funds	49.0	2%	78.1	3%
Total	2,422.8	100%	2,981.7	100%

| Source: BDMG, 2024

The resources were allocated to companies and city governments based in 613 municipalities, 84% of which have a Human Development Index (HDI) below the Brazilian average<sup>5</sup>. The micro and small business segment continued to be the most representative, with 86% of customers served in 2023.

Regarding the regional distribution of the volume disbursed, R\$900 million (30%) was allocated

to the Central macro-region and R\$554 million (19%) to the Southern Minas. In comparison with the previous year, the increase in the amount disbursed to the macro-regions Alto Paranaíba (77%), Central (35%), Northeastern Minas (32%) and Rio Doce (32%) stands out. The significant increase in the number of customers in the Triângulo Mineiro (31%) and Central (19%) macro-regions is also worth highlighting.

TABLE 06 - DISBURSEMENT BY MACROREGION - IN R\$ MILLION (2022-2023)

MACROREGION OF MINAS GERAIS	R\$ million	%
Central	900.0	30%
Southern Minas	554.0	19%
Alto Paranaíba	356.7	12%
Triângulo Mineiro	210.9	7%
Central-Western Minas	193.4	6%
Zona da Mata	162.2	5%
Northern Minas	124.4	4%
Northwestern Minas	112.3	4%
Rio Doce	98.6	3%
Jequitinhonha	38.4	1%
TOTAL MINAS GERAIS	2,751.0	92%
Bordering states	230.7	8%
GENERAL TOTAL	2,981.7	100%

| Source: BDMG, 2024

R\$2.98<sub>BN</sub>  
+23%  
TOTAL DISBURSEMENT

<sup>5</sup>The Human Development Index (HDI) measures a nation's progress based on three dimensions: income, health and education. Source: [www.br.undp.org](http://www.br.undp.org)

Regarding releases by company size, the disbursement for the micro and small segment was R\$490 million, 31% higher than in 2022. For the medium and large companies segment, BDMG disbursed R\$2,160 million, growth of 15.6% compared to the previous year, highlighting 47% higher releases for investment projects. For the public sector, R\$328.4 million were disbursed in 2023, a significant growth of 89% compared to 2022.

The credit operations portfolio ended the period with a balance of R\$6,631 million. The total number of active customers ended the year at 17,780, a decline of 22% due to the termination of 7,623 contracts on the Pronampe line, implemented during the Pandemic in 2020.

In terms of presence in the State of Minas Gerais, BDMG ended the year with at least one active client in 776 of the 853 municipalities in Minas Gerais (91% presence in the state).

**R\$490<sub>MN</sub>**  
**+31%** MICRO AND SMALL  
BUSINESSES

**R\$2,160<sub>MN</sub>**  
**+15,6%** MEDIUM AND  
LARGE COMPANIES

**R\$328.4<sub>MN</sub>**  
**+89%** PUBLIC SECTOR

## CLEAN ENERGY AND ENERGY EFFICIENCY

BDMG has been expanding its investments in energy efficiency and renewable energy generation projects, which disbursed R\$376 million, an increase of 59% compared to 2022. The amount was distributed to 126 customers in 113 municipalities. Highlight for photovoltaic solar energy projects, which represented 78% of disbursements for EE and ER.

Minas Gerais city governments also invested in energy efficiency and renewable energy projects. In

addition to providing environmental gains with the reduction of energy consumption and greenhouse gas emissions, replacing conventional light bulbs with LED lighting generates greater savings for the municipality's bills, facilities for system maintenance, as well as providing greater security for the population with the increase in the extension of the public lighting network. In 2022, with the support of BDMG, 21 municipalities in Minas Gerais invested around R\$18 million in clean energy projects.

**R\$376<sub>MN</sub>**  
**ENERGY EFFICIENCY  
RENEWABLE ENERGY**

**59%**  
**COMPARED  
TO 2022**

TABLE 07 - SUMMARY OF OPERATIONAL INDICATORS (2022-2023)

INDICATOR	2022	2023	VARIATION
Hiring (R\$ million)	2,405.7	2,899.5	21%
Disbursement (R\$ million)	2,422.8	2,981.6	23.1%
Customer portfolio balance (R\$ million)	5,800	6,631	5%
Customers served (units)	5,182	5,108	-1.4%
Active customers (units)	22,922	17,780	-22%

| Source: BDMG, 2024

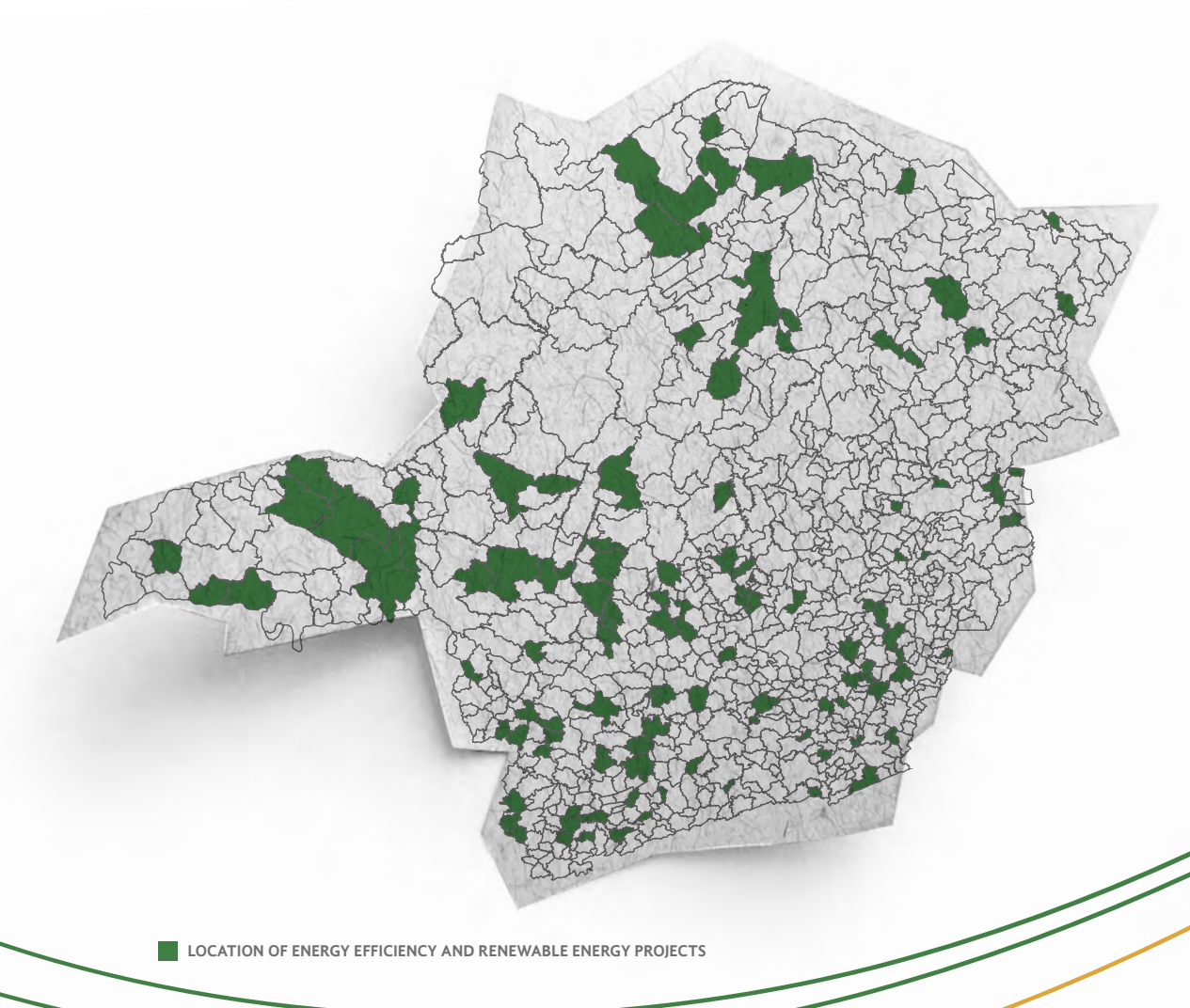


TABLE 08 - CLEAN ENERGY FINANCING (R\$ MILLION)

INDICATOR	2022	2023	VAR (%)
Energy Efficiency	21.4	47.2	115%
Renewable Energy	214.8	328.8	55%
Photovoltaic solar energy	161.1	293.6	82%
Energy from biomass or biogas	37.3	5.8	-85%
Ethanol production	11	14.1	28%
Hydroelectric power	5.4	15.3	185%
TOTAL	236.2	376.0	59%

| Source: BDMG, 2024

FIGURE 04 - ENERGY EFFICIENCY AND RENEWABLE ENERGY PROJECTS (2023)



■ LOCATION OF ENERGY EFFICIENCY AND RENEWABLE ENERGY PROJECTS



Órigo Group

FINANCING  
**R\$ 59,667,485.00**

PROJECT  
**6 photovoltaic solar plants**  
in the municipalities of Lavras, Jesuânia, Araxá,  
Montes Claros, Januária and Pouso Alegre

INSTALLED POWER  
**13.3 MW**

TONS OF CO<sub>2</sub> AVOIDED  
**5,564.8 tCO<sub>2</sub>eq/year**

JOBS GENERATED  
**390**  
in construction  
**48**  
in operation

BH ENERGIA

FINANCING  
**R\$ 2,500,000.00**

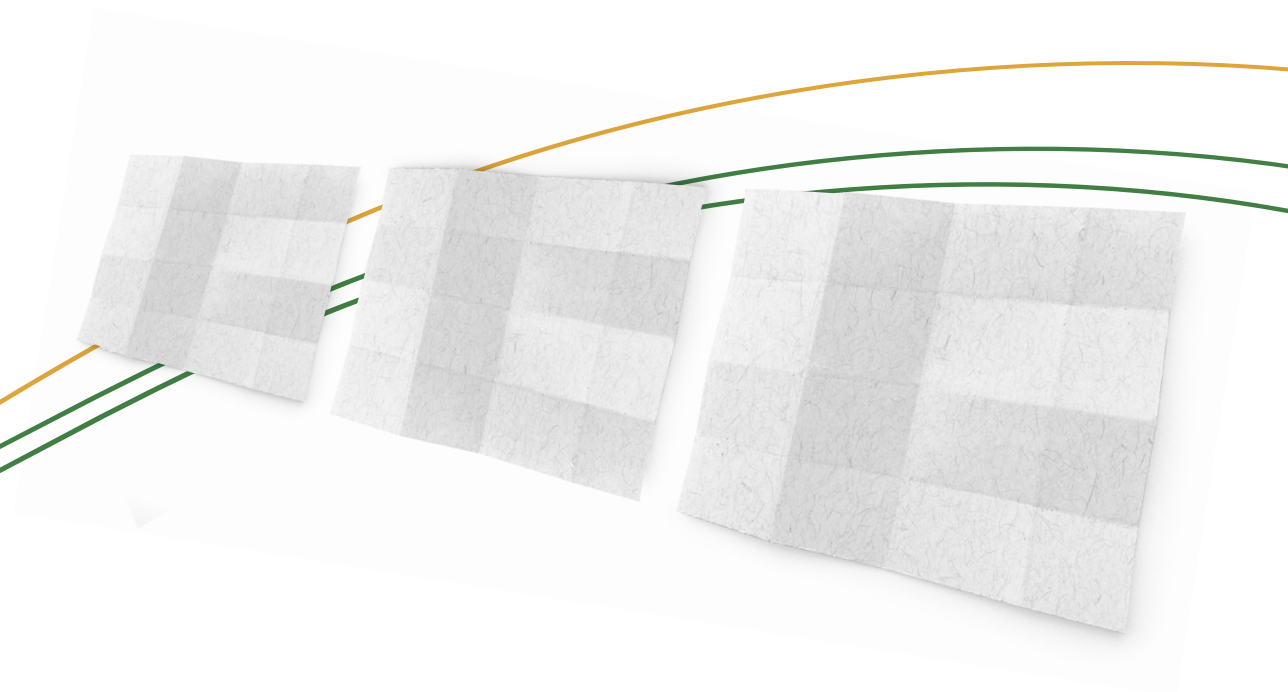
PROJECT  
**Installation of 10 micro solar photovoltaic plants**

INSTALLED POWER  
**0.75MW**

TONS OF CO<sub>2</sub>  
**1,730.65 MWh/ano**

JOBS GENERATED  
**16**  
in construction  
**4**  
in operation





#### MG1 PUBLIC LIGHTING SPE

##### FINANCING

**R\$ 3,200,000.00 em 2022**  
**R\$ 300,000.00 em 2023**

##### PROJECT

**Installation of 12 micro photovoltaic plants** in locations provided by the municipality of Carmo do Cajuru, public administration buildings with large roof areas, such as municipal schools, multi-sports gyms, event warehouses, etc.

INSTALLED POWER  
**1.04 MW**

TONS OF CO<sub>2</sub> AVOIDED  
**198.32 tCO<sub>2</sub>eq/year**

##### JOBS GENERATED

**13**  
under construction  
**5**  
in operation

#### AVE - ELECTRICITY ADVENTURER

##### FINANCING

**R\$ 10,000,000.00,**  
with R\$5,800,000.00 disbursed in 2023

##### PROJECT

**Implementation of a hydroelectric generating plant**, CGH Adventureiro, in the municipality of Além Paraíba, taking advantage of an existing difference in level of 67.40 m in a straight segment of the Adventureiro River of approximately 350.0 m in length.

INSTALLED POWER

**1.6 MW**

TONS OF CO<sub>2</sub> AVOIDED  
**694.25 tCO<sub>2</sub>eq/year**

##### JOBS GENERATED

**25**  
under construction  
**2**  
in operation



#### ALFENAS ENVIRONMENTAL TREATMENT. URB. WASTE TRMT.

##### FINANCING

**R\$ 12,200,000.00,**  
with R\$8,540,000.00 disbursed in 2023

##### PROJECT

**Implementation of a distributed minigeneration plant** with energy use of biogas produced in the Sanitary Landfill in the municipality of Alfenas, operated by Alfenas Ambiental.

INSTALLED POWER  
**1.0 MW**

TONS OF CO<sub>2</sub> AVOIDED  
**830.45 tCO<sub>2</sub>eq/year**

##### JOBS GENERATED

**44**  
under construction  
**6**  
in operation



#### COOP. BOA ESPERANÇA AGRICULTURAL

##### FINANCING

**R\$ 2,045,641.00**

##### PROJECT

**Installation of 6 photovoltaic systems** for the Boa Esperança Agricultural Cooperative, 4 in the municipality of Boa Esperança, 1 in the municipality of Illicínea and 1 in the municipality of Coqueiral.

INSTALLED POWER

**0.52 MW**

TONS OF CO<sub>2</sub> AVOIDED  
**139.68 tCO<sub>2</sub>eq/year**

##### JOBS GENERATED

**12**  
under construction  
**2**  
in operation



# EIB projects

In 2019, BDMG signed a contract with the European Investment Bank (EIB) to offer credit lines to finance renewable energy and energy efficiency projects. From this partnership, in 2023, 120 million Euros (around R\$720 million) were disbursed in relation to the contract with the EIB. In 2022, R\$196.1 million were disbursed for projects of photovoltaic plants, hydroelectric generation centers (HGCs) and plants based on biomass.

A delegation led by the vice-president of the EIB visited BDMG in May and met with the governor of Minas Gerais, the secretary of Economic Development and the Bank's Board of Directors. Representatives of the European institution also visited a solar plant financed by the BDMG – EIB partnership in the city of Baldim.

R\$310.1 MN

PHOTOVOLTAIC  
PLANT PROJECTS

# AGRIBUSINESS AND LOW-CARBON AGRICULTURE

In 2023, 34% of BDMG's disbursements were allocated to the agro segment, with R\$1 billion disbursed, a 1% increase of compared to the previous year.

Financing was carried out mainly through lines that use resources from the Coffee Economy Defense Fund (Funcafé) – R\$ 239.3 million or 24%, and Agribusiness Letters of Credit (LCA) titles, with R\$ 525.1 million or 53% of the total allocated to agribusiness.

## Partnership with agricultural cooperatives

### Agro Transfer

Working in partnership with cooperatives, R\$90 million were disbursed to 341 rural producers, representing a 55% increase in the volume released. The result is fruit of the escalation of a

new business model adopted by the Bank, with a view to expanding its operations with rural producers, individuals or legal entities.

### LabAgroMinas: sustainable agriculture

The LabAgroMinas program is a partnership between BDMG and Embrapa and aims to promote low-carbon agriculture. The program focuses on promoting sustainable, climate-smart practices, through the adoption of new agricultural technologies that promote the reduction of greenhouse gas emissions

and soil regeneration, ensuring high crop productivity. In the continuation of the execution of this program, R\$4.2 million were disbursed in 2023 with the Sicoob Noroeste de Minas cooperative.

### Sustainable Agriculture Training

BDMG and Embrapa Cerrados offered free training to 143 agricultural technicians and agronomist engineers, allowing access to online content for another 318 technicians and engineers interested in training with a focus on low-carbon agriculture. The objective of the course, carried out within the

scope of the LabAgroMinas Program and structured by the Associated Group for Sustainable Agriculture (GAAS), was to encourage rural producers to learn about and work with more sustainable, innovative technologies, preserving productivity levels.





# FINANCIAL INCLUSION AND GENDER – MICRO AND SMALL ENTERPRISES (MSE)

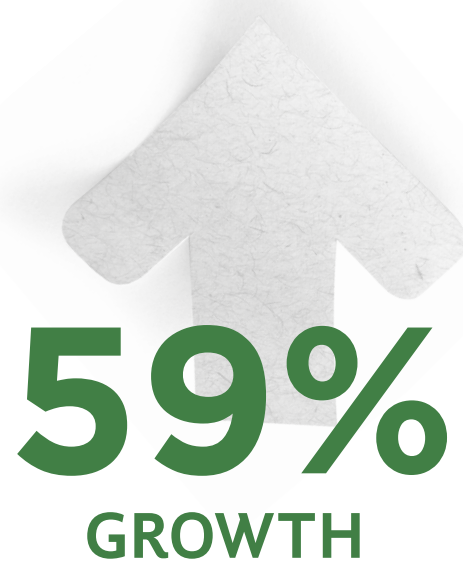
The total disbursement volume for MSE increased by 20%, totaling R\$376.1 million in 2022. Of this amount, 68% originated from processes via the Bank’s website, which provides access to the BDMG Digital platform, designed to facilitate and speed up the analysis and granting of credit. There were 4,630 customers with financing disbursed, with 66% served by correspondent banks and 34% via direct access to the digital platform.



## BDMG Pronampe

Given the importance of small businesses and the ongoing quest to offer more competitive products to its customers, the Bank continued in 2023 with the offer of Pronampe6 credit. Through the Program, R\$217.8 million were disbursed, which represented 59% growth compared to the previous year. The Pronampe Fidelidade and Pronampe

Mulheres modalities stand out, which accounted for 58% of product releases. The first targets customers with a good relationship history with the Bank. The second values female entrepreneurship, having the participation of a female entrepreneur in at least 50% of the company’s share capital as a mandatory requirement.



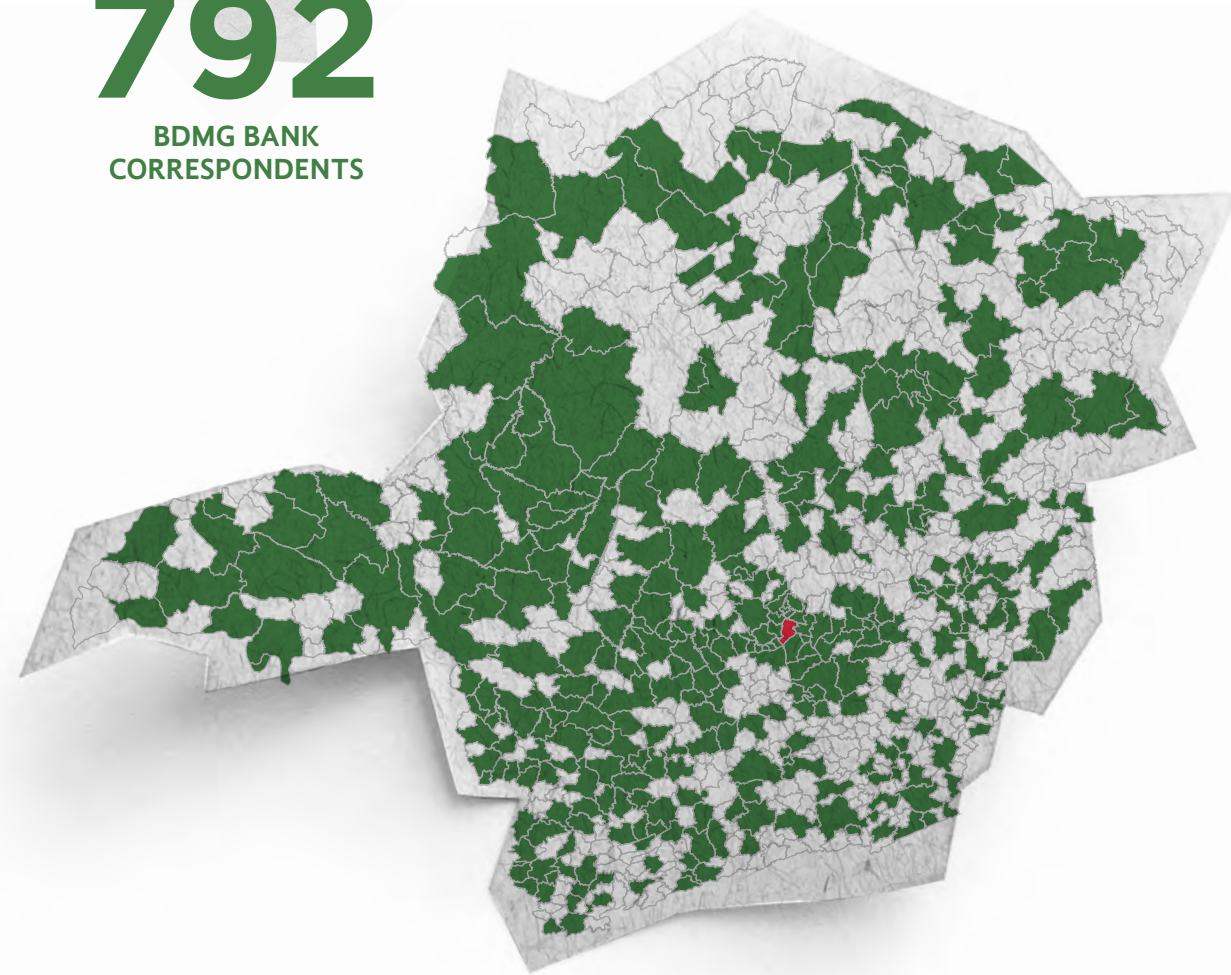
<sup>6</sup>National Support Program for Micro and Small Businesses (Pronampe) was established by Law No. 13,999, of May 19, 2020 to support small businesses during the COVID-19 pandemic. The Program became permanent by Law No. 14,161, on June 2, 2021.

## Correspondent Bank Network

Throughout 2023, the Bank Correspondent network was significantly increased. 210 new partners were accredited, totaling a network of 792 BDMG Bank Correspondents, operating throughout the territory of Minas Gerais.

With the aim of improving the interface between BDMG and its corresponding partners, as well as increasing engagement and motivation in the service provided, the CB Portal, a platform used to support partner activities, was reformulated. From the second half of 2023, banking correspondents

began to access new functionalities linked to the dissemination of training, access to promotional materials, performance data and suggestions for commercial approaches. Furthermore, the use of a distance learning platform (EAD) has allowed greater dissemination of training, making it easily accessible for recycling by the ample network of accredited correspondents. An example of this was the recycling of training related to the Prevention of Money Laundering and Terrorism Financing, carried out at the end of the year with all partners.



■ BELO HORIZONTE (BDMG HEADQUARTERS)  
■ MUNICIPALITIES WITH ACCREDITED BANK CORRESPONDENTS

| Source: BDMG, 2024





**R\$ 63.2 MN**  
FOR 35 COMPANIES  
IN 2023

## Gender Inclusion

Continuing to support micro and small companies controlled by women and encourage female entrepreneurship, BDMG continued to provide financing lines with special conditions for this purpose. In all, R\$41.6 million were released by these financing lines in 2022, serving 673 companies with this profile.

Since 2018, the Bank has supported female entrepreneurs with exclusive financing lines. In

the accumulated result, R\$186.9 million have already been transferred to 4,136 entrepreneurs from Minas Gerais.

To reinforce its actions related to gender equality, in addition to offering a specific line focused on female entrepreneurship, BDMG offered reduced rates for women throughout the month of March, with an external campaign on the topic.

## PRIORITY INVESTMENTS AND INNOVATION

One of the focuses of 2023 was to expand fixed investment, in order to stimulate the growth of companies in Minas Gerais, increasing productivity and creating new jobs. The disbursement for investment projects was R\$1,587.5 million, an amount 71% higher than in 2022. R\$1,045.6 million (or 66% of investment projects) were

allocated to large and medium-sized companies in different regions of Minas Gerais. Also noteworthy are financing for machinery and equipment with resources from BNDES, Project Finance for sustainability projects, as well as investments for the implementation of new ventures.

## Innovation

In stimulating innovation, as a mechanism for increasing the economic productivity and competitiveness of companies, BDMG disbursed R\$63.2 million to 35 companies, in 2023, against R\$10.1 million to 14 companies, in the previous period. Highlighting the lines from the Studies and Projects Financier (Finep), which represented 92% of the total amount released.

The year also marked the strengthening and consolidation of the BDMG/Fapemig/SEDE partnership, which led to the expansion of Pró-Inovação lines and the growth in the volume of resources contributed, which corresponded to R\$150 million.

Also as a result of this partnership, the first BDMG Innovation Notice was launched with a scope determined only among micro and small companies. This direction is due to the greater difficulty this segment has in developing and accessing innovative

processes. Through the Notice, R\$4.5 million were released for ten projects.

In addition to stimulating innovation through financing, BDMG also works with investment instruments to support innovative companies with high-growth potential. Throughout 2022, R\$6.5 million were paid into this portfolio, made up of eight Equity Investment Funds (EIFs) and a Venture Debt Fund. Together, these funds have already signed investment commitments in 40 companies in Minas Gerais, totaling R\$153.6 million.

The Bank has a shareholding in two companies, ending 2023 with 6.5% of the shares of Unitec Semicondutores SA, a semiconductor industry being implemented in the municipality of Ribeirão das Neves, of which it has been a shareholder since 2012; and 4.54% of Biom SA, a biopharmaceutical industry located in Nova Lima, of which it has been a shareholder since 2013.

**R\$ 4.5 MN**  
FOR 10 PROJECTS



# CITIES IN MINAS GERAIS AND THE PUBLIC SECTOR

BDMG is one of the biggest partners of Minas Gerais' municipalities, and its participation in financing public infrastructure projects contributes to boosting regional development, strengthening the economy and improving people's lives.

For the public sector, R\$328.5 million were disbursed, which represented an increase of 89% compared to the same period of the previous year. Of this total, R\$289.3 million came from own resources and international funding and R\$38.9 million from transfers of resources from the Renova Foundation. There were 305 municipalities in Minas Gerais served with BDMG financing, a number 27% higher than in 2022.

Minas Gerais city halls have also invested in energy efficiency and renewable energy projects. In addition to providing environmental gains with the reduction of energy consumption and greenhouse gas emissions, replacing conventional light bulbs with LED lighting generates greater savings for the municipality's

bills, facilities for system maintenance, as well as providing greater security for the population with the increase in the extension of the public lighting network. In 2022, with the support of BDMG, 21 municipalities in Minas Gerais invested around R\$18 million in clean energy projects.

BDMG also invested in training. Three online training sessions were carried out through technical cooperation with the French Development Agency (AFD) for the Sustainability Mobilization Program, in addition to training in partnership with the Minas Gerais Association of Municipalities (AMM) to reinforce Land Regularization (Reurb) in municipalities with the participation of managers from more than 200 city governments.

The Bank uses the NPS (Net Promoter Score) methodology, being evaluated by public managers when hiring and releasing resources. In 2023, it again maintained its evaluation in the zone of excellence (above 76 points).

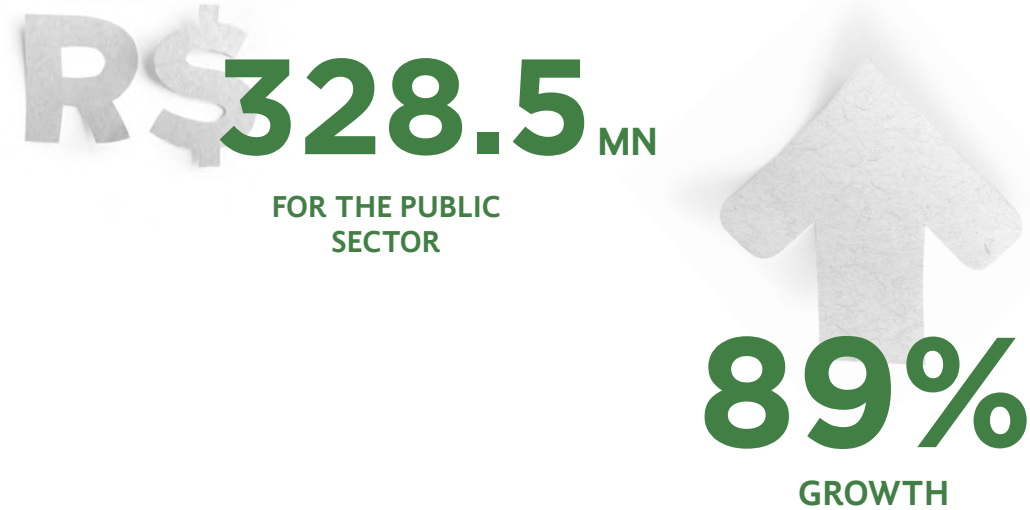
# BDMG MUNICIPALITIES Public Notice 2022

In March, the 2023 Municipalities Notice was launched with a total value of R\$400 million, 33% higher than the budget for the 2022 edition and offering three lines of financing:

- Sustainable Cities – sanitation, solar energy generation, energy efficiency, smart cities, culture, sport, tourism, construction and renovation of public buildings such as daycare centers, schools and health centers.
- Infrastructure – bridges and local roads, drainage, paving and mobility.
- Machines – ambulances, school transport, garbage trucks, tractors and backhoes, among others.

The main highlight was the increase in the value of the financing limit per municipality in order to meet the projects presented. The terms of the financing lines were also extended, in addition to the advance of up to 20% of the value bid for carrying out the work. It is also worth highlighting that, at BDMG, the credit contracting process by city governments is 100% digital, further facilitating access for municipalities throughout the State of Minas Gerais.

In total, 195 municipalities presented almost R\$1 billion in financing requests.





## Permanent Lines

In addition to the credit offer via Municipal Notice, the conditions of permanent financing lines were maintained with the following purposes:

■ BDMG Sustainability – investments in line with the Sustainable Development Goals (SDGs);

■ BDMG *Solidário*, for emergency investments caused by a state of emergency or public calamity;

■ BDMG *Mobilidade*, for the construction and renovation of back roads and bridges, in addition to mobility and urban drainage works;

■ BDMG *Máquinas*, for the isolated acquisition of machinery and equipment;

■ BDMG *Reurb*, which finances the contracting, by the municipal government, of technical consultants for the execution of the land regularization processes.

In 2023, R\$473 million in new credit operations were contracted in the Municipalities Notice and Permanent Lines with 83 municipalities.

**R\$473<sub>MN</sub>**  
CONTRACTED  
IN 2023

**R\$14.8<sub>MN</sub>**

## Business District of the Mariana Municipality

BDMG is the financial agent contracted to manage R\$14.8 million for the implementation of the Mariana Business District. The initiative aims to make the city more attractive for making business investments, seeking to diversify the economic matrix. BDMG will be responsible for the financial transfer and monitoring of the work to be carried out by the municipality.

Furthermore, also within the framework of Mariana's economic diversification, BDMG will be the financial agent of the financing program for small and medium-sized companies in the City, offering interest rates and terms that are more accessible than the market average.

## Itatiaiuçu Development Fund

As a way of supporting the economic diversification of the municipalities of Itatiaiuçu, currently dependent on mining, BDMG signed an agreement in 2023 for the management of the Economic Development

Fund created by the municipal management. The objective is to attract companies from different sectors to the city. The management of the fund represented a new business model for BDMG.

## Advisory to the State Government

BDMG ended the 2023 fiscal year in the process of structuring two projects resulting from a current contract with the State Secretariat for the Environment and Sustainable Development (Semad), aiming to model the concession of public services for the management of urban solid waste. The projects serve municipalities in the consortiums Cispar (Intermunicipal Public Consortium for Sustainable Development of Alto Paranaíba) and Cisab Sul (Intermunicipal Consortium for Basic Sanitation of Southern Minas), involving a total of 35 municipalities.

It is noteworthy that, for the Cispar Project, there is also support from the Inter-American Development Bank (IDB) within the scope of the cooperation agreement signed in April 2020 for sanitation projects in Minas Gerais. The partnership contributes US\$300,000 to the project to hire consultants responsible for providing technical inputs for modeling.

Within the scope of the service provision contract with the State Secretariat for Infrastructure, Mobility and Partnerships (Seinfra) for the road concession of the Ouro Preto Stretch, the project followed the stage after public consultation, with adjustments made to make its bidding viable.





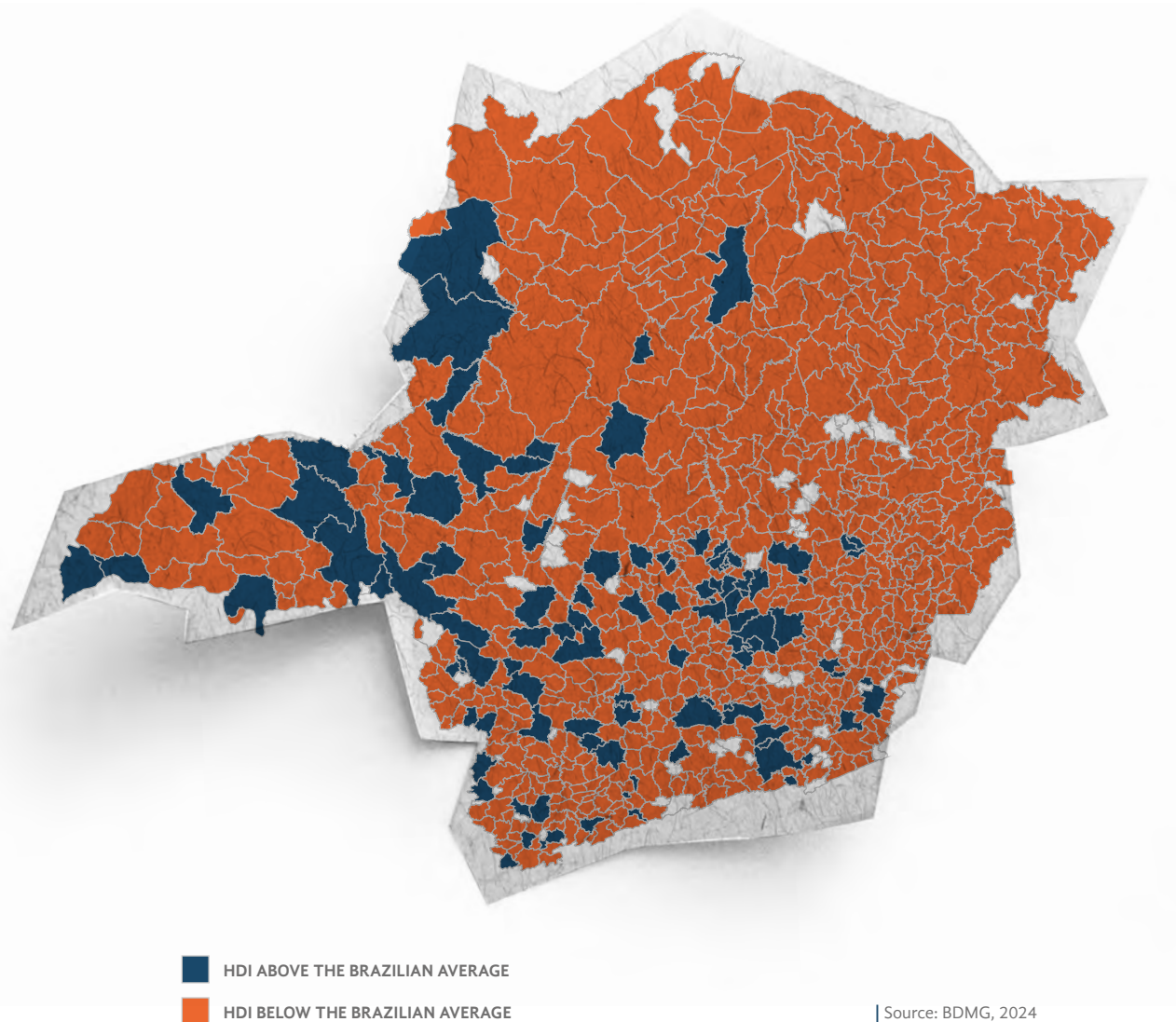
# *IMPACTS*



In 2023, 84% of the municipalities where BDMG made disbursements had HDI below the Brazilian average, an increase of 10% compared to 2022. This indicator summarizes the institution's relevance in

allocating resources in territories where credit is capable of providing the generation of economic, social and environmental impact for society in a more evident way.

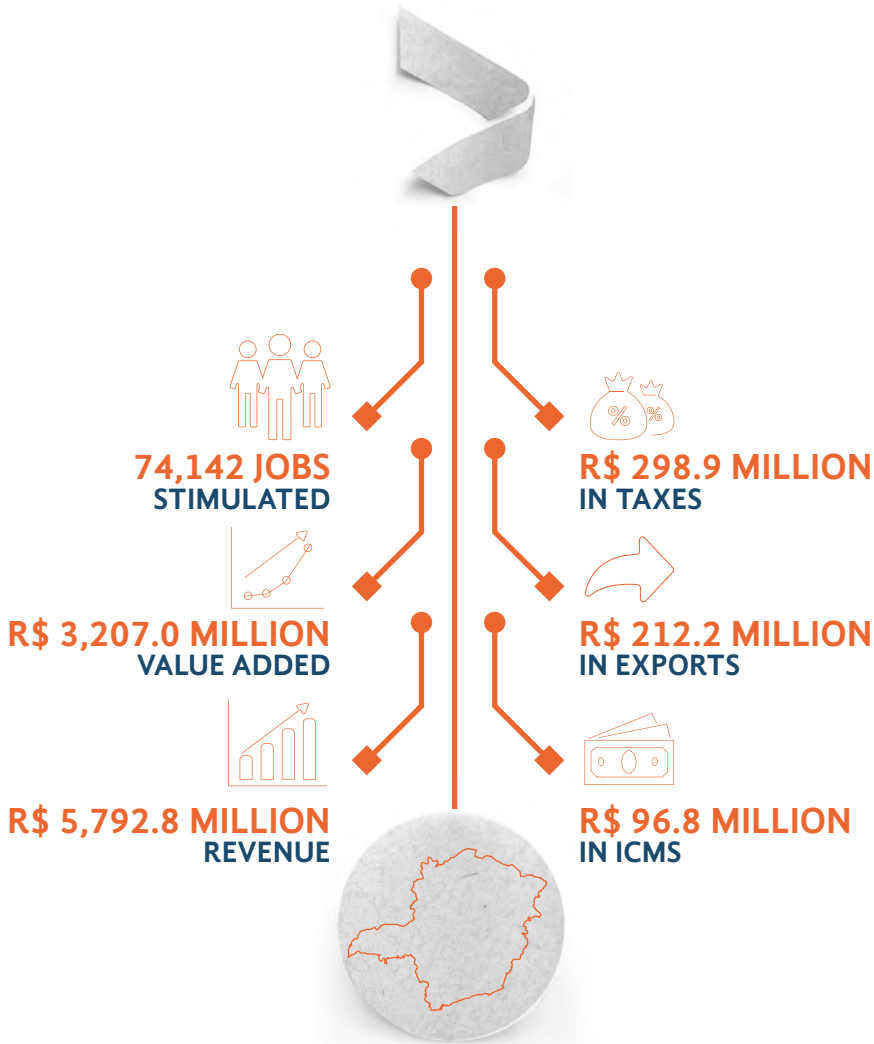
FIGURE 05 - BDMG'S PERFORMANCE IN THE MUNICIPALITIES OF MINAS GERAIS, ACCORDING TO HDI (DEC 2023)



## IMPACT ON THE STATE'S ECONOMY

The Input-Output Matrix<sup>7</sup> analysis methodology evaluates the potential economic<sup>8</sup> impacts resulting from BDMG's operations in Minas Gerais. The economic impacts are directly and indirectly associated to BDMG disbursements. The direct

effects represent the gains in the sectors covered by these disbursements, while the indirect effects are related to the gains generated in other sectors of the economy, as a reflection of production chains and family consumption.



<sup>7</sup>To calculate the potential impacts of BDMG disbursements, an input-output matrix was used with 67 sectors and calibrated based on the production structure observed in 2015.

<sup>8</sup>The effects on the economic variables of revenue (Gross Production Amount), jobs (number of jobs), salary mass, ICMS collection and gross value added (GDP).



# AGENDA 2030 AND THE SDGS

In 2023, the Bank established a corporate target of 40% of its total disbursement in alignment with at least one of the Sustainable Development Goals (SDGs) recommended by the United Nations in its 2030 Agenda.

It is worth highlighting that the classification of financing according to the SDGs has been carried out since 2019 by BDMG, following its own

methodology for classifying disbursements into social and/or environmental aspects. The method used by the Bank was highlighted in the ABDE-PNUD SDG Project report<sup>9</sup> “ABDE-PNUD Methodology for aligning the National Development System with the Sustainable Development Goals”, launched during the 2023 Development Forum and which aims to analyze the alignment of institutions linked to ABDE to the 2030 Agenda.

BDMG was one of the pioneers in developing sustainable frameworks and methodologies in the National Development System. This began in 2013, when BDMG developed and voluntarily adopted a Socio-Environmental Responsibility Policy (PRSA). In 2016, the bank developed and included an environmental risk management methodology in its credit policy. Further on, BDMG launched two main frameworks to reinforce its support for sustainable development: Framework for Issuing Sustainable Bonds and SDG Framework. The first, launched in 2018, had technical support from the Inter-American Development Bank (IDB) to structure the institution’s issuance of sustainable bonds. The SDG Framework, in turn, has the main objective of evaluating the compliance of the bank’s credit portfolio in relation to the SDGs.

The SDG Framework consists of an ex-post evaluation of disbursements made by BDMG. The three classification steps consist of: (i) analyzing the cooperations and classifying them according to the framework categories in green and social contributions; (ii) analyzing credit operations

according to the financial product offered, the purpose of financing, target audience, CNAE, etc., observing the eligibility criteria for each category of the framework; (iii) analyzing the disbursements made in relation to each of the related SDGs. In the third stage, to evaluate the impacts of the total disbursement on the Minas Gerais economy, BDMG applied the Input-Product Matrix methodology, developed by Fundação João Pinheiro (FJP), which allows identifying the quantity of inputs from different branches necessary for production of a good or service. Using this methodology, it is possible to identify the main sectors of the economy and evaluate the impact of public policies on employment, income and revenue, among others.












It is important to highlight that the framework categories were only considered once. In other words, even though the same operation can be classified in more than one category, such as, for example, “inclusive and sustainable urbanization” and “economic recovery after disasters”, only the category considered most representative was chosen for the purposes of this work. This approach avoids double counting of the financed volume directed towards the SDGs.

<sup>9</sup>Source: ABDE-PNUD methodology for aligning the National Development System with the Sustainable Development Goals: [www.undp.org/pt/brazil/publications/metodologia-abde-pnud-de-alinhamento-do-sistema-nacional-de-fomento-aos-objetivos-desenvolvimento-sustentavel](http://www.undp.org/pt/brazil/publications/metodologia-abde-pnud-de-alinhamento-do-sistema-nacional-de-fomento-aos-objetivos-desenvolvimento-sustentavel)

Disbursements for the Social Category stood out (R\$621 million) with credit lines that provide financial support to micro and small companies, contributing to the generation and maintenance of formal jobs and with financing for economic activity and investments related to mitigation of

economic effects. In the Environmental Category (R\$455.8 million), renewable energy projects, notably photovoltaic solar energy, represent the largest volume disbursed in line with the SDGs in 2023, as shown in the table below:

TABLE 09 - SDG 2023 DISBURSEMENT (IN R\$ MILLION)

CATEGORY/SUBCATEGORY	R\$ million	%
SOCIAL	621.0	21%
 Job creation	247.9	8%
 Post Disaster Economic Relief	150.5	5%
 Urbanization	147.2	5%
 Gender - socioeconomic empowerment	56.7	2%
 Health	14.9	1%
 Education	3.9	0,1%
ENVIRONMENTAL	455.8	15%
 Renewable energy	328.8	11%
 Sanitation	50.4	2%
 Energy efficiency	47.2	2%
 Transport	18.1	1%
 Sustainable agriculture	11.3	1%
INNOVATION	112.5	3.8%
TOTAL SDG DISBURSEMENT	1,189.3	40%
GENERAL TOTAL OF BDMG DISBURSEMENT	2,981.5	100%

| Source: BDMG, 2024



# IMPACT COMMITMENTS

Materializing its action in favor of sustainable development, BDMG breaks down its impact commitments into indicators with annual goals. These goals corroborate BDMG’s commitment to contributing to the economic and social development of Minas Gerais, playing an essential role in mobilizing the necessary capital, on an increasingly sustainable basis.

TABLE 10 - IMPACT COMMITMENTS 2023

IMPACT COMMITMENT	METRIC	UNIT OF MEASURE	GOAL	
			FORECAST	ACHIEVED
Financial inclusion	Jobs supported in MFG	Unit	21,000	23,474
Clean energy	CO <sub>2</sub> emissions avoided	tCO2eq	10,000	7,982
	Clean energy generated	GWh/year	120	163
Priority investments with positive impact	Disbursement for investment projects	R\$ million	1,400	1,501.6
Inclusive and sustainable cities in Minas Gerais	Municipalities with active projects	Unit	450	490
Low-carbon agriculture	Disbursement for sustainable agriculture	R\$ million	20	11.2

| Source: BDMG, 2023

## Financial and gender inclusion

BDMG Digital, BDMG’s credit granting platform for micro and small companies, contributed to the maintenance of more than 23 thousand jobs in 2023. The MFGs assisted were located in 439 municipalities in Minas Gerais, 80% of which had an HDI below the Brazilian average.

Considering only the lines aimed at strengthening and boosting female entrepreneurship, BDMG Digital contributed to the maintenance of almost 4 thousand jobs in 215 municipalities in Minas Gerais.

## Connection with SDGs



### JOB GENERATION – BDMG DIGITAL

More than 23 thousand jobs in micro and small companies supported in 439 municipalities in Minas Gerais, 80% of which have an HDI below the Brazilian average.



### GENDER INCLUSION

Almost 4 thousand jobs in micro and small companies led by women supported in 215 municipalities in Minas Gerais.

911 entrepreneurs served.





Clean energy

The disbursement of R\$328.8 million for renewable energy, in 2023, made it possible to implement several clean energy generation projects, including photovoltaic solar energy projects, power plants that use sugar cane as fuel, hydroelectric energy and ethanol production.

With the projects financed in 2023, BDMG contributed to the generation of 163 GWh of clean energy per year, enough to supply, on average, 54 thousand families in the period. It is estimated that these projects will be responsible for avoiding the emission of almost 40,000t of CO<sub>2</sub>eq/year, which is equivalent to the emissions generated by 3,300 Rio-São Paulo round-trip flights.

Connection with SDGs



RENEWABLE ENERGY

Through 68 photovoltaic solar energy projects, it was possible to create an installed capacity of more than 78 MW.

These projects will allow the generation of 630 GWh of renewable energy per year, enough to supply, on average, 210 thousand four-member families.



CLIMATE ACTION

It is estimated that these projects will be responsible for avoiding the emission of almost 40,000t of CO<sub>2</sub>eq/year, equivalent to the emissions caused by 3,300 Rio-São Paulo round-trip flights.

Education, Health and Sanitation

In 2023, BDMG disbursed the amount of R\$69.1 million for projects in the areas of education, health and sanitation.

In the education sector, nine municipalities in Minas Gerais – all with an HDI below the Brazilian average – received R\$3.9 million in resources to implement their projects. Of the total municipalities benefited, two had their first release of resources in 2023 and their projects will benefit 550 children in early childhood education.

The R\$ 14.9 million disbursed for health projects were allocated to both the public and private sectors, in 15 cities in Minas Gerais, 80% of which have an HDI below the Brazilian average. Among the three projects that received the first release in 2023, more than four thousand patients will benefit from the construction of a Physiotherapy Center, where the Department of Health will provide specialized technical care. The construction of the Medical Specialties Center will enable specialist care and minor surgeries for around 800 patients, in areas such as pediatrics, orthopedics, cardiology, psychiatry and urology, among others. In the private sector, financing

allowed the expansion of the constructed area of a health facility to house new equipment. Through this project, the health facility is expected to serve approximately 52,000 patients per year.

Sanitation projects promote the population’s access to several services, such as treated water, sewage collection and treatment and solid waste treatment. Through the execution of these projects, city governments and public service concessionaires contribute to the eradication of diseases, to increase the quality of life, to improve health indicators and the Human Development Index (HDI), in addition to greater control of public health expenditures, preservation of the environment and stimulus to tourism.

In 2022, 36 municipalities in Minas Gerais, 89% with an HDI below the Brazilian average, executed 37 sanitation projects through financing from BDMG. There were 34 sewage projects, ten urban solid waste projects, seven water supply projects and three related to the municipal basic sanitation plan. In total, BDMG disbursed R\$50.4 million for sanitation in 2023, with 60% of the resources allocated to projects in the Rio Doce region.

163 GWh  
CLEAN ENERGY PER YEAR

R\$ 69.1 MN  
EDUCATION, HEALTH  
AND SANITATION  
PROJECTS



# Connection with SDGs



## SANITATION

53 municipalities in Minas Gerais served, 91% of them with an HDI below the Brazilian average

34 sewage projects

10 urban solid waste projects

7 water supply projects

3 projects related to the Municipal Basic Sanitation Plan

60% of the total disbursed resource allocated to the Rio Doce region



## HEALTH

15 municipalities in Minas Gerais served

14 projects in the public sector

1 project in the private sector

4 thousand patients benefited from specialized technical care, made possible by the construction of a Physiotherapy Center.

Around 800 patients treated by specialists in the areas of pediatrics, orthopedics, cardiology, psychiatry, urology, among others and performing minor surgeries

Approximately 52 thousand patients served per year with the expansion of the constructed area of a health facility to house new equipment



## EDUCATION

9 municipalities in Minas Gerais with an HDI below the average served

2 projects for early childhood education, benefiting 550 children

# INTERNAL CLIMATE AGENDA

## Emissions inventory and compensation

Since 2015, BDMG has annually prepared its CO<sub>2</sub> emissions inventory in line with the guidelines established by the Brazilian Greenhouse Gas Protocol Program (GHG Protocol), a pioneer in the creation of the Public Emissions Registry and the largest database of corporate inventories in the world. Latin America. GHG methodology is the main one used in the world to measure greenhouse gas emissions, being an

initiative created by the World Resources Institute (WRI), in the United States, which certifies the main international organizations.

Joining the program and publishing the inventory are voluntary actions and demonstrate the Bank's concern with the socio-environmental impacts of its activities.

All reports, from 2015 to 2022, are available on the GHG website, through the link: <https://registropublicodeemissoes.fgv.br/participantes/2486>

## Gold Seal of the Brazilian GHG Protocol Program

For the eighth consecutive year, BDMG won the GHG Protocol Gold Seal. Certification is granted by Fundação Getúlio Vargas to companies that

meet all transparency criteria in their emissions inventory, such as the effects generated by the operation of the Bank's headquarters building.





### Emissions offsets

There is a crucial need to offset greenhouse gas (GHG) emissions as a mitigating effect on climate change. It is a way for companies to take responsibility for their emissions and act proactively to offset them.

Emissions compensation consists of carrying out actions that promote the capture of CO<sub>2</sub> emitted by the activities carried out by the company that caused them.

Among the various ways to offset the effect of GHG emissions, planting trees is considered one of the most efficient compensation actions, in which carbon neutralization occurs through carbon

sequestration from the atmosphere. In this sense, carbon is removed from the environment and fixed in the plant's biomass. Therefore, planting a tree is almost always closely linked to the idea of purifying the environment.

In 2023, BDMG carried out its first tree planting program to offset GHG emissions from the year 2021 and, simultaneously, raise awareness among its employees and families about the importance and need to mobilize in favor of biodiversity. Ultimately, BDMG also always seeks to be accountable for its activities to Minas Gerais society and the national and global market.

 **1,200** SEEDLINGS PLANTED

Tree planting program with employees

The entire program was carried out in partnership with the city of Belo Horizonte (PMBH), where BDMG carries out its activities. Thus, through the Montes Verdes Project, which aims to recover and revegetate degraded areas in Belo Horizonte, the definition of the location, timing of planting and the entire calculation of the number of seedlings was done by the team from the Environmental Strategic Planning Directorate (DPEA), from the Municipal Environment Secretariat (SMMA), based on greenhouse gas (GHG) emissions emitted by BDMG in 2021.

Considering the emissions inventory for the year 2021, in which BDMG emitted a total of 170.23

tCO<sub>2</sub> and, following the premise that 7 trees absorb 1 ton in 20 years, 1,191.61 trees were needed, resulting in planting of 1,200 seedlings.

200 seedlings were planted on 12/20/2023 in the Fernando Sabino Park, in Belo Horizonte. The initiative had the direct participation of 65 people, including the entire board, employees and family members who voluntarily signed up for the action, conveying the message that environmental responsibility belongs to each of us.

The other 1,000 seedlings were planted during the week following the event, under the responsibility of the Belo Horizonte City Government.



# MINAS GERAIS STATE CLIMATE ACTION PLAN (PLAC-MG)

The objective of the State Climate Action Plan of Minas Gerais is to assist in the state’s climate management with actions to mitigate greenhouse gas emissions and combat climate change, as well as accelerating low-carbon urban development through new technologies and innovations. As a development bank, BDMG directly contributes to the implementation of PLAC in the following actions:

TABLE 11 - GOALS DIRECTLY RELATED TO BDMG

PLAC SECTORAL	GOALS	MEASURES
Agriculture	Measure 1: promote initiatives to reduce methane emissions in livestock farming.	1.3. Promote the creation of special credit lines aimed at the implementation of low carbon emission technologies.
	Promote the implementation of waste management technologies from animal production, such as biodigesters and composting, and the use of their by-products, such as bioenergy and biofertilizers.	
Industry	Measure 2: promote low-carbon agriculture through the Program for Adaptation to Climate Change and Low Carbon Emissions in Agriculture - Plan ABC+ /Minas Gerais.	5.1 Carry out measures to promote the expansion of areas recovered from degraded pastures, based on methodologies and studies regulated by the Public Authorities, contributing to achieving the state goals of the ABC+ Plan proposed by the Management Group.
	Intensify efforts to expand the areas recovered from degraded pastures, based on methodologies and studies regulated by the Public Authorities.	
Sustainable Development and Climate Action	Measure 1: promote the replacement of fuels and materials with alternative inputs with lower carbon intensity, the development of low-carbon technologies and the insertion of capture and storage in the industry.	4.1. Access to credit lines with differentiated rates for emission reduction projects
	Develop and support instruments to promote more efficient technologies and processes, favoring the generation of products with lower carbon intensity.	
	Measure 1: promote the availability of financial resources for the implementation of PLAC-MG actions.	2.1. Form a working group and carry out studies on the feasibility of creating credit lines.
	Carry out a feasibility study on the creation of a credit line aimed at innovative solutions in climate mitigation or adaptation.	

3,845 kw/h  
PRODUCED PER MONTH IN 2023

## Clean energy for internal use and waste management

With regard to internal initiatives to promote environmental sustainability, BDMG made efforts to improve waste management and expand the capacity of the photovoltaic plant.

We revitalized the selective collection project on the floors, expanding the collection positions, modifying the bins and improving visual communication. In addition, we provide training to janitorial employees, focusing on intelligent waste management, with an emphasis on the Sustainable Development Goals.

To encourage environmentally responsible practices, we installed Eco Pontos collection stations in strategic locations, with the purpose of encouraging bank employees to bring batteries, used batteries and electronic materials to be properly disposed of Waste Management Measures.

In 2020, BDMG implemented the first photovoltaic energy unit on the Bank’s premises. The project was an initiative of the Sustainability Commission and meets part of the building’s energy demand, characterized as energy microgeneration in accordance with Normative Resolution 482/687 of the National Electric Energy Agency (ANEEL). With the use of 96 modules and an initial average production of 2,900 KWh/month, the unit occupies an area of 280 m² and has remote monitoring and daily supervision.

In June 2023, the Photovoltaic Plant was expanded with the addition of 8 modules, strategically installed on the rooftop of the annex building, optimizing solar exposure. So far, it produces an average 2,900 KWh/month. After this expansion, our production, in the second half of 2023, rose to an average of 3,845 KWh/month, representing a notable improvement of approximately 30% in electricity generation performance.



BDMG Photovoltaic Plant





# FINANCIAL SUSTAINABILITY

Edilla Marice Gonçalves Fernandes





## BDMG RATING

In 2023, risk rating agencies<sup>10</sup> presented assessments of BDMG. Both Moody's and Standard & Poor's (S&P) raised the Bank's issuer rating on a national scale.

Moody's assessment identifies an improvement in the quality of BDMG's credit portfolio, thanks to the gradual recovery of the renegotiated portfolio's default levels. Additionally, it considers that the Bank has presented a broad diversification of its funding structure in relation to Brazilian development banks, with less dependence on transfers from the National Bank for Economic

and Social Development (BNDES) and increasing access to resources from multilateral entities and investors of retail.

S&P's evaluation recognizes that, despite the still concentrated funding base, BDMG demonstrates prudent management of liquidity and is moving towards the diversification of that base, showing growth in domestic issuances and external funding, in contrast to the reduction of dependence on BNDES: 49%, four years ago, to 22% of total sources, until June 2023.

TABLE 12 - RISK ASSESSMENT

	MOODY'S Sep/2023	S&P Nov/2023
Global Scale (Long Term)	B2	B
Stable	Positive	Outlook
National Scale (Long Term)	A.br (BBB+.br)	brA (brA-)
Stable	Positive	Outlook

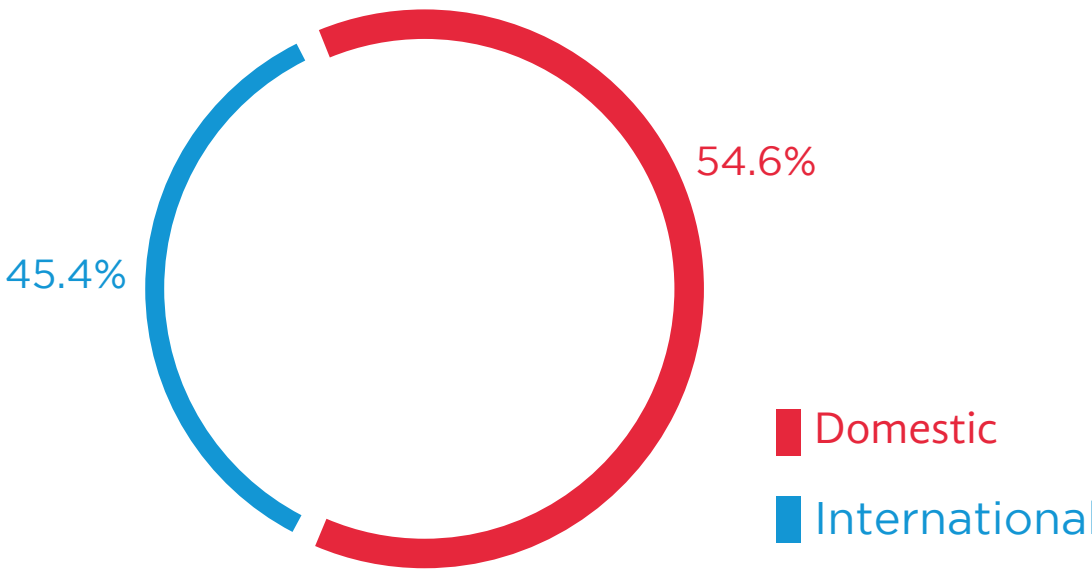
| Source: BDMG, 2023

## FUNDRAISING

Continuing its strategy of diversifying sources, BDMG ended 2023 with 54.6% of the balance of its funding contracted in the domestic market and 45.4% in the foreign market. In terms of

movement during the year, R\$1.1 billion came from the domestic market and R\$284.6 million from the foreign market.

GRAPH 06 - FUNDING BALANCE BY ORIGIN (2023)



| Source: BDMG, 2024

<sup>10</sup>To consult the latest agencies' reports on BDMG's rating, access [www.bdmg.mg.gov.br/relacao-investidores/?ratings](http://www.bdmg.mg.gov.br/relacao-investidores/?ratings)



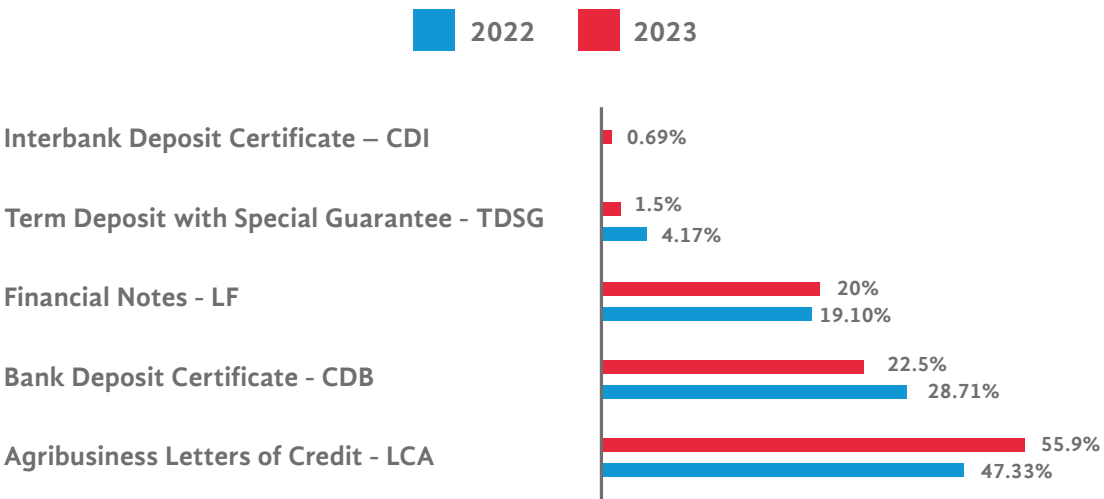
Domestic fundraising

In 2023, BDMG raised R\$1.1 billion in the domestic market, compared to R\$932.8 million captured in 2022, resulting in growth of 21% in the period. LCAs appeared as the predominant instrument, with 47.3% of the balance.

With regard to the strategy of diversifying funding sources, the composition of the portfolio balance for funding from the domestic market reflects

the greater representation of new instruments, identifying advances (i) in the share of Term Deposits with Special Guarantee – TDSG, anchored in the launch of TDSGII; (ii) the resumption of funding via interbank (CDI); and (iii) the expansion behavior of the CDB. In the case of LCAs, despite their prevalent participation in the composition of the balance, it is already possible to notice some trend towards deconcentration

GRAPH 07 - INTERNAL FUNDING BY SOURCE (%)



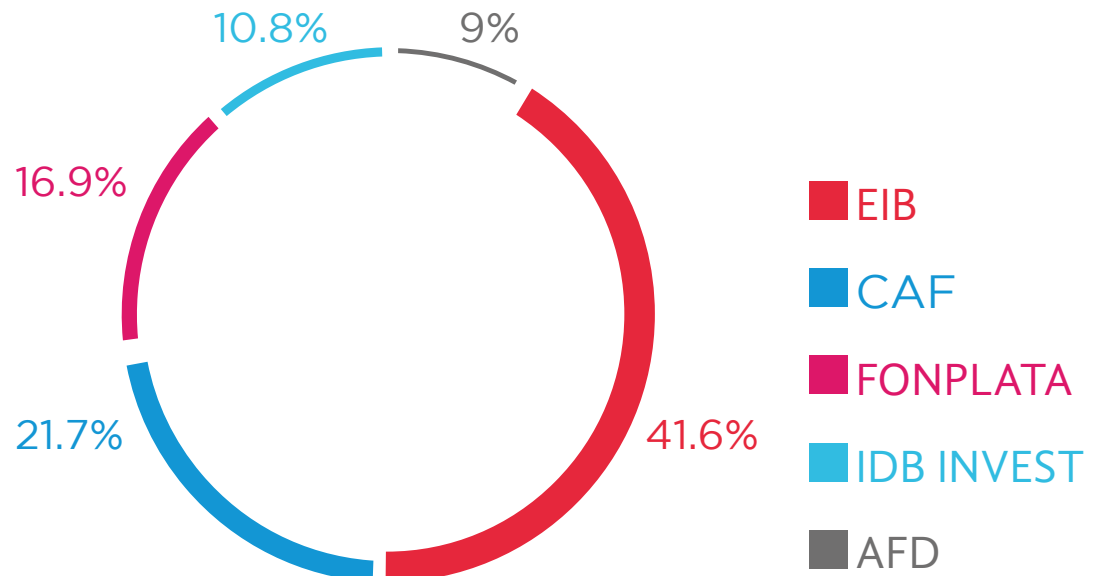
Source: BDMG, 2024

International fundraising

BDMG concluded 2023 with a balance of R\$1.5 billion in funding from five multilaterals. During the year, the structuring of new negotiations guided by the funding diversification strategy gave rise to new partnerships.

Around R\$284.6 million from the European Investment Bank (EIB) and the Financial Fund for the Development of the La Plata Basin (Fonplata) entered BDMG’s cash flow.

GRAPH 08 - BALANCE OF EXTERNAL FUNDING, BY SOURCE (2023)



Source: BDMG, 2024





# Perspectives for new international funding

## Fundraising without Federal Guarantee

In 2023, as a result of long-term work, BDMG advanced in negotiations with the Asian Infrastructure Investment Bank (AIIB) and the International Finance Corporation (IFC), belonging to the World Bank.

In the case of AIIB, credit operations were authorized, with a limit of US\$100 million. The contract, signed in December 2023, worth US\$30 million, will allow the offer of credit of around R\$150 million to companies that wish to develop renewable energy generation

projects or businesses that have connectivity with Asia, in especially infrastructure projects.

Regarding the IFC, BDMG is structuring a credit of up to US\$50 million, aimed primarily at micro, small and medium-sized companies, with a focus on women entrepreneurs in regions of greater social vulnerability, as well as financing companies linked to the sector health, especially in smaller municipalities in Minas Gerais and with a low HDI.

## Funding with Federal Approval

The operation with the New Development Bank (NDB), better known as the BRICS Bank, is expected to be the largest fundraising in BDMG's history and the Bank's first with Federal endorsement. The line represents potential access to resources in the amount of up to US\$200 million, intended for financing infrastructure and sustainable development across the state.

Also, in 2023, BDMG began negotiations to format the external credit operation with the Inter-

American Development Bank (IDB). This operation, in addition to being based on Federal approval, is innovative, in that it takes the operational results presented by BDMG as a basis for requesting disbursements of funds from the multilateral. The line must prioritize service to enterprises with positive social, environmental and climate externalities. The proposal for external financing with a guarantee from the Federal government in the PBR modality (results-based loan) will make up to US\$200 million available.

# Financial management

In 2023, in its direction towards best market practices, BDMG implemented several improvements to its financial management systems for the Treasury and Operations Desk, such as: performance improvements and stabilization of the Enterprise Resource Planning (ERP) solution, implementation of the current account system for

managing customer accounts, automation of the bank and branch registration process, adaptation of systems to meet the Libor Fallback transition, implementation of the international banking statistics module, automatic integration of CCBs and new ADT conciliator in a web environment.

## Retail Fundraising

Other improvements: availability, in BDMG's internet banking, of customer statements and income reports, online detailing in Business

Intelligence (BI) of daily emissions and TVM applications, automation in BI of coverage control, LCA projection and targeting.

## Investments in the Asset and Liability Management (ALM) structure

In this regard, the main improvements implemented were: automatic integration of application and internal funding portfolios, automatic redistribution of retail funding targets

(according to the strategy defined in the base projection scenario) and development of database automation internal resources for the development of the ALM project.

## Brazilian Payment System (BPS)

The centralization of BDMG payments in the ERP Financial Management system allows the Bank to open an account with the Central Bank, called Bank Reserves Account, which makes processes more agile, as well as with an expanded schedule of settlement times. This change will also bring

greater efficiency in the allocation of resources and the formatting of new products, as well as greater profitability in cash flow management. By participating in BPS, BDMG will eliminate the need for intermediary banks in its financial transactions.

## Product profitability management

BDMG has pricing and product monitoring tools, aiming to maintain competitiveness in the financial market and the institution's financial sustainability. This monitoring is reflected in corporate goals with the global product margin

indicator, which allows periodic price reviews, as well as the launch of new financing lines based on the identification of demands and opportunities in the market.

# INTEGRATED RISK MANAGEMENT

BDMG manages and monitors credit, market, liquidity, operational, social, environmental and climate risks, with the aim of mitigating these risks and optimizing operational effectiveness, maintaining control standards. The Bank adopts risk management practices aligned with the nature of its operations, having a capital adequacy index higher than the minimum requirement in Brazil, ensuring the institution's solidity in challenging scenarios.

BDMG's governance structure in relation to risk management is made up of: The governance structure is made up of the Board of Directors, Audit Committee, Internal Audit, Independent Audit, Risks and Capital Committee, Executive Risks, Capital and Sustainability Committee, Credit and Risks Board, Risks Superintendence, Compliance and Internal Controls and other units that are responsible for risk management in senior management.





# Declaration of Appetite for Risks

The Risk Appetite Statement - RAS aims to establish the types of risks and respective levels that Management is willing to assume, thus defining its desired risk profile in the pursuit of strategic objectives, aligned with the interests of shareholders and ensuring economic-financial solidity of the institution.

BDMG operates in line with the UN 2030 agenda through five impact commitments defined in the RAS: Employment Generation and Financial Inclusion; Clean Energy; Priority Investments with Positive Impact; Inclusive and Sustainable Cities; and Low Carbon Agriculture.

BDMG's impact commitments impact not only the types of financial services offered, but also the way each transaction is evaluated and processed internally. All BDMG operations follow social and environmental criteria established in state and national environmental policies and also in its own Social, Environmental and Climate Responsibility Policy and in the Social Risk, Environmental Risk and Climate Risk Management Policy, seeking to avoid and minimize possible risks and negative impacts on the environment, society and the climate.

BDMG's Risk Appetite Statement is also consistent with its pillars of action, which are the maximization of its impact on society and the guarantee of its financial sustainability, defined in the following objectives:

**1 BALANCE** profitability and risk levels to meet the needs of sectors and regions of the state.

**2 CARRY OUT** balanced management of funding to enable the maximization of the impact on Minas Gerais society.

**3 GUARANTEE** high quality standards, achieving technical and operational excellence.

The Declaration defines concepts and methods of monitoring indicators related to the main risks involved in the Bank's operations, in order to allow monitoring of exposures and adequate capital structuring. They are:

- Solvency Risk
- Liquidity Risk
- Market and IRRBB Risk
- Credit Risk
- Operational Risk
- Image Risk
- Compliance Risk
- Social, Environmental and Climate Risk
- Cyber Risk
- Actuarial Risk

Monitoring of Risk Appetite is reported to Senior Management and guides the taking of preventive measures to ensure that exposures are within established limits.

## Integrated Stress Testing Program

The Stress Testing Program, as defined by CMN resolution 4,557/2017, aims to assess the impact of potential adverse events and circumstances on the institution or on a specific portfolio, identifying possible vulnerabilities. Its results are documented

and used in the identification, measurement, monitoring and risk control at BDMG, being considered in the reviews of its Risk Appetite Policy, in the assessment of the Bank's capital and liquidity levels, and in the preparation of contingency plans.





## Credit Risk

Credit risk management includes the stages of identification, measurement, monitoring of the credit portfolio and the credit risk classification system, preparation and updating of credit risk classification methodologies, support in the development of credit and reporting policies to Senior Management.

When monitoring the credit portfolio, the following instruments are used, among others:

- Stress Test Report

- Risk appetite and credit portfolio quality indicators (problem assets, default, coverage, portfolio composition, concentration risk)

In 2023, a new credit risk methodology was implemented for corporations, which provided greater quality to the credit risk assessment process for this segment. Another important fact was the beginning of the development of the corporate project that aims to adapt the provisioning criteria to IFRS standards, as determined by Resolution 4966/21 of the National Monetary Council.

## Liquidity Risk

Liquidity Risk Management aims to mitigate the adverse effects of liquidity, guarantee payment capacity, as well as protect the Institution against periods of funding stress. Liquidity assessment is carried out based on updated cash flow projections, considering the assumptions of strategic planning and capital management. Liquidity risk control is carried out by an area independent of the business areas, responsible for defining the composition of reserves for exposure to liquidity risk in different time horizons, monitoring indicators, proposing stress scenarios and reporting possible non-compliance with the competent authorities.

In 2023, an outsourced tool was contracted to prepare the Liquidity Risk Statement (LRS), which began to be reported monthly to BACEN, starting in July 2023. The liquidity risk management policy was reviewed and, in compliance with it, a periodic assessment was carried out of the adequacy of the level of established financial reserves. It is observed that liquidity indicators remained adequate throughout the monitoring of the year, as well as in the review of projections of the strategic planning scenario.

## Social, Environmental and Climate Risks

The socio-environmental risk methodology was implemented in 2016 and, since then, the Bank has monitored the information generated by the system, with the aim of promoting the continuous improvement of the methodology and the identification of more sustainable business opportunities.

BDMG has methodologies for calculating social, environmental and climate risks in line with CMN Resolution 4943/2021 and other regulations of the National Monetary Council and the Central Bank of Brazil. The Bank also has a Social, Environmental and Climate Risk Management Policy, which defines the management structure and guidelines, roles and responsibilities that must be observed in the Bank's management of these risks, in order to keep them within the appetite of the Bank's organization.

It is noteworthy that BDMG must ensure that all operations follow criteria in accordance with state and national environmental policies, as well as with its Social, Environmental and Climate Responsibility Policy, seeking to avoid and minimize possible risks and negative impacts on the environment and society.

As actions to mitigate social, environmental and climate risks, criteria established in policies and analysis, contracting and monitoring processes are observed in accordance with the specificities of each operation. The analysis criteria are guided by lists of restricted and prohibited activities, sector of activity, company size, analysis of social and environmental notes, socio-environmental criteria for the constitution of real estate guarantees, inclusion of socio-environmental clauses in contracts, assessment of compliance with legislation socio-environmental and best practices for managing these risks. It should be noted that BDMG does not finance operations whose proponent, members of its economic group or guarantors of the operation are registered on the list of employers who adopt slave and child labor, published by the Ministry of Labor and Employment<sup>11</sup>.

Also noteworthy is the continuous training of employees and the social, environmental and climate risk assessment process for the approval of new products, which ensures compliance within the scope of the portfolio made available by the Bank.

## Market Risk & Bank Portfolio Interest Rate Risk (IRRBB)

Market risk management follows the segregation of operations in the Trading and Banking portfolios. The identification, measurement and control of market and IRRBB risk is carried out based on methodologies consistent with the characteristics of the portfolio, considering the maturity, liquidity and risk sensitivity of the instruments classified in the respective portfolios. Interest rate shocks and stress scenarios are used in order to verify the impacts on economic value and on the results, through the indicators Economic Value of Equity – EVE and Net Interest Income – NII (results from financial intermediation). For the global portfolio, other indicators are used, such as VaR, DV01, Mismatch Analysis: accumulated exposure of cash flows, by risk factor, at market value, allocated into vertices.

In addition to the operational limits established in the Risk Appetite Statement (RAS), in order to maintain exposure to market risk at levels considered acceptable, additional limits are also established by the Executive Board. Compliance with the limits is monitored in a timely manner and, in case of extrapolation, there is a report to the competent authorities who decide on the measures to be adopted.

In 2023, we highlight the review of the risk levels of the IRRBB indicators defined in the RAS, review of the policy and adjustment of the market risk system for migrating the Libor inventory to SOFR.

<sup>11</sup>For more information about prohibitions, impediments and non-fundable items/activities, visit: [www.bdmg.mg.gov.br/wp-content/uploads/2022/11/Atividades-nao-financeiras.pdf](http://www.bdmg.mg.gov.br/wp-content/uploads/2022/11/Atividades-nao-financeiras.pdf)

# Operational Risk

Operational risk management aims to reduce the occurrence of non-compliance with legal provisions and losses resulting from external events, or failure, deficiency or inadequacy of internal processes, people and systems.

In 2023, in addition to completing the risk mapping of several processes, BDMG updated the internal control, operational risk and business continuity policies that are under the responsibility of the Board of Directors and Executive Board.

With regard to cyber security, in addition to maintaining operational actions that were already in place, such as the Security Operations Center, which monitors the institution's cyber environment

uninterruptedly, a penetration test of the cyber environment was carried out by an external company, a cybersecurity awareness, including using a campaign to test employees to identify phishing, as well as crisis scenario testing with the participation of the Cyber Crisis Management Group, which includes members from different areas of BDMG. In 2023, BDMG reassessed its level of cybersecurity maturity, in accordance with the NIST Cybersecurity Framework methodology, and concluded that it is compatible with the business model, the nature of operations and the complexity of products, services, activities and the institution's processes. This assessment was carried out entirely by an external consultancy.

# Internal controls

BDMG has areas dedicated to risk management, internal controls, compliance and integrity, with independent actions, directly linked to the Chief Executive Officer and that may be conducted by another Executive Director who is not responsible for the Bank's business activities.

The following are attributions of the areas responsible for risk management, internal controls, compliance and integrity, in addition to others provided for in the specific legislation and BDMG regulations:

■ Advise the Board of Directors on integrated risk management, internal controls, compliance and integrity, proposing policies and strategies.

■ Disseminate the culture of risk management, internal controls, compliance and integrity.

■ Forward periodic reports to the Audit Committee regarding the activities carried out.

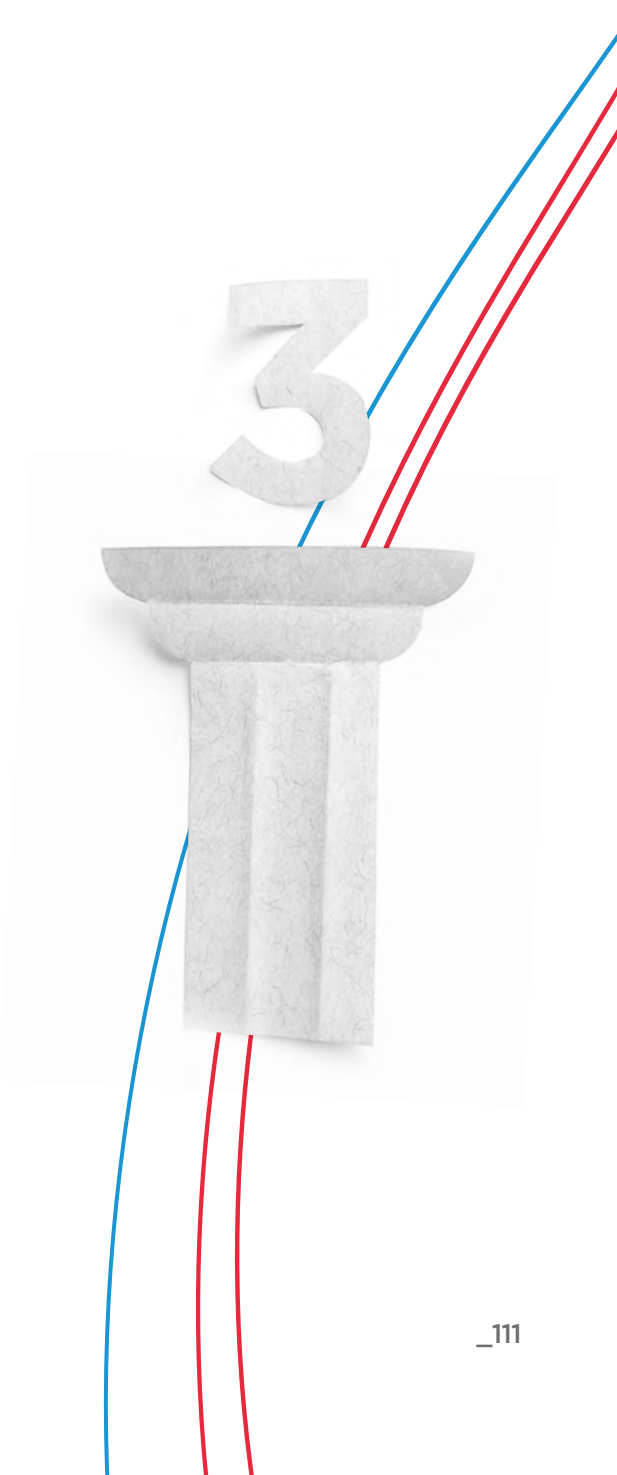
The areas responsible for risk management, internal controls, compliance and integrity report directly to the Board of Directors in situations in which the involvement of a member of the Executive Board in irregularities is suspected or when a member avoids the obligation to adopt necessary measures in relation to the situation of irregularity reported to him.

# Pillar 3 Report

Basel Pillar 3 establishes the adoption of policies and requirements with the aim of providing transparency in the disclosure of relevant information about capital levels, operations, the main risks to which the institution is exposed and the types of controls adopted.

In compliance with Resolution No. 54 of December 16, 2020, of the Central Bank of Brazil, which regulates the matter in Brazil, BDMG publishes its Pillar 3<sup>12</sup> Report quarterly, which includes information on market discipline, providing data on management of risks and capital, prudential indicators, capital composition, leverage ratio, liquidity risk, market risk and banking book risk, among others.

<sup>12</sup>The report can be found at the following address:  
[www.bdmg.mg.gov.br/relacao-investidores/?relatorios-financieiros](http://www.bdmg.mg.gov.br/relacao-investidores/?relatorios-financieiros)







# **ECONOMIC- FINANCIAL PERFORMANCE**

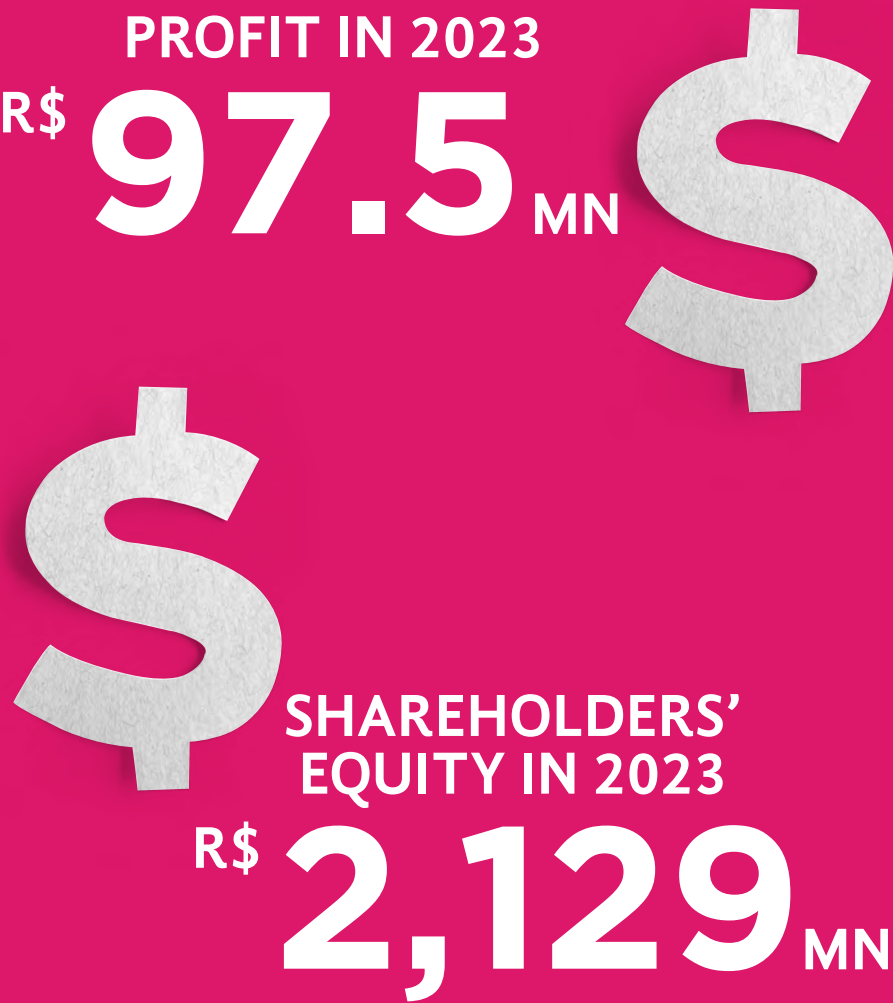


BDMG ended 2023 with a net profit of R\$97.5 million, a 31% decrease compared to 2022 (R\$141.8 million). This reduction was the result of a decision by the Federal Supreme Court (STF) which, in June, changed the legal assessment of the process on the PIS/COFINS calculation basis, resulting in an increase in the provision and a decrease in profit. Due to this decision, BDMG reconstituted the COFINS provision that had been reversed in January and, additionally, provisioned the amounts of fines and legal charges related to the process, previously not provisioned, in the amount of R\$72.7 million.

Shareholders' Equity closed the year at R\$2,129 million, a 2.5% decrease compared to the same period in 2022 (R\$2,184 million).

TABLE 13 - MAIN ECONOMIC-FINANCIAL INDICATORS

	2023	2022	△%
Results			
Result of Financial Intermediation	537,548	484,691	10.9%
Expenses with provisions	(137.278)	(59.398)	131.1%
Tax Expenses <sup>1</sup>	(90.947)	(86.746)	4.8%
Other Expenses (net)	(211.838)	(196.735)	7.7%
Net Profit	97.485	141.812	(31.3%)
<sup>1</sup> Includes taxes on profit			
	31/12/2023	31/12/2022	△%
Financial Position			
Total Assets	8,832	8,194	7.8%
Credit and Similar Portfolio (net)	5,527	5,204	6.2%
Marketable securities	1,127	954	18.2%
Other Assets	2,178	2,036	7.0%
Total Liabilities	8,832	8,194	7.8%
Third Party Resources	6,703	6,010	11.5%
Foreign Loans	1,462	1,554	(5.9%)
National Funding	1,800	1,483	21.4%
Transfers in the Country	2,033	1,853	9.7%
Other Obligations	1,408	1,120	25.7%
Net Equity (PL)	2,129	2,184	(2.5%)
PL/AT	24.1%	26.7%	(9.6%)



The financial statements of the Development Bank of Minas Gerais can be accessed at the following address:

[www.bdmg.mg.gov.br/transparencia-documentos/?demonstracoes](http://www.bdmg.mg.gov.br/transparencia-documentos/?demonstracoes)





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