Development Bank of Minas Gerais - **BDMG**

Sustainable Finance Framework

BDMG
2025

BDMG

presentation.

After becoming the first Brazilian development bank to publish a Sustainable Bond Framework, BDMG reaffirms its pioneering role by publishing an update to the document. The action reflects the institution's continued commitment to global best practices, highlighting its pioneering role in the sustainability agenda. Furthermore, it presents the market with new opportunities and commitments made to implement actions with a positive impact in Minas Gerais, with the potential to reverberate throughout Brazil.

BDMG's strong performance in this field is supported by strategic partnerships with leading international financial institutions, such as the European Investment Bank, the Development Bank of Latin America and the Caribbean, the Inter-American Development Bank, and the Asian Infrastructure Investment Bank (AIIB), among others. The support and role of the State Government in this matter are also essential. These partnerships demonstrate the bank's alignment with the highest global standards of sustainable development.

The publication of this Framework not only consolidates BDMG as a reference in the sector, but also reinforces its vision for the future, in tune with global demands for sustainable solutions.

BDMG reaffirms its role as a protagonist in building a more sustainable future, while paving the way for innovative and inclusive regional development.

Gabriel Viégas Neto
President of the Development Bank of Minas Gerais (BDMG)

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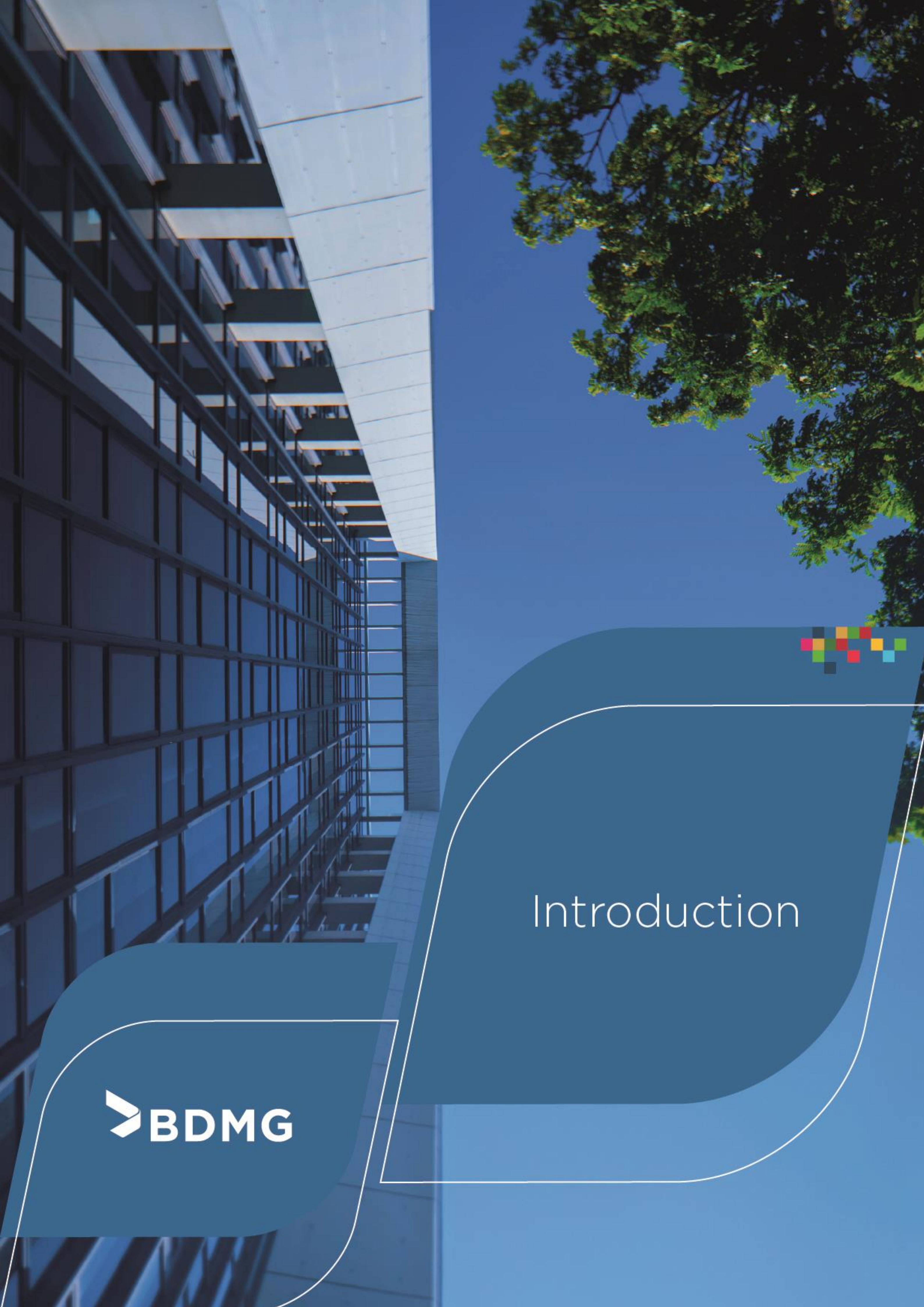

Introduction

Introduction

The Development Bank of Minas Gerais (BDMG) is a public financial institution focused on economic development, headquartered in Minas Gerais. Its mission is to drive the state's economic, financial, and social development, transforming initiatives into realities that make a difference in the lives of the people of Minas Gerais. Acting as a strategic development agent, BDMG concentrates its efforts on financing projects that generate positive environmental, social, and economic impacts. To this end, it offers a wide range of financial products and services, serving diverse audiences such as companies, entrepreneurs, and municipalities. [1]

BDMG offers a wide range of credit lines, covering everything from infrastructure project financing to support for micro, small, and medium-sized enterprises (MSMEs), with the purpose of mobilizing resources to drive the state's development. Its business model is strategically segmented across the public sector, agriculture, MSMEs, and large companies, ensuring tailored conditions and terms to meet the specific needs of each group. In addition, the bank has been committed to consolidating its strategy and operations with a focus on sustainability and social development, aligning its agenda with contemporary demands and the challenges of the future. [2]

At the strategic level, the 2025–2029 Strategic Plan has guided BDMG's activities with medium- and long-term goals aimed at fostering the state's development. For this period, the Bank has defined five priority impact commitments, accompanied by indicators that guide its actions and allow for monitoring of results (**Figure 1**). [3]

Figure 1. BDMG's Impact Commitments

In recent years, BDMG, recognizing the global agenda and its role as a catalyst for development, has acted to overcome barriers to public and private sector investments in sustainable finance, mobilizing resources for potential projects to make investments

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[1] BDMG (2025). *Relatório de Sustentabilidade*. Available online.
[2] BDMG (2025). *Relatório de Sustentabilidade*. Available online.
[3] BDMG (2024). *Plano Estratégico 2025-2029*. Not available online.

viable. In doing so, it has addressed regional and productive sector needs and challenges, while generating a positive impact on the society of Minas Gerais.

In 2013, the Bank developed and implemented its first Social and Environmental Responsibility Policy (PRSA), which in August 2022 was updated to the Social, Environmental, and Climate Responsibility Policy (PRSAC), in line with Resolution No. 4945 of 15/09/2021 of the National Monetary Council (CMN).[4] The PRSAC sets forth a set of social, environmental, and climate principles and guidelines that guide the Bank's strategy, business, activities, and processes, as well as its engagement with stakeholders. The PRSAC Action Plan 2023–2025 was developed based on global and regional references, such as the UN 2030 Agenda, the Paris Agreement, and the Climate Action Plan of the State of Minas Gerais (PLAC-MG), among others, to integrate sustainability into the Bank's operations and foster actions aimed at mitigating climate change.[5] The pillars of this plan are: strategic actions and impact; corporate actions; sustainable business; culture and transparency.

On this basis, BDMG took an important step in creating Thematic Frameworks that structure its approach to sustainability. In 2018, the Bank launched its Green Bond Framework, supported by a Second-Party Opinion (SPO) and with technical assistance from the Inter-American Development Bank (IDB). In 2020, the Bank updated the Framework, expanding it into the Sustainable Bond Issuance Framework, which includes projects that generate positive environmental and social impacts and are aligned with the United Nations Sustainable Development Goals (SDGs). This positioned part of BDMG's portfolio in accordance with the Social and Green Bond Principles and the Sustainability Bond Guidelines. The Framework was verified by the international consultancy Sustainalytics, which issued the SPO.

Since then, BDMG has stood out in mobilizing national and international resources to implement its impact actions and projects, through partnerships with multilateral organizations and the raising of international and private funds. Among its main sources of financing are the Development Bank of Latin America and the Caribbean (CAF), the French Development Agency (AFD), FONPLATA, the Inter-American Development Bank (IDB), the European Investment Bank (EIB), the Asian Infrastructure Investment Bank (AIIB), among others.[6] Notably, in 2024 the Bank secured US$220 million from CAF under an "A/B loan" structure. This operation represents the largest fundraising ever carried out by BDMG in its history. In addition to CAF, six B participants joined the loan, including impact investment funds.

Recently, in collaboration with the IDB, BDMG structured a Results-Based Loan (RBL) focused on increasing investment in climate finance and adaptation in the state of Minas Gerais. The US$100 million RBL is linked to specific targets and is part of the pilot program of the IDB's CLIMA initiative, which promotes projects with positive impacts on climate and biodiversity. In recent years, BDMG has been actively seeking resources guaranteed by the Federal Government with different multilateral development banks, as is the case of the RBL with the IDB.

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[4] BDMG (2022). *Ações Socioambientais e Climáticas do BDMG.* Available online.
[5] BDMG (2024). *Plano Estratégico 2025-2029.* Not available online.
[6] BDMG (2024). *Plano Estratégico 2025-2029.* Not available online.

In 2024, BDMG carried out its first operation in the Development Credit Notes (LCD) market, marking the beginning of its participation in this new fixed-income instrument designed for development banks.[7]

Regarding the promotion of financial solutions aligned with the sustainability agenda, BDMG has made significant progress in integrating sustainable practices into its operations, expanding its green portfolio with products and credit lines aimed at financing projects with positive social and environmental impact. Among its key initiatives is BDMG Sustainability, developed in partnership with the EIB to support renewable energy and energy efficiency projects, including photovoltaic energy, hydropower plants, biomass, and other clean sources. In addition, the Bank offers green loans for agribusiness through financing lines for low-carbon agriculture, funding sustainable agricultural practices with its own resources via Agribusiness Credit Notes (LCA), or through a combination of sources. Among BDMG's flagship initiatives is LabAgroMinas, a pioneering program that promotes sustainable and climate-smart agricultural practices in Minas Gerais. In 2024, the program trained more than one thousand professionals from the local technical assistance network to implement sustainable technologies encouraged by the program.[8]

In 2024, BDMG closed the year with the highest total disbursement volume in its history, reaching BRL 3,548.6 million in loans granted, representing a 19% increase compared to the same period in 2023. At the same time, the Bank diversified its funding sources, resulting in an increase in the volume raised, which exceeded BRL 3.1 billion. In terms of impact for Minas Gerais, the period recorded the creation of 87,000 jobs and an additional contribution of BRL 3.2 billion to the state's GDP.

Finally, BDMG also promoted the strengthening of its internal climate governance, with ESG criteria integrated into credit granting and the analysis of social, environmental, and climate risks. It developed advanced tools to enhance its capacity to measure avoided greenhouse gas (GHG) emissions, most notably the GHG Calculator. This tool was created in collaboration with Plantar Carbon and WayCarbon and aims to quantify avoided emissions through a robust methodology. The calculator uses data from GHG sources, such as fossil fuels, and applies specific emission factors to obtain results. Recently updated, the tool organizes 20 items into 6 distinct categories, according to a predefined structure, and uses investment data related to the financed projects to accurately estimate avoided emissions.

Given the rapid evolution of the market, this new Framework represents an update that integrates the Bank's sustainable taxonomy, adopting an approach aligned with current best market practices. This updated Framework incorporates international best practices in climate change mitigation and adaptation, reflecting the latest trends in the sustainable finance market and the commitments undertaken by the Brazilian Government and multilateral organizations.

One of the main advances of this version is its alignment with the Brazilian Sustainable Taxonomy (TSB, by its acronym in Potuguese), which defines which economic activities are considered sustainable. For a project to comply with the TSB, it must: (i) contribute substantially to at least one of the defined environmental or social objectives; (ii) do no

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[7] BDMG (2024). *BDMG emite sua primeira Letra de Crédito de Desenvolvimento no mercado*. Available online.

[8] BDMG (2024). *Resultados 2024 T4*. Available online.

significant harm to the other objectives (DNSH criteria); and (iii) comply with minimum environmental and social safeguards.[9]

In addition, the new Framework incorporates the principles established by the United Nations Disaster Risk Reduction (UNDRR) in the Guide for Adaptation and Resilience Finance[10] and the Climate Resilience Taxonomy of the Climate Bonds Initiative (CBI)[11]. As a result, the document not only introduces new categories and impact indicators, but also distinguishes eligible green categories, highlighting those that represent sustainable practices with proven potential to promote climate resilience and emissions reduction.

In this context, BDMG developed this Sustainable Finance Framework to enable the issuance and raising of green, social, and/or sustainable bonds or loans, with the objective of channeling resources toward sustainable impact initiatives in the state of Minas Gerais. This update marks an important step forward for the Bank, expanding the range of sustainable segments and products financed and enhancing the positive impact in the region.

The structure of the new Framework was developed in accordance with the following references:

- Green Bond Principles (GBP)[12],
- Social Bond Principles (SBP)[13],
- Sustainability Bond Guidelines (SBG)[14], all developed by the International Capital Market Association (ICMA).

In addition, it follows the:

- Green Loan Principles (GLP)15, and
- Social Loan Principles (SLP)16, published by the Loan Market Association (LMA), in partnership with the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA).

This document was prepared based on the four pillars of the ICMA and LMA/APLMA/LSTA principles:

I. **Use of proceeds,**
II. **Process for project evaluation and selection,**
III. **Management of proceeds,**
IV. **Reporting.**

[9] Ministério da Fazenda (2025). *Taxonomia Sustentável Brasileira 2a fase.* Available online.
[10] UNDRR (2024). *Guide for Adaptation and Resilience Finance*. Available online.
[11] CBI (2025). *Climate Bonds Taxonomy.* Available online.
[12] ICMA (2025). *The Green Bond Principles (GBP) 2025.* Available online.
[13] ICMA (2025). *The Social Bond Principles (SBP) 2025.* Available online.
[14] ICMA (2021). *The Sustainability Bond Guidelines (SBG) 2021.* Available online.
[15] LMA, APLMA, LSTA (2025). *Green Loan Principles 2025.* Available online.
[16] LMA, APLMA, LSTA (2025). *Social Loan Principles 2025.* Available online.

I. Use of Proceeds

I. Use of Proceeds

Eligible projects for the issuance or raising of green, social, and/or sustainable bonds or loans at BDMG comprise public- and private-sector investments that deliver clear social and/or environmental benefits across all sectors of the economy. These projects or activities are categorized according to the classification used by the ICMA Principles (GBP, SBP, SBG) and the LMA/LSTA/APLMA Principles (GLP, SLP) and are also aligned with one or more targets of the different UN SDGs.

In addition, the Bank seeks to align with best market practices by adopting, whenever possible, recognized taxonomies such as the CBI Taxonomy[17] and the Climate Resilience Taxonomy[18] of the same organization. Furthermore, the Bank will endeavor, where applicable, to comply with the Brazilian Sustainable Taxonomy (TSB)[19] and its established criteria.

The proceeds of BDMG's green, social, and/or sustainable instruments will be allocated to finance or refinance, in whole or in part, eligible environmental and social credit lines or projects—whether future or existing—carried out by BDMG, that meet the eligibility criteria described below and that:

- Have been disbursed within the 24 months prior to the issuance or raising of the instrument; or
- Are expected to be disbursed within up to 24 months after issuance (in the case of bonds). For bilateral loans, the disbursement schedule will be defined jointly with the lender.

BDMG commits to communicate to investors, prior to each issuance or raising, the proportion of proceeds allocated to refinancing versus new financing.

A total of fourteen categories of projects has been identified as potentially eligible for the issuance or raising of green, social, and/or sustainable bonds or loans at BDMG. To facilitate the distinction of activities and projects aligned with best practices in climate change mitigation and resilience, the green categories are subdivided into two subgroups:

Eligible Green Categories – Mitigation:

a) Sustainable agriculture and sustainable natural resource management,
b) Renewable energy and energy efficiency,
c) Sanitation,
d) Clean transportation,
e) Pollution prevention and control,
f) Critical and strategic minerals for the energy and digital transitions.

Eligible Green Categories – Resilience:

a) Resilient agriculture,

[17] CBI (2025). *Climate Bonds Taxonomy*. Available online.
[18] CBI (2025). *Climate Bonds Resilience Programme*. Available online.
[19] Ministério da Fazenda (2025). *Taxonomia Sustentável Brasileira 2a fase*. Available online.

b) Resilient cities,

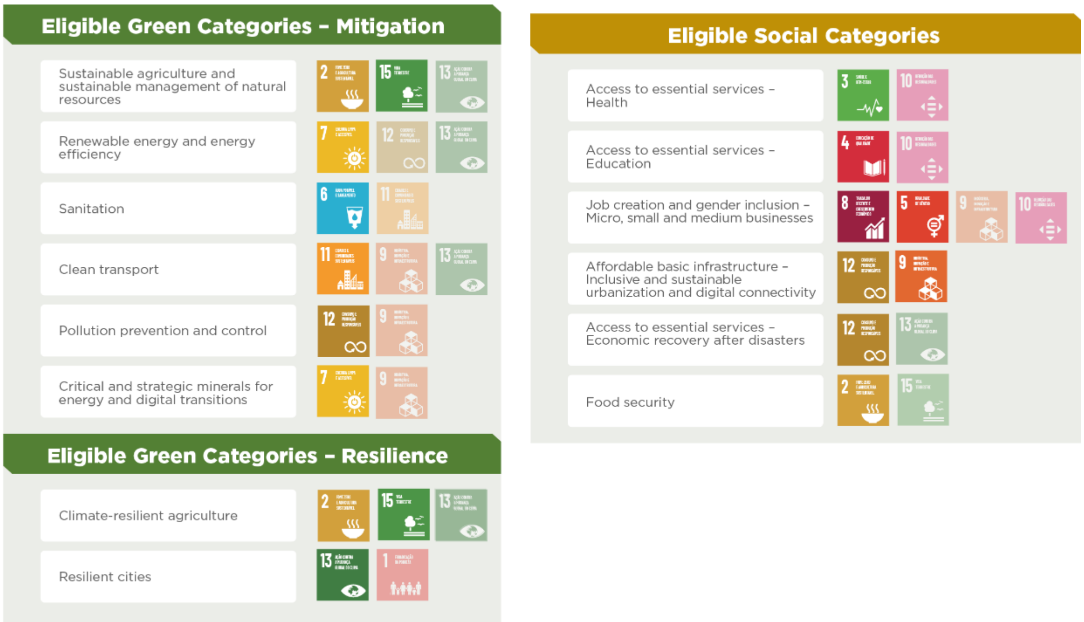
Eligible Social Categories:

a) Access to essential services – Health,
b) Access to essential services – Education,
c) Job creation and gender inclusion – Micro, small, and medium-sized enterprises (MSMEs),
d) Accessible basic infrastructure – Inclusive and sustainable urbanization and digital connectivity,
e) Access to essential services – Post-disaster economic recovery,
f) Food security.

Figure 2 links the eligible categories to the SDGs and to the specific targets with which these categories have the strongest connection. In total, the categories are aligned with 32 of the 169 SDG targets (see Annex 1 – SDG Mapping). Projects comprising BDMG's current sustainable portfolio, as well as new projects aligned with the eligible categories that enter the institution's pipeline, may serve as the basis for any issuance or raising of BDMG's green, social, and/or sustainable instruments.

Eligible activities and projects may include different components that fall under more than one category. To simplify internal control and disclosure (e.g., indicators), such projects will be assigned to the category corresponding to the financial component with the greatest weight. However, for the analysis of resource allocation from green, social, and/or sustainable instruments, projects may be categorized across more than one category. The categories are further refined by the exclusion filters described in the section on the process for project evaluation and selection.

Figure 2. Eligible Categories and SDG Contributions[20]



[20] The SDG images show both the primary SDGs in vibrant colors and the secondary SDGs in a softer, semi-transparent tone.

The Bank applies its own methodology, developed internally, to monitor the social and environmental aspects of disbursements. The classification of sustainable projects is carried out using a typology that organizes credit operations into environmental or social categories, in line with the Sustainable Finance Framework. This classification occurs prior to credit approval and considers criteria such as the allocation of resources, the sector of the financed activity, the location, and the beneficiary.

This classification process enables the Bank to channel disbursements toward initiatives with the potential to generate measurable positive impacts, in line with the SDGs. Furthermore, the classified projects feed into BDMG's impact monitoring and evaluation system, serving as the basis for the indicators of the five impact commitments undertaken by the institution.

Green Eligible Categories - Mitigation

a) Sustainable Agriculture and Sustainable Natural Resource Management

The resources in this category may be allocated to: Agriculture 4.0 projects, regenerative agriculture, terrestrial biodiversity conservation, low-carbon agriculture, bioeconomy, sustainable certification, sustainable forest management, and sustainable livestock practices.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for sustainable agriculture projects and sustainable natural resource management are presented in **Table 1** below:

Table 1. Technical Evaluation Criteria– Sustainable Agriculture and Sustainable Natural Resource Management

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Agriculture 4.0: Financing of advanced technologies and sensors that contribute to climate monitoring, pest and disease control, or to the reduction of waste.	Directly eligible activity.
Regenerative agriculture: Inputs, services, equipment, and systems applied to agricultural practices that promote soil health and vitality, including rebuilding organic matter, restoring biodiversity, controlling compaction, improving nutrient cycling, increasing input efficiency and reducing losses, reducing pesticide and synthetic input use, and conserving and sustainably using natural resources. Includes: • Regenerative soil management practices, including soil acidity correction, use of soil remineralizers, natural fertilizers, bio-inputs, and cover crops; • Integrated Systems and Ecological Corridors in the Alternative Use area;	

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
• Implementation, expansion, or modernization of Bio-input Production Units or Biofactories.	
Terrestrial biodiversity conservation: • Restoration of vegetation cover (including concessions and connectors); • Maintenance of native vegetation cover; • Support for investments in public or private conservation units aimed at ecosystem conservation.	
Low-carbon agriculture: • Crop-Livestock-Forest Integration (ILPF); • Agroforestry systems; • No-tillage systems; • Biological nitrogen fixation; • Recovery of degraded areas with increased GHG capture.	For **ILPF projects that include livestock activities**, proof of full herd traceability (direct and indirect) will be required, through GTA, CAR, and cross-checking with official lists and registries (IBAMA, state agencies, deforestation alerts). The proponent must present evidence of environmental compliance from all suppliers, implement geospatial monitoring, and sign a contractual clause of non-involvement in illegal deforestation, preferably supplemented by certifications or independent audits ensuring zero deforestation. **For agroforestry systems:** the area must have certification of the agroforestry system. **For no-tillage systems:** the area must meet (1) minimum soil disturbance; (2) permanent soil cover (living plants or crop residues); and (3) adoption of diversified production systems, including cover crops.
Bioeconomy: Financing of projects for the development of new products using inputs from biomes (Cerrado, Atlantic Forest, or Caatinga).	Financed products must be certified by the Union for Ethical Bio Trade (UEBT). Projects involving illegal deforestation are excluded. Local communities must be involved in the production chain, with the aim of stimulating the local economy.
• **Sustainable Certification:** • Certified agricultural and forestry projects and producers (See **Annex 2 – Eligible Environmental Certifications for Agriculture and Forest**); • Organic agricultural production (companies certified by the Ministry of Agriculture, Livestock, and Supply (MAPA) as organic producers and included in the National Register of Organic Producers).	For financing certified agricultural and forestry projects and producers, as well as organic agricultural production: resources allocated under this category, based on client or project certifications, must be used exclusively for certified activities. Resources applied to crops or activities not directly linked to certified processes will not be eligible.
Sustainable forest management: • Afforestation on non-deforested land; • Reforestation of previously deforested land; • Forest conservation; • Preservation, conservation, or restoration of flora and fauna in the surrounding area of the project location;	Projects must increase carbon stocks or reduce the impact of forestry activities using native or otherwise well-adapted tree species suited to local conditions. For uncertified projects (see **Annex 2 – Eligible Environmental Certifications for Agriculture and Forest**), a sustainable management plan, in compliance with IBAMA or the State Forest Institute,

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
• Regularization of legal reserve liabilities in rural properties destined for agribusiness; • Forest planting of native species and agroforestry systems; • Support for the value chain of timber and non-timber products from native species, including pre- and post-forest production stages.	must be in place, addressing the responsible use of chemicals.
Sustainable livestock practices: • Animal waste treatment systems, aimed at the agricultural use of treated waste.	For sustainable livestock waste management practices, the treatment structure must exist on the property.

SDGs and targets supported:

OBJETIVO	METAS
2 ZERO HUNGER	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.
13 CLIMATE ACTION	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
15 LIFE ON LAND	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests, and substantially increase afforestation and reforestation globally.

b) Renewable Energy and Energy Efficiency

The resources in this category may be allocated to projects for the production, construction, operation, purchase, and/or installation of renewable energy, as well as energy efficiency activities, provided they meet the technical evaluation criteria specified below. The projects may be developed and operated by public or private companies.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for renewable energy projects are presented in **Table 2** below:

Table 2. Technical evaluation criteria – Renewable energy

<table>
<tr><th>PROJECT/ACTIVITY</th><th>TECHNICAL EVALUATION CRITERIA</th></tr>
<tr><td>Solar: Projects for the construction, operation, purchase, and/or installation of solar energy systems, including:
• Distributed generation (capacities between 0 and 5 MW);
• Centralized generation, transmission, and distribution (capacities above 5 MW).</td><td rowspan="3">Directly eligible activity.</td></tr>
<tr><td>Wind: Projects for the construction, operation, purchase, and/or installation of wind energy systems.</td></tr>
<tr><td>Supply chain: Manufacturing facilities fully dedicated to the development of renewable energy systems.</td></tr>
<tr><td>Hydropower: Projects for the construction, operation, purchase, and/or installation of hydropower systems, including:
• Small Hydropower Plants (CGH) (between 0 and 5 MW);
• Run-of-river Small Hydropower Plants (PCH) (between 5 and 30 MW).</td><td>All ventures are directly eligible provided they comply with current legal processes for environmental licensing and water rights permits.</td></tr>
<tr><td>Bioenergy – Biomass and biofuels: Projects for the construction, operation, purchase, and/or installation of:
• Biomass and biofuel production;
• Electricity generation from biomass.</td><td rowspan="2">All ventures using exclusively biomass or biomass derivatives (such as biogas, biomethane, among others) must provide proof of the origin of the biological raw material, meeting one of the following requirements:
1. Bioenergy is produced from residues (e.g., agricultural, forestry, or municipal); or
2. Bioenergy is derived from third-generation biofuels based on microalgae; or
3. The raw materials used for bioenergy production meet the criteria for substantial contribution to corresponding activities at the rural property level under CNAE sector A – Agriculture, Livestock, Forestry, Fisheries, and Aquaculture of the Brazilian Sustainable Taxonomy (TSB); or
4. The raw materials for bioenergy production are certified by one of the recognized sustainability standards:
• Forest Stewardship Council (FSC);
• Biomass Biofuel Sustainability Voluntary Scheme (2BSvs);
• Bonsucro;
• International Sustainability and Carbon Certification (ISCC Plus);
• Roundtable on Sustainable Biomaterials (RSB) (RSB, 2018);
• Round Table on Responsible Soy (RTRS);
• RENOVABIO Guidelines (Efficient Biofuel Production Certificate containing the Energy-Environmental Efficiency Score – NEEA).
• Programme for the Endorsement of Forest Certification (PEFC).</td></tr>
<tr><td>Bioenergy – Biogas and biomethane: Projects for the construction, operation, purchase, and/or installation of:
• Biogas and biomethane production;
• Electricity generation from biogas and biomethane.</td></tr>
</table>

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
	Projects with mixed use of biogas/biomethane and natural gas must provide proof of the origin of the biological raw material, following the same criteria established above for biomass and biofuels, and must comply with a maximum limit of natural gas use in the blend: • 50% (2025–2029) • 37.5% (2030–2034) • 25% (2035–2039) • 12.5% (2040–2044) • 0% (from 2044 onward) Any activity generating electricity exclusively from natural gas or other fossil fuels is excluded. Anaerobic treatment systems must include a methane leak control and monitoring plan.
Green hydrogen: Production of green hydrogen using electrolysis powered by renewable energy.	Hydrogen production through water electrolysis using electricity from renewable sources is directly eligible. Hydrogen production from catalytic reforming, gasification, or biodigestion of biomass and biofuels is directly eligible and must provide proof of the origin of the biological raw material, following the same criteria established for the bioenergy category. Beyond the cases mentioned above, low-carbon hydrogen pathways are those in compliance with the regulations of the National Low-Carbon Hydrogen Policy, with revisions of the established limit until 12/31/2030.
Transmission and distribution: • Technologies enabling the integration of energy systems into the grid and performance monitoring; • Smart grid technologies; • Off-grid energy use (renewables, batteries, etc.).	Must be connected to a renewable energy source or to a system with a grid factor equal to or below 100g CO_2/kWh. In the case of battery storage projects, these must include a recycling and waste containment plan for batteries.
Storage systems: • Batteries and pumped storage.	

The technical evaluation criteria for energy efficiency projects are presented in **Table 3** below:

Table 3. Technical Evaluation Criteria – Energy Efficiency

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Public Lighting: Increasing the efficiency of public energy services through loss reduction, installation of lighting or more efficient equipment, including: • LED lighting;	Directly eligible activity.

<table>
<tr><th>PROJECT/ACTIVITY</th><th>TECHNICAL EVALUATION CRITERIA</th></tr>
<tr><td>Lightposts with solar panels.</td><td rowspan="2"></td></tr>
<tr><td>Solar Heating: Projects that promote heat generation and other renewable energy applications, such as solar water heating systems or renewable heat generation for industries.</td></tr>
<tr><td>Efficient Buildings:
Construction/retrofit/renovation of buildings with architectural or construction changes that allow for reduced energy consumption, including:
Smart elevators;
Techniques for better use of sunlight for lighting;
Architectural design aimed at adequate ventilation of spaces;
High levels of thermal insulation;
Proper sizing and positioning of windows;
Replacement of windows to better capture sunlight;
Efficient HVAC systems;
Cool roof materials;
Low-emissivity coatings.</td><td rowspan="3">Machinery and Equipment: Must have the Procel seal with energy efficiency class A certification, provided by the Brazilian Labeling Program (PBE).

Other Energy Efficiency Improvements: A reduction of 20% or more in energy or water consumption and/or the use of the most efficient technology available must be demonstrated.</td></tr>
<tr><td>Efficient Equipment: Acquisition or replacement of installations, equipment, and appliances with efficient alternatives, including:
Heating/cooling systems;
Replacement of household appliances;
LED lighting;
Replacement of outdated electrical installations;
Compressed air installations.</td></tr>
<tr><td>Efficient Industrial Installations: Projects that promote energy efficiency in industrial facilities through advanced technologies, processes, and practices, including:
Installation of more efficient equipment, process changes, reduction of heat loss, and/or increased heat recovery;
Modifications to production processes to reduce energy waste, minimize heat loss, and/or increase heat recovery in systems;
Implementation of cogeneration plants that generate electricity and simultaneously provide heating and/or cooling, maximizing overall energy efficiency of facilities;
Introduction of automation systems and smart technologies to optimize energy use, promoting greater efficiency and operational sustainability.</td></tr>
</table>

SDGs and targets supported:

GOAL	TARGETS
7 AFFORDABLE AND CLEAN ENERGY	7.2 By 2030, substantially increase the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 By 2030, achieve the sustainable management and efficient use of natural resources.
13 CLIMATE ACTION	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

c) Sanitation

The main objective of this category is to finance projects that contribute to the universalization of water supply, sewage, and solid urban waste collection and treatment, through complementary investments in public and private concessionaires, operators of these services, and their providers that notably contribute to improved access and service quality. This category also includes projects of this nature carried out by municipalities.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for sanitation projects are presented in **Table 4** below:

Table 4. Technical Evaluation Criteria – Sanitation

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Drinking water and sewage: • Connection, collection, interception, pumping stations, treatment, final disposal. • Abstraction, adduction, pumping stations, construction and renovation of reservoirs, treatment, distribution, metering, and operational improvements aimed at loss reduction: ○ New reservoirs; ○ Water Treatment Plants (WTPs); ○ New distribution networks to bring drinking water to populations without access; ○ Network modernization for loss reduction.	To be eligible, the project must meet at least one criterion: Water abstraction and treatment **For new systems**: • Average consumption ≤ 0.5 kWh/m^3. • 100% renewable energy use. • Rainwater collection and treatment. • Coverage expansion in regions with < 99% access. **For existing systems:** • Energy consumption reduction ≥ 20% (3-year baseline).

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
	• Capacity expansion and improvement of treatment processes with recirculation and waste reduction. • Coverage expansion in regions with < 99% access. **Water distribution** **For new systems:** • Infrastructure Leakage Index (ILI) ≤ 1.5. • Losses ≤ 35% and ≤ 303 L/connection/day by 2025; ≤ 30% and ≤ 263 L/connection/day (2026–2032); ≤ 25% and ≤ 216 L/connection/day (from 2033 onward). • Coverage expansion in regions with < 99% access through centralized, decentralized, or individualized solutions. **For existing systems:** • Loss reduction ≥ 20% compared to the last 3 years' baseline. • If targets of MCID Ordinance No. 788/2024 are already met, further loss reduction ≥ 15%. **Sanitary sewage** **For new systems:** • GHG emissions reduction compared to the previous system. • Replacement of highly polluting or inadequate systems. • Expansion of treatment in regions with < 90% coverage. **For existing systems:** • Expansion of treatment capacity and/or process improvement linked to collection. • Energy consumption reduction ≥ 20% (3-year baseline). • Integration of individual solutions. • Population coverage expansion. • Adoption of innovative technologies (e.g., Nature-Based Solutions). **For anaerobic treatment systems:** • Methane leak monitoring and control plan. • Use of biogas for energy, fuel, or chemical industry. • Biogas flaring allowed only as a transition (≤ 5 years). • Auxiliary infrastructure to enable biogas use (compression, drying, etc.).
Treatment and/or final disposal of Municipal Solid Waste (MSW): Sanitary landfills with methane recovery for energy use from the decomposition of organic matter under anaerobic conditions.	Must meet all the following criteria: • The landfill must be permanently closed, in compliance with deadlines established by the National Solid Waste Policy (PNRS) and the New Sanitation Legal Framework (Law No. 14.026/2020), prohibiting the entry of new biodegradable waste.

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
	• The landfill gas produced must be used for electricity or heat generation as biogas. • Methane emissions must be controlled and monitored.
Waste collection and separation: • Sorting facilities; • Transfer stations; • Composting facilities.	For recycling and material recovery activities, at least 50% of processed waste must be converted into secondary raw materials with verified traceability, and their use as productive inputs in industry is mandatory. Mechanized separation (e.g., sorting and recovery stations) and processing activities (such as drying, cutting, extrusion, or other machinery that increase the value and usability of the material) are directly eligible. For composting facilities: • Organic waste must be source-separated and collected separately. • The compost produced must be used as fertilizer or soil conditioner and comply with national regulations on fertilizers or soil improvers for agricultural use. • Methane losses during the composting process must be minimized.

SDGs and Targets Supported:

GOAL	TARGETS
6 CLEAN WATER AND SANITATION	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all. 6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all, and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations. 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping, and minimizing the release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and substantially increasing recycling and safe reuse globally.
11 SUSTAINABLE CITIES AND COMMUNITIES	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality, municipal and other waste management.

d) Clean Transportation

The objective of this category is to finance the modernization of transportation systems to reduce GHG emissions. The category includes the construction, equipment, and operation of clean transportation facilities.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for clean transportation projects are presented in **Table 5** below:

Table 5. Technical evaluation criteria – Clean transportation

Project/Activity	Technical Evaluation Criteria
Clean transportation infrastructure: Infrastructure for the operation of mass public transport, including trains, subways, electric buses, and BRT systems certified Bronze, Silver, or Gold by the Institute for Transportation and Development Policy[21]; • Infrastructure for renewable fuel or electric charging of hybrid and electric vehicles; • Acquisition of rolling stock for electric rail transport and vessels for waterborne and river transport; • Logistics for waterborne, river, and electric rail transport; • Machinery and equipment for urban collective rail passenger transport; • Planning and implementation of cycling infrastructure and bike-sharing systems.	Directly eligible activity.
Sustainable Road Transport: • Acquisition of electric or hydrogen vehicles for passenger (buses) or freight transport; • Acquisition of private electric or hydrogen vehicles; • Acquisition of hybrid fleets that follow the technological transition criteria.	**Zero Direct Emission Vehicles (applicable to passengers and freight)** • Vehicles with zero direct emissions are directly eligible, such as: Electric vehicles; Low-carbon hydrogen-powered vehicles. • Vehicles must comply with the standards of the World Forum for Harmonization of Vehicle Regulations (WP.29) or equivalent national regulations. • Private or official use vehicles may only be eligible if they fall into this category. **Technological Transition Criteria (conditional eligibility until 2040)** • Passengers and Freight: Fleet entirely composed of hybrid vehicles that demonstrate reduction ≥ 20% in fuel consumption compared to conventional models.

[21] Available at: <https://www.itdp.org/library/standards-and-guides/the-bus-rapid-transit-standard/about-the-brt-standard/>

SDGs and targets supported:

TARGET	GOALS
11 SUSTAINABLE CITIES AND COMMUNITIES	11.2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities, and older persons.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
13 CLIMATE ACTION	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

e) Pollution and Prevention Control

Projects related to the construction, installation, and operation of control and monitoring systems for production processes that prevent and mitigate the negative effects of productive activities on the environment.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for pollution prevention and control projects are presented in **Table 6** below:

Table 6. Technical evaluation criteria – Pollution and prevention control

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Reduction in the use of inputs and materials: • Resource savings; • Elimination of toxic materials use; • Reuse of waste or effluents as raw materials; • Reverse logistics; • Recycling; • Material recovery.	For recycling and material recovery activities, at least 50% of processed waste must be converted into secondary raw materials with verified traceability, and their use as productive inputs in industry is mandatory. Mechanized separation (e.g., sorting and recovery stations) and processing activities (such as drying, cutting, extrusion, or other machinery that increase the value and usability of the material) are directly eligible.
Industrial treatment: • Treatment of industrial effluents (Wastewater Treatment Plants – WWTPs);	For industrial wastewater treatment systems, the infrastructure must enable an increase in the volume of wastewater treated, improve system efficiency, and/or reduce water consumption through reuse.

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
• Treatment and/or final disposal of industrial waste: ○ Recycling; ○ Material recovery; ○ Landfill with methane recovery for energy use from industrial waste.	For landfills with combustion for energy recovery, the system must comply with the following criteria: • The landfill must be permanently closed, preventing the entry of new biodegradable waste. • The landfill gas produced must be used for electricity or heat generation as biogas. • There must be monitoring and control of methane emissions.
Improvement of industrial processes aimed at reducing GHG emissions: • Installation of pollutant emission control systems; • Installation of filters.	The system must demonstrate at least a 20% reduction in GHG emissions.

SDGs and targets supported:

TARGETS	GOALS
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

f) Critical and Strategic Minerals for Energy and Digital Transitions

The resources in this category may be allocated to finance extraction and processing plants of critical minerals for the energy transition: lithium, niobium, rare earth elements, graphite.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for projects involving critical and strategic minerals for the energy and digital transitions are presented in **Table 7** below:

Table 7. Technical Evaluation Criteria – Critical and Strategic Minerals for the Energy and Digital Transitions

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Finance extraction and processing plants of critical minerals for the energy transition: lithium,	The plant must comply with the criteria established in the Brazilian Sustainable Taxonomy (TSB): **1. Source of electricity:** The electricity used must come from plants that use generation sources and

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
niobium, rare earth elements, and graphite[22]	technologies included in CNAE D of the TSB – Electricity and Gas, through self-generation, Power Purchase Agreements (PPAs) in the Free Contracting Environment (ACL), the short-term market of the National Interconnected System (SIN), or directly from distributors in the regulated market. **2. Greenhouse gas (GHG) emission limits:** Scope 1 and 2 emissions per ton of ROM ore must be lower than: • Lithium: 0.017 tCO_2e/t of extracted material. • Niobium, Rare Earths, and Graphite: Mandatory annual presentation of Scope 1 and 2 emission inventories, in accordance with NBR ISO 14064. Within five years after the publication of the TSB (or earlier, if a reference baseline becomes available), maximum mandatory quantitative limits for emissions must be adopted. **3. Production destination:** Proof of alignment of extracted material sales with value chains that feed into economic activities related to the manufacturing of batteries, energy storage devices, and similar equipment, or metallic alloys, among others, and that demonstrably contribute substantially to climate change mitigation.

SDGs and targets supported:

TARGET	GOALS
7 AFFORDABLE AND CLEAN ENERGY	7.2 By 2030, substantially increase the share of renewable energy in the global energy mix.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Eligible Green Categories – Resilience

a) Resilient Agriculture

The resources in this category may be allocated to climate adaptation and resilience measures applied to agriculture that also conserve and/or restore ecosystems.

[22] The Strategy and Budget Committee may evaluate the inclusion of new minerals as the Brazilian Sustainable Taxonomy (TSB) advances in defining additional technical criteria.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for resilient agriculture projects are presented in **Table 8**.

Table 8. Technical Evaluation Criteria – Resilient Agriculture

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Resilient agriculture: Climate adaptation and resilience measures applied to agriculture that also conserve and/or restore ecosystems: • Drought-resistant seeds; • Nutrient cycling; • Water storage; • Dikes in ecotones; • Restoration of floodplains; • Water storage associated with the restoration or conservation of watersheds; • Use of native species with low water consumption; • Drip irrigation systems, micro-sprinklers, or other precision agriculture projects; • Soil moisture sensors and meteorological data to optimize irrigation timing; • Rainwater harvesting for irrigation use; • Water recycling; • Sustainable reuse of greywater; • Use of native species with low water consumption; • Cultivation using hydroponics or aeroponics.	Practices must make agribusiness more resilient to climate threats such as floods and droughts.

SDGs and targets supported:

TARGET	GOALS
2 ZERO HUNGER	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, help maintain ecosystems, strengthen capacity for adaptation to climate change, extreme weather, drought, flooding, and other disasters, and progressively improve land and soil quality.
13 CLIMATE ACTION	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
15 LIFE ON LAND	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests, and substantially increase afforestation and reforestation globally.

b) Resilient Cities

Construction and improvement of infrastructure that make the city more resilient to natural risks caused by climate change.

<u>Definition of eligible projects/activities in the category:</u>

The technical evaluation criteria for resilient cities projects are presented in **Table 9** below.

Table 9. Technical evaluation criteria – Resilient cities

<table>
<tr><th>PROJECT/ACTIVITY</th><th>TECHNICAL EVALUATION CRITERIA</th></tr>
<tr><td>Disaster risk management:
• Monitoring, forecasting, and modeling systems for changes in the natural environment;
• Early warning systems for extreme weather events;
• Air quality forecasting systems, monitoring of fire spread and smoke transport;
• Urban requalification for populations in risk areas, with a focus on slums and outskirts;
• Municipal and state disaster risk management systems.</td><td>Directly eligible activity.</td></tr>
<tr><td>Resilient construction: Construction or strengthening of infrastructure, buildings, essential services (health, education buildings, etc.), and cultural heritage sites against climate disasters.</td><td rowspan="3">The project must aim to increase resistance to natural and/or climate risks, such as:
• Storm damage;
• Floods;
• Flash floods;
• Extreme heat;
• Wildfires;
• Landslides;
• Soil erosion;
• Water scarcity;
• Droughts;
• Urban heat islands.

In addition, projects must demonstrate the reduction of climate risks or improved resilience through a qualitative study (for low or moderate risk to the asset/activity) or a qualitative and/or quantitative assessment (for high risk to the asset/activity).</td></tr>
<tr><td>Urban improvement to address climate change:

• Reduction of local temperatures (e.g., using techniques such as painting walls white to reflect heat);
• Improvements in urban ventilation (e.g., creating wind corridors to increase air circulation and reduce heat stress);
• Rainwater harvesting systems in buildings.</td></tr>
<tr><td>Nature-based solutions to address climate change:
• Creation and restoration of green areas, parks, and gardens (including reforestation) that help with water absorption and flood reduction;
• Green spaces, including rooftops, walls, and gardens;
• Preservation and/or restoration of springs;
• Parks, pools, and galleries for rainwater drainage;
• Green areas for water escape (wetlands and floodable parks);
• Riverbank reconstruction, with concrete removal and implementation of riparian forests or green spaces;</td></tr>
</table>

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
• Containment of unstable slopes, restoration of wetlands (floodplains).	
Resilient mobility infrastructure: • Implementation or replacement of existing pavements with permeable pavements to improve water drainage; • Height adjustment (e.g., raising roads or rail tracks above flood lines); • Containment of mobility infrastructures (streets and other structures) to prevent landslides.	
Flood protection for rivers/waterways: • Creation of overflow reservoirs; • Construction of dikes; • Construction of river barriers; • Creation of infiltration basins.	
Construction / improvement / management of drainage infrastructure and operational facilities for urban flood management: • Installation of floodgates; • Installation of pumps; • Increased flood drainage capacity. For projects implementing drainage systems on roads with existing pavement, pavement restoration must be included.	

Resilient sanitation:
 	
• Resilient water abstraction:
    ○ Implementation of systems for rainwater harvesting, groundwater use, stormwater, and floodwater.
• Collection: Construction / improvement / management of wastewater infrastructure.
• Resilient water conveyance:
    ○ Reinforcement of pipelines to withstand extreme weather conditions, seismic activity, and problems arising from infrastructure deterioration.
• Improvements to make pumping stations more resilient:
    ○ Raising pumping stations above potential flood levels to protect them from stormwater, especially in flood-prone areas due to heavy rainfall or storms.
    ○ Installing containment barriers around the station to protect it from rising water during extreme weather events.	

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA

• Construction and renovation of resilient reservoirs, tanks, and cisterns;
• Resilient water treatment;
• Construction / improvement / management of wastewater infrastructure;
• Improvements in distribution systems.
• Systems for treatment and final disposal of urban solid waste, including sorting and composting units (UTC).
• Measurement and operational improvements of sanitation systems:
    ○ Manufacturing of equipment for leak detection and water meters;
    ○ Deployment of sensors in the treatment and distribution network for water quality monitoring;
    ○ Implementation of automated systems for better management and quick response to water quality issues or supply interruptions.	

SDGs and targets supported:

TARGET	GOALS
13 CLIMATE ACTION	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
1 NO POVERTY	1.5 By 2030, build the resilience of the poor and those in vulnerable situations, and reduce their exposure and vulnerability to climate-related extreme events and other economic, social, and environmental shocks and disasters.

Eligible Social Categories

a) Access to Essential Services – Health

The resources in this category may be allocated to projects and activities for the construction, equipment, or operation of hospitals, health units, and public clinics, or health projects in private units located in vulnerable municipalities.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for projects under access to essential services – health are presented in **Table 10**.

Table 10. Technical Evaluation Criteria – Access to Essential Services - Health

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Access to health: Finance the construction, purchase of equipment, or operation of: • Public health units or nonprofit philanthropic health institutions that provide services through the Unified Health System (Sistema Único de Saúde – SUS); • Private hospitals and clinics that provide free or subsidized access for vulnerable or underserved communities; • PPP projects and/or public health service concessionaires.	Financing allocated to public facilities is automatically eligible. For financing of private units, these must be in vulnerable municipalities, defined as municipalities with a Human Development Index (HDI) below the average of municipalities in Minas Gerais.[23].

SDGs and targets supported:

TARGET	GOALS
3 GOOD HEALTH AND WELL-BEING	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all.
10 REDUCED INEQUALITIES	10.2 By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, gender, disability, race, ethnicity, origin, religion, economic status, or other.

b) Access to Essential Services – Education

Support for primary, secondary, and higher education and teaching. Financing directed to public institutions or education projects in private units located in vulnerable municipalities. The focus of education-related projects/activities will be on serving populations with less access to educational services.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for projects under access to essential services – education are presented in **Table 11**.

[23] The Human Development Index (HDI) is a comparative measure that assesses three main dimensions: longevity, education, and income, with values ranging from 0 to 1. Since the most recent data available at the municipal level are based on the 2010 Census, the value used for that year was 0.6678, which represents the average of the municipalities of Minas Gerais. This value is used as a comparative reference in this Framework (Atlas Brasil).

Table 11. Technical Evaluation Criteria – Access to Essential Services - Education

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Access to education: • Construction, renovation, and/or expansion of daycare centers or primary education and early childhood education units; • Construction, renovation, and/or expansion of schools; • Construction, renovation, and/or expansion of universities or higher education and specialization units.	Financing allocated to public institutions is automatically eligible. For financing of private units, these must be in vulnerable municipalities, defined as municipalities with an HDI below the average of municipalities in Minas Gerais.[24].

SDGs and targets supported:

TARGET	GOALS
4 QUALITY EDUCATION	4.1 By 2030, ensure that all girls and boys complete free, equitable, and quality primary and secondary education leading to relevant and effective learning outcomes. 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university. 4.a Build and upgrade education facilities that are child-, disability-, and gender-sensitive and provide safe, non-violent, inclusive, and effective learning environments for all.
10 REDUCED INEQUALITIES	10.2 By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, gender, disability, race, ethnicity, origin, religion, economic status, or other.

c) Employment Generation and Gender Inclusion – Micro, Small, and Medium-Sized Enterprises (MSMEs)

BDMG offers different credit lines and products aimed at micro and small enterprises, with the goal of strengthening the economy of different regions of Minas Gerais, generating new jobs, and reducing inequalities among municipalities in the state. These operations are mostly related to trade and service activities, with small average ticket sizes (between R$20,000 and R$30,000). The Bank has an exclusive digital platform to assess and grant credit to micro and small entrepreneurs.

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[24] The Human Development Index (HDI) is a comparative measure that assesses three main dimensions: longevity, education, and income, with values ranging from 0 to 1. Since the most recent data available at the municipal level are based on the 2010 Census, the value used for that year was 0.6678, which represents the average of the municipalities of Minas Gerais. This value is used as a comparative reference in this Framework (Atlas Brasil).

In this category, financing operations are considered for productive activities by micro and small enterprises, as defined by Complementary Law 123/2006[25], or by individual entrepreneurs:

- Microenterprises are those with an annual gross revenue equal to or less than R$360,000.00.
- Small enterprises are those with an annual gross revenue greater than R$360,000.00 and less than R$4,800,000.00.

Brazilian micro and small enterprises play an intensive role in job creation and have an essential role in economic and social development. Ensuring access to credit for these companies is crucial for financial inclusion and to stimulate the economy of Minas Gerais.

The category also covers medium-sized enterprises (with annual gross operating revenue greater than R$4,800,000.00 and equal to or less than R$300,000,000.00) located in vulnerable municipalities, defined as those with an HDI below the average of Minas Gerais. These companies must be led by groups that have historically faced barriers to accessing credit in Brazil, such as people with low educational attainment, young people, the elderly, Indigenous peoples, and people of African descent.

In addition, the resources in this category may be allocated to support MSMEs controlled by women and to encourage the emergence of new women entrepreneurs.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for employment generation – MSMEs projects are presented in **Table 12**.

Table 12. Technical Evaluation Criteria for Employment Generation - MSMEs

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Employment generation – Micro and small enterprises: • Financing for planning the opening of new units, expansion through franchises, construction of new warehouses and/or structuring of small product manufacturing units; • Loans for the purchase of machinery and equipment necessary to increase productivity;	Must comply with one of the following conditions: 1. Be micro or small enterprises with gross operating revenue equal to or less than R$ 4,800,000.00[26]; 2. Be medium-sized enterprises with gross operating revenue equal to or less than R$ 300,000,000.00 located in municipalities with HDI below the average of the municipalities of Minas Gerais[27] and whose shareholder composition has at least 51% ownership belonging to:

[25] Presidência da República (2006). *Lei Complementar N 123, de 14 de dezembro de 2006*. Available online.

[26] Presidência da República (2006). *Lei Complementar N 123, de 14 de dezembro de 2006*. Available online.

[27] The Human Development Index (HDI) is a comparative measure that assesses three main dimensions: longevity, education, and income, with values ranging from 0 to 1. Since the most recent data available at the municipal level is based on the 2010 Census, the value used for that year was 0.6678, which represents the average of the municipalities of Minas Gerais. This value is used as a comparative reference in this Framework (Atlas Brasil).

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
• Credit for cash flow balance and support with unexpected expenses – fines and specific charges – of micro and small enterprises; • Long-term working capital for MSEs; • Financing of micro and small enterprises that strengthen long-term tourism activity, supported by environmental and cultural preservation and generating permanent social benefits.	a. People with low education[28]; or b. Youth[29]; or c. Elderly[30]; or d. Indigenous peoples[31]; or e. Afro-descendants/quilombolas[32].
Gender inclusion: • Financing for planning the opening of new units, expansion through franchises, construction of new warehouses and/or structuring of small product manufacturing units in MSMEs controlled by women; • Credit for cash flow balance and support with unexpected expenses for MSMEs controlled by women; • Long-term working capital for MSMEs controlled by women.	Must be micro, small, or medium-sized enterprises with gross operating revenue equal to or less than R$ 300,000,000.00, with at least six months of existence, and that meet one of the following conditions: • Shareholding participation ≥ 51% by one woman or multiple women; OR • ≥ 20% ownership by woman/women; AND (i) has ≥ 1 woman as CEO / COO / President / Vice President; AND (ii) has ≥ 30% of the board of directors composed of women, where a board exists.

SDGs and supported targets:

TARGET	GOALS
5 GENDER EQUALITY	5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life. 5.a. Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources, in accordance with national laws.
8 DECENT WORK AND ECONOMIC GROWTH	8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro, small, and medium-sized enterprises, including through access to financial services. 8.9. By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.

[28] A person with low education is someone whose educational level is up to elementary school or equivalent, or high school or equivalent, according to IBGE Educa.

[29] A young person is defined as an individual between 15 and 29 years of age, according to the Youth Statute 2013, established by Law No. 12,852 of August 5, 2013.

[30] An elderly person is defined as an individual aged 60 or over, according to Law No. 14,423 of July 22, 2022.

[31] An indigenous person refers to any individual of pre-Columbian origin and ancestry who identifies and is identified as belonging to an ethnic group whose cultural characteristics distinguish them from national society, in accordance with Law No. 6,001, of December 19, 1973.

[32] According to Decree No. 4,887/03, the characterization of the remaining communities of quilombos shall be certified through self-identification by the community itself.

TARGET	GOALS
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.5. Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, particularly developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per million people and public and private R&D spending.
10 REDUCED INEQUALITIES	10.2. By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic, or other status.

d) Affordable Basic Infrastructure – Inclusive and Sustainable Urbanization and Digital Connectivity

Resources may be allocated to support municipalities in Minas Gerais in improving citizens' quality of life through small-scale infrastructure projects, such as the implementation, expansion, and/or adaptation of urban infrastructure and digital connectivity.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for projects under Affordable basic infrastructure – inclusive and sustainable urbanization and digital connectivity are presented in **Table 13**.

Table 13. Technical Evaluation Criteria – Affordable Basic Infrastructure – Inclusive and Sustainable Urbanization and Digital Connectivity

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Inclusive and sustainable urbanization: • Paving of urban roads in areas lacking connection, sanitation, and other social infrastructures, enabling inclusive urbanization in underserved cities; • Implementation, expansion and/or adaptation of exclusive lanes, sidewalks, and bike lanes; • Implementation, expansion and/or adaptation of squares, signage, and public lighting; • Construction of shelters at bus stops for urban public transport of passengers.	Financing targeted at vulnerable municipalities, defined as municipalities with HDI below the average of the municipalities of Minas Gerais.[33].
Digital Connectivity:	

[33] The Human Development Index (HDI) is a comparative measure that evaluates three main dimensions: longevity, education, and income, with values ranging from 0 to 1. Since the most recent data available at the municipal level are based on the 2010 Census, the value used for that year was 0.6678, which represents the average of the municipalities of Minas Gerais. This value is used as a comparative reference in this Framework (Atlas Brasil).

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
• Connection to the fiber optic internet network; • Installation of Wifi internet points in public squares; • Installation of video surveillance cameras in the streets.	

SDGs and supported targets:

TARGET	GOALS
11 SUSTAINABLE CITIES AND COMMUNITIES	11.2. By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons. 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries. 11.7. By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 9.c. Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020.

e) Access to Essential Services – Post-Disaster Economic Recovery

Resources may be allocated to support businesses of micro and small enterprises and activities in municipalities affected by environmental and natural disasters, as well as health and public health emergencies.

Definition of eligible projects/activities in the category:

The technical evaluation criteria for projects under essential services access – economic recovery after disasters are presented in **Table 14**.

Table 14. Technical evaluation criteria – Access to Essential Services - Post-Disaster Economic Recovery

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Support for activities in municipalities in Minas Gerais severely affected by extreme events such as floods and droughts.	Municipalities must have declared Emergency (SE) or Public Calamity State (ECP).

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Promotion of economic activity in municipalities impacted by mining dam failures for recovery, mitigation, remediation, and repair caused by socio-environmental and socioeconomic impacts.	Does not include actions to repair dams or mine remediation.
Accessible and customized credit for micro and small businesses, with reduced interest rates and longer grace periods, during public health emergencies.	Municipalities must have declared Emergency (SE) or Public Calamity State (ECP).

SDGs and supported targets:

GOAL	TARGETS
11 SUSTAINABLE CITIES AND COMMUNITIES	11.5. By 2030, significantly reduce the number of deaths and the number of people affected by disasters, and substantially decrease direct economic losses relative to global gross domestic product caused by them, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.
13 CLIMATE ACTION	13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

f) Food Security

Resources may be allocated to support rural family farmers

Definition of eligible projects/activities in the category:

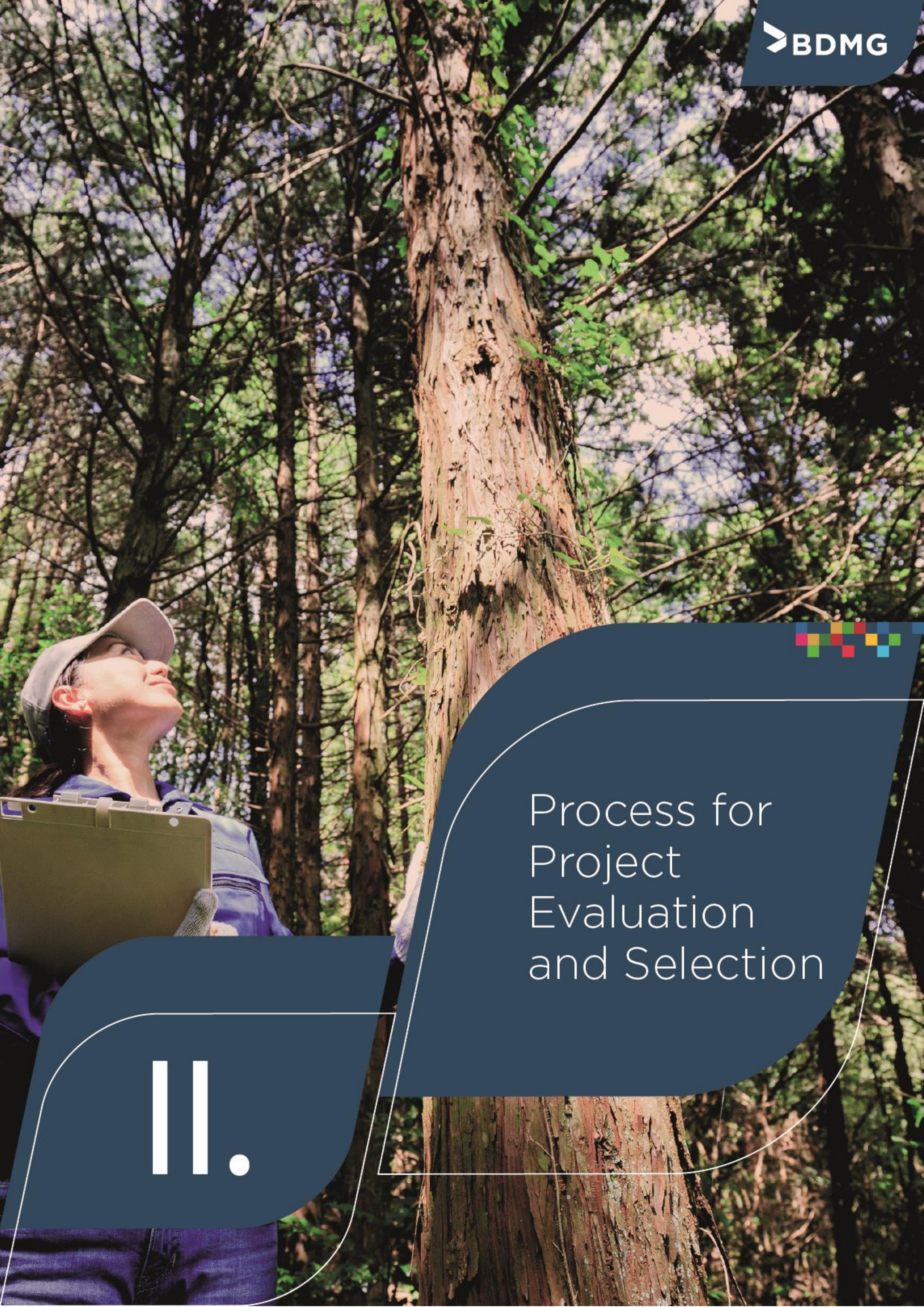
The technical evaluation criteria for food security projects are presented in **Table 15**.

Table 15. Technical evaluation criteria – Food security

PROJECT/ACTIVITY	TECHNICAL EVALUATION CRITERIA
Financing credits for rural family farmers with the aim of self-consumption, development of sustainable agricultural technologies or techniques adapted to semi-arid conditions or aimed at the recovery of degraded areas, production of healthy food, income generation and/or better use of family labor.	In accordance with the Rural Credit Manual, beneficiaries of the National Program for Strengthening Family Farming (Pronaf) are farmers and rural producers who make up family farming production units and who prove their eligibility by presenting an active "Declaration of Aptitude for Pronaf (DAP)" or a valid "Family Farming Registry (CAF-Pronaf)."

SDGs and supported targets:

GOAL	TARGETS
2 ZERO HUNGER	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. 2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.
15 LIFE ON LAND	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.



II.

Process for Project Evaluation and Selection

II. Process for Project Evaluation and Selection

Credit and Renegotiation Committee

The Credit and Renegotiation Committee, the body responsible for approving credit operations at BDMG, is also responsible for approving projects financed by BDMG. The Committee is composed of representatives from different BDMG areas: Credit Analysis, Planning, Risk, Sustainability, Operations, Credit Management, Products, Internal Risks and Controls, Finance, and Legal. The Committee meets twice a week.

The operations will be evaluated by the Committee with the purpose of deliberating on:

a) The conditions of the credit operation regarding the borrower's repayment capacity, proposed guarantees, and risk;
b) The alignment of the projects with the eligibility and exclusion criteria;
c) The social, environmental, and climate risks of the project;
d) Alignment of the projects with BDMG's Social, Environmental, and Climate Responsibility Policy.

To ensure the traceability of the decisions made, the minutes of each meeting in which decisions on BDMG credit operations were taken are prepared.

Portfolio Categorization

BDMG has a diversified portfolio of projects aligned with the items highlighted in **Section I. Erro! Fonte de referência não encontrada.**. This portfolio is composed of credit lines supported by funds directly raised by the Bank. The financing lines currently available, as well as others that may be created, can finance projects included in the sustainable project portfolio, if they meet the eligibility, categorization, and evaluation criteria established in this document. The allocation of projects in each investor's portfolio will be carried out based on the analysis of the financial and planning areas.

The funds from sustainable bond/loan issuances/borrowings will be allocated to (i) projects that will be financed by BDMG after any issuance/borrowing or (ii) for refinancing of projects originated before any issuance/borrowing (applying the lookback period of up to 24 months). In this case, the outstanding contract balance will be considered. Additionally, new projects may be fully financed using the proceeds from the sustainable bond or loan, up to the total approved financing amount.

In the event of early repayment, material change, or controversy involving one of the projects included in a sustainable issuance or borrowing, the planning and funding areas, together with the operational areas, will meet to replace it with an eligible credit within a maximum period of six months. These situations will be duly reported in the annual issuance or borrowing report.

Environmental and Social Risk Management

The environmental, social, and climate risk management of BDMG encompasses various instruments and is present in all the Bank's processes and operations.
The Social, Environmental, and Climate Risk Management Policy defines the structure for managing these risks, as well as the guidelines, roles, and responsibilities that must be observed in the management and mitigation actions of these risks, in an organized and efficient manner. Through risk management and calculation methodologies, the stages of identification, evaluation, measurement, monitoring, control, and reporting of these risks take place.[34]

As actions to mitigate social, environmental, and climate risks, criteria established in the processes of analysis, contracting, and monitoring are observed, according to the specificities of each operation. The analysis criteria are guided by restricted and prohibited activity lists, sector of operation, company size, analysis of social and environmental findings, social and environmental criteria for the constitution of real estate guarantees, inclusion of social and environmental clauses in contracts, assessment of compliance with legislation, and best practices for managing these risks.

All BDMG credit operations are subject to social and environmental procedures, as established in the institution's policies. The essential information from this process is included in the credit proposals, which go through the approval instances. Reports on social, environmental, and climate risks are presented to the different governance bodies of the bank. In addition, this information is sent to the Central Bank, ensuring transparency and regulatory compliance.

It should also be noted that BDMG must ensure that all operations follow criteria in accordance with state and national environmental policies, seeking to avoid and minimize possible risks and negative impacts on the environment and society.

Projects in all risk categories may be eligible to use sustainable bond proceeds. Projects classified as low-risk will be automatically eligible if they fall under one of the categories in Section I, while high- and medium-risk projects must be individually assessed by the Credit and Renegotiation Committee of BDMG.

Exclusion Criteria

Projects or credit operations that fall under one or more of the exclusion criteria described below cannot be financed with resources raised through the sustainable bonds issued by BDMG:

- Working capital operations exclusively for large companies[35] or debt substitution;
- Projects that have previously been financed by BDMG with resources from development banks and/or multilateral agencies;
- Credit to produce uncertified palm oil;

[34] BDMG (2024). *Relatório de Governança de Gerenciamento dos Riscos Sociais, Ambientais e Climáticos (GRSAC)*. Available online.
[35] Working capital operations of micro, small and medium-sized enterprises are eligible since they specifically contribute to SDG 8.

- Projects with first disbursement earlier than 48 months before an issuance;
- Projects whose financing is settled in the same year as the issuance;
- Fossil Fuel projects and Power Generation with Fossil Fuels;
- Construction of new large-scale hydropower projects (> 30 MW);
- Energy generation from biomass sources that deplete existing terrestrial carbon reservoirs.

In addition, the Bank has a list of activities that are prohibited for financing, which is presented in **Annex 3 – Non-Financeable Items at BDMG – Social and Environmental Exclusion List** and included in its Social and Environmental Responsibility Policy.

III. Management of Proceeds

III. Management of Proceeds

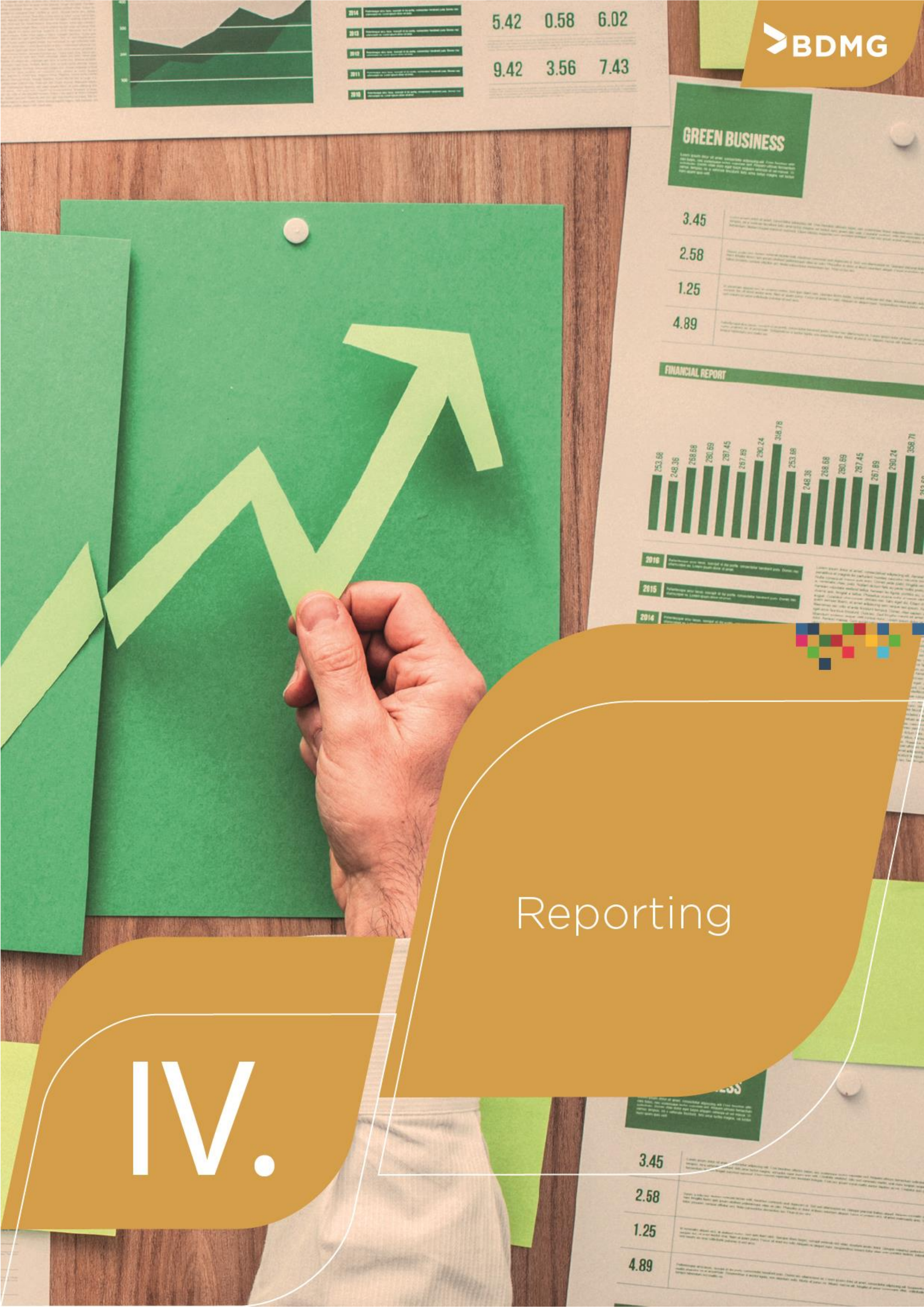
The funds raised through the issuance/raising of green, social, and/or sustainable bonds/loans by BDMG will be managed by the Bank's Financial Administration Superintendency to finance new projects or existing ones and reported to the BDMG Finance Committee. Among other functions, the Finance Committee aims to analyze and submit to the Executive Board proposals for the review and update of investment, liquidity, and funding management policies, define the funding strategy according to the scheduled disbursement, and periodically review the cash flow to align cash outflows with funding.

The funds obtained from any issuance/raising of green, social, and/or sustainable bonds/loans will be used exclusively to finance projects that meet the eligibility criteria described in this document. Additionally, in the case of sustainable bond issuance, the allocation of funds will be reviewed by an annual external audit.

BDMG has a robust internal accounting function, as it is used to transfer funds from several banks, as well as federal and state funds. The Bank will maintain internal system records of loans and financing to projects/operations that meet the eligibility criteria described in this document, at least equal to the amounts of funds obtained through any issuance/raising of green, social, and/or sustainable bonds/loans. In addition, the Bank, through the Planning Superintendency, has internal procedures to tag, track, and monitor projects/operations according to their funding source (resource allocation), which will be applied to the amounts raised through the issuance/raising of green, social, and/or sustainable bonds/loans.

Until they are fully allocated to eligible projects, the net proceeds from the issuance/raising of green, social, and/or sustainable bonds/loans will be temporarily invested in low-risk liquid financial instruments, in accordance with BDMG's cash management policy. These temporary investments will not include investments in activities excluded by the Framework or incompatible with the defined environmental and social objectives.

In the event of ESG controversy, divestments, or repayments, the resulting net proceeds will be allocated to new projects selected within a maximum period of six months or according to specific provisions in external credit operation contracts. These events will be communicated to investors.



IV.

Reporting

IV. Reporting

BDMG will prepare the Annual Sustainable Financing Report during the first 18 months after the issuance or raising and annually until the total allocation of resources.

The Planning Superintendency (S.PN) is responsible for preparing the report, with the support of other areas. The collection of information is conducted by the Sustainability and Strategy managements, under the responsibility of S.PN. The selection of projects occurs jointly with the Financial Administration Superintendency (S.FI), through the International Funding area. The supervision of the diligences related to the audit of the use of resources is the responsibility of S.FI. The operational areas (S.OP – Operations, S.CN – Business Conversion, S.AC – Credit Analysis, and S.MP – Micro and Small Enterprises) provide the necessary support for the requested documentation.

In the case of bond issuance, the Annual Sustainable Financing Report will be made available on BDMG's website (https://www.bdmg.mg.gov.br/). In the case of a loan, the report will be sent to investors and may be published on the website, depending on the transaction.

The report will include the description of the allocation and the impact of the resources, as detailed in the following sections.

Allocation

BDMG will annually disclose the use of the issued resources, indicating the number of beneficiaries, the average loan amount, the disbursement value for each sustainable category that makes up the portfolio, and the regional distribution of resources in Minas Gerais. In addition, the percentage of resources allocated to refinancing and the remaining balance of unallocated resources at the end of the reporting period will be highlighted.

The report will also demonstrate whether the resources were allocated to existing projects in the sustainable portfolio at the date of issuance or to projects contracted at a later date. In the case of sustainable bond issuance, the reported values and allocations will be validated by external audit.

Impact of Use of Proceeds

BDMG will also annually disclose the project monitoring report, selecting and highlighting the most relevant cases in terms of resource allocation and positive impacts on the environment and society. The outcome and impact indicators of the financed projects will be presented in an aggregated form by category. The outcome and impact indicators will be selected from **Table 16**.

The Bank commits to providing at least one impact indicator and one outcome indicator per eligible category, following international best practices. During the first year of issuance, BDMG may incorporate additional examples of indicators.

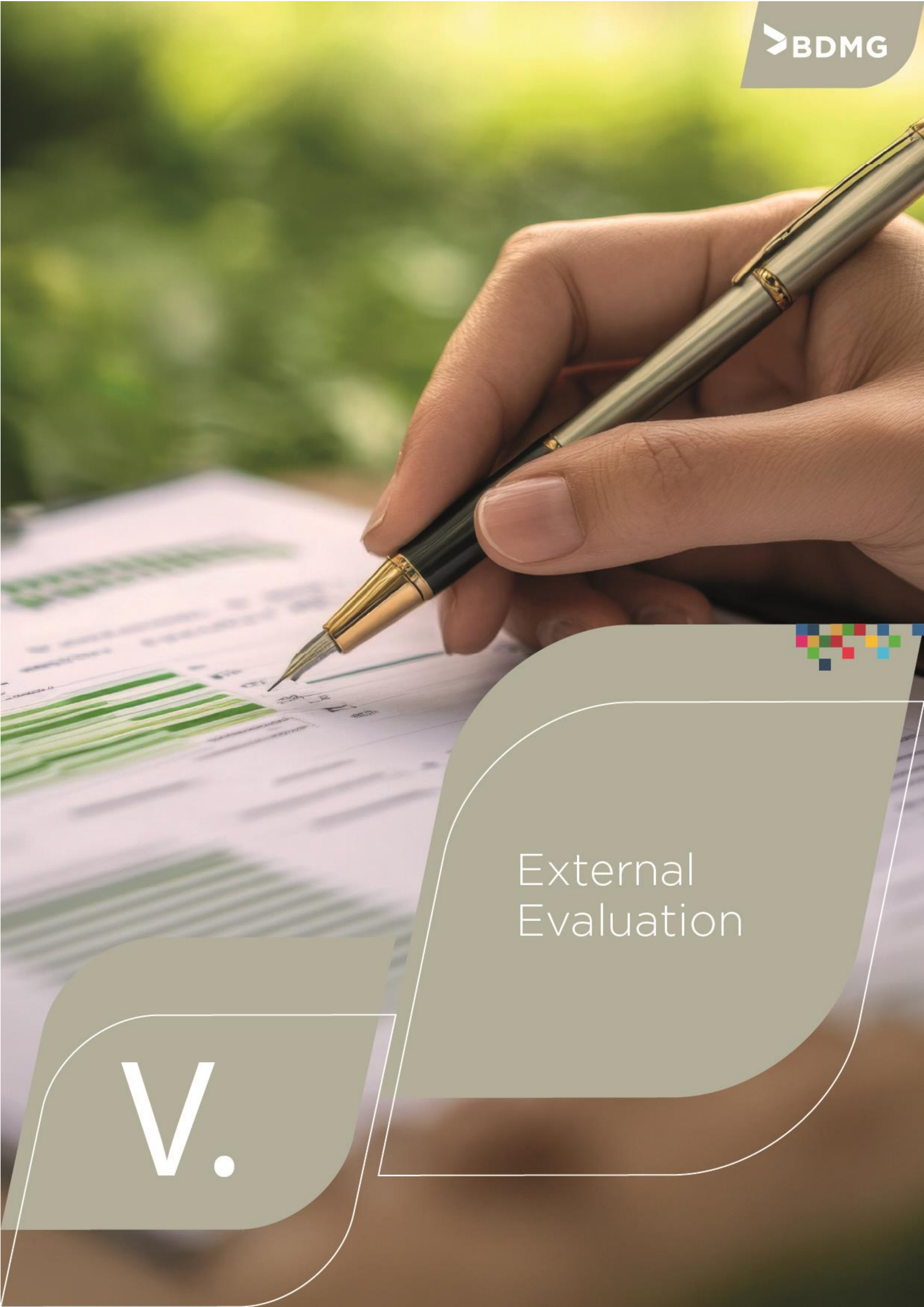
The measurement of project impacts will be carried out one year after implementation, using as a baseline the performance of the project/client prior to the implementation of the financed project. BDMG will not directly conduct the measurements, only requesting the information from its clients, which must be verifiable. The client is responsible for providing the financial institution with the requested information at the frequency established in the contract.

Table 16. Examples of financial, results and impact indicators

TYPE	INDICATOR	CALCULATION METHODOLOGY
Indicators for the Total Sustainable Portfolio		
Financial	Number of beneficiaries (clients)	= Number of beneficiaries
	Average loan volume (R$)	= Amount disbursed / number of beneficiaries
	Disbursement by eligible project category (R$)	= Amount disbursed by project category
	Amount of funds not yet allocated (R$)	= Undisbursed amount
	Share dedicated to refinancing (%)	= (Amount disbursed for refinancing / total disbursed amount) × 100
Eligible Green Categories - Mitigation		
a) Sustainable Agriculture and Natural Resource Management		
Results	Area of forest conserved, planted, or reforested (ha)	= Hectares of forested, restored, or reforested vegetation
	Certified production area (ha)	= Hectares of certified productive area (agriculture, livestock, and/or forestry products)
	Area with sustainable agricultural practices (ha)	= Hectares with sustainable agricultural practices
	Annual energy generation from animal waste (kWh/year)	= kWh of energy generated annually in the project
Impact	Reduction in water consumption (m^3/year)	= Water consumption before the project (m^3/year) – water consumption after the project (m^3/year)
	Reduction in input consumption (tons/year)	= Input consumption before the project (t/year) – input consumption after the project (t/year)
	GHG sequestered (tCO_2e)	= Hectares of forested, restored, reforested, or preserved vegetation × CO_2 sequestration potential of the area
	Improved feeding practices reducing enteric CH_4 emissions (%)	= % of herd covered
b) Renewable Energy and Energy Efficiency		
Results	Installed energy generation capacity (MW)	= MW installed in the project
	Annual renewable energy generation (MWh/year)	= MWh of renewable energy generated annually
Impact	Annual GHG emission reduction – avoided emissions (tCO_2e)	= Annual renewable energy generation × average emission factor of the reference grid
	Annual reduction in total energy consumption or per unit produced (kWh or kWh/unit)	= Annual kWh consumption before project – annual kWh consumption after project implementation
c) Sanitation		
Results	Annual expanded capacity for water or wastewater treatment (m^3/year)	= Annual capacity of financed projects

	Amount of waste collected and treated (tons)	= Annual waste collected/treated
Impact	Population served by sanitation project – wastewater, solid waste, or water supply (inhabitants)	= Number of inhabitants served by the project
d) Clean Transportation		
Results	Avoided fossil fuel consumption (liters)	= Annual fossil fuel consumption before project – annual fossil fuel consumption after project implementation
Impact	Reduction in pollutant/GHG emissions (tCO_2e/year)	= Annual fossil fuel consumption × average emission factor of the fuel
e) Pollution Prevention and Control		
Results	Volume of industrial effluent treated (m^3/year)	= Annual treated effluent volume
	Amount of waste treated or recycled (tons)	= Annual treated or recycled industrial waste
Impact	Avoided GHG emissions from effluent treatment	= Volume of treated effluent × average industrial effluent emission factor
f) Critical and Strategic Minerals for Energy and Digital Transitions		
Results	Volume of critical minerals produced under sustainable criteria (tons/year)	= Total amount of extracted or processed material
Impact	GHG emissions intensity of financed mining operation (tCO_2e/ton)	= Total GHG emissions of the operation / total extracted or processed material
Eligible Green Categories – Resilience		
a) Resilient Agriculture		
Results	Increase in farmland using drought-resistant crops (%)	= Hectares of farmland using drought-resistant crops
Impact	Reduction in water consumption (m^3/year)	= Annual water consumption (production process) before project – annual water consumption after project
b) Resilient Cities		
Results	Number of infrastructures built/renovated with resilience measures (#)	= Quantity of infrastructures built/renovated
	Areas restored/under conservation practices (ha)	= Hectares restored/under conservation practices
	Length of roads, railways, or other adapted infrastructures (km)	= Kilometers adapted
	Increased drainage capacity (m^3/year)	= Drainage capacity before project – drainage capacity after project
	Increased flood control capacity (m^3/hour)	= Flood control capacity before project – after project
	Rainwater harvesting capacity (m^3/year)	= Rainwater harvesting capacity before project – after project
	Reinforced pipelines (m)	= Meters of reinforced pipelines
	Number of sensors installed (#)	= Number of sensors installed
Impact	Reduction in repair costs due to storms (R$)	= Historical repair cost – repair cost after measures
	Reduction of flood/flash flood/overflow hotspots through interventions (#)	= Critical points before project – after project
	Number of people per 100,000 covered by early warning information (#)	= Covered people before project – covered after project
	Number of people benefited (#)	= People affected before measures – people affected after measures
Eligible Social Categories		
a) Access to Essential Services – Health		

Results	Number of hospitals/clinics/health facilities built/renovated (#)	= Number of hospitals
	Number of hospital beds added (#)	= Number of beds
Impact	Number of patients benefited under health credit lines (%)	= Patients in category / patients in general health credit lines
b) Access to Essential Services – Education		
Results	Number of schools/educational institutions supported (#)	= Number of schools
	Number of students benefited (#)	= Number of students
Impact	Students benefited in category / total students benefited in education credit lines (%)	= Students in category / students in general education credit lines
c) Employment Generation and Gender Inclusion – MSMEs		
Results	Number of MSMEs financed (disaggregated by target population) (#)	= Number of companies (by population group)
	Number of women-led MSMEs financed (#)	= Number of companies
	Average loan volume granted to women-led MSMEs (R$)	= Total credit in category / number of companies
Impact	Employment generation (people)	= Number of people hired after loan
	Women-led MSMEs financed in category / total MSMEs financed by BDMG (%)	= Companies in category / total MSMEs financed
d) Affordable Basic Infrastructure – Inclusive and Sustainable Urbanization and Digital Connectivity		
Results	Number of municipalities with population below 100,000 served (#)	= Municipalities financed
	Number of urban infrastructures built/rehabilitated (#)	= Urban infrastructures supported
	Number of digital connectivity projects supported (#)	= Digital connectivity projects supported
Impact	Population served by urban infrastructure/digital project (inhabitants)	= People served by infrastructure/project
	Municipalities <100,000 served in category / total municipalities served (%)	= Municipalities in category / total municipalities financed
e) Access to Essential Services – Post-Disaster Economic Recovery		
Results	Number of companies financed in municipalities hit by disasters (#)	= Companies financed
	Number of municipalities supported (#)	= Municipalities financed
Impact	Employment generation (people)	= People hired after loan
f) Food Security		
Results	Number of family farmers supported annually (#)	= Farmers financed
	Area with agricultural practices adapted to semi-arid conditions or degraded land recovery (ha)	= Hectares cultivated by family farmers
Impact	Increase in average agricultural productivity (%)	= ((Productivity after financing – productivity before financing) / productivity before financing) × 100
	Agricultural production efficiency (R$/sack)	= Total production cost per hectare (R$/ha) / productivity per hectare (sacks/ha)



V. External Evaluation

V. External Evaluation

Prior to the first issuance or funding, the Framework will be subject to a Second Party Opinion (SPO) issued by a recognized external verifier. The Framework and the SPO will be published on BDMG's website.

Additionally, in the case of sustainable bond issuance, the allocation of the resources used will be reviewed by an annual external audit until the full allocation of the instrument and reported in the Annual Sustainable Financing Report.

Annex 1 – SDG Mapping

Table 17 below presents the targets associated with the SDGs linked to the eligible categories established in the Framework.

Table 17. SDGs linked to BDMG's Framework

GOAL	TARGETS	MAIN SDG	SECONDARY SDG
1 NO POVERTY	1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social, and environmental shocks and disasters		Resilient cities
2 ZERO HUNGER	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious, and sufficient food all year round. 2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, Indigenous peoples, family farmers, pastoralists, and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment. 2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding, and other disasters, and that progressively improve land and soil quality.	Sustainable agriculture Resilient agriculture Food security	
3 GOOD HEALTH AND WELL-BEING	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all	Access to essential services – health	
4 QUALITY EDUCATION	4.1 By 2030, ensure that all girls and boys complete free, equitable, and quality primary and secondary education leading to relevant and effective learning outcomes. 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university. 4.a Build and upgrade education facilities that are child-, disability-, and gender-sensitive and provide	Access to essential services – education	

GOAL	TARGETS	MAIN SDG	SECONDARY SDG
	safe, inclusive, and effective learning environments for all.		
5 GENDER EQUALITY	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life. 5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources, in accordance with national laws.	Employment generation and gender inclusion	
6 CLEAN WATER AND SANITATION	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all. 6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations. 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and substantially increasing recycling and safe reuse globally.	Sanitation	
7 AFFORDABLE AND CLEAN ENERGY	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.	Renewable energy and energy efficiency Critical and strategic minerals for energy and digital transitions	
8 DECENT WORK AND ECONOMIC GROWTH	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.	Employment generation and gender inclusion	
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with	Sustainable urbanization and digital connectivity	Clean transport Pollution prevention and control Employment generation and gender inclusion

GOAL	TARGETS	MAIN SDG	SECONDARY SDG
	increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities. 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, particularly developing countries, including by 2030 encouraging innovation and substantially increasing the number of R&D workers per million people and public and private R&D spending. 9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020.		Critical and strategic minerals for energy and digital transitions
10 REDUCED INEQUALITIES	10.2 By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status.		Access to essential services – health Access to essential services – education Employment generation and gender inclusion
11 SUSTAINABLE CITIES AND COMMUNITIES	11.2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities, and older persons. 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated, and sustainable human settlement planning and management in all countries. 11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease direct economic losses relative to global GDP caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations. 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. 11.7 By 2030, provide universal access to safe, inclusive, and accessible, green, and public spaces, in particular for women and children, older persons, and persons with disabilities.	Clean transport Sustainable urbanization and digital connectivity Post-disaster economic recovery	Sanitation

GOAL	TARGETS	MAIN SDG	SECONDARY SDG
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 By 2030, achieve the sustainable management and efficient use of natural resources. 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	Pollution prevention and control	Renewable energy and energy efficiency
13 CLIMATE ACTION	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	Resilient cities	Sustainable agriculture Resilient agriculture Renewable energy and energy efficiency Clean transport Post-disaster economic recovery
15 LIFE ON LAND	15.1 By 2020, ensure the conservation, restoration, and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains, and drylands, in line with obligations under international agreements. 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests, and substantially increase afforestation and reforestation globally.	Sustainable agriculture Resilient agriculture	Food security

Annex 2 – Eligible Environmental Certifications for Agriculture and Forest Products

Table 18 below presents the environmental certifications for eligible agricultural and forestry products.

Table 18. Environmental Certifications

FOCUS	CERTIFICATION	DEFINITION	SCOPE
Coffee	The Common Code for the Coffee Community (level 2 and above)	Standard that promotes good social, economic, and environmental practices in the coffee supply chain.	Producers, traders, and final buyers can seek certification to guarantee certified coffee throughout the supply chain.
Sugarcane	Bonsucro	Certification to measure sustainability in sugarcane production and its supply chain.	It covers farms, mills, and all stages of the sugarcane production chain.
Various Agricultural Products	Demeter Biodynamic Standards	Certification system for biodynamic agriculture, which goes beyond the requirements of organic farming, focusing on the creation of self-sustaining and holistic agricultural systems. Certification ensures that products are grown with agricultural practices that respect the natural rhythms and cycles of the Earth, using cultivation methods that seek to improve soil health and promote biodiversity.	Demeter certification can be obtained by organizations involved in biodynamic agricultural practices including producers, farms, processors, traders/distributors, and cosmetics and natural products industries.
	Florverde Sustainable Flowers (level 2 and above)	Certification system that guarantees sustainable practices in the production of flowers and ornamental plants. The Florverde standard aims to ensure that producers adopt good environmental, social, and economic practices, promoting social responsibility and environmental protection, as well as ensuring fair and safe working conditions for workers.	Florverde certification can be obtained by companies involved in the production and commercialization of flowers and ornamental plants.

FOCUS	CERTIFICATION	DEFINITION	SCOPE
	IFOAM	Global system that certifies organic agricultural products, ensuring that they are grown and processed without the use of synthetic pesticides, chemical fertilizers, or genetically modified organisms (GMOs)	IFORAM certification can be obtained by organizations involved in organic agricultural practices.
	International Sustainability Carbon Certification (ISCC EU)	Global certification system that ensures sustainability in the supply chain of agricultural products and biofuels, focusing on the reduction of carbon emissions and respect for environmental, social, and economic criteria. It guarantees that certified products meet the European Union requirements for biofuels and bioenergy, promoting sustainable practices throughout the production chain.	ISCC EU certification can be obtained by any organization involved in the production, processing, or commercialization of bioenergy-related products.
	International Sustainability Carbon Certification (ISCC Plus)	Global certification system that ensures sustainability in the supply chain of agricultural products and biofuels, focusing on the reduction of carbon emissions and respect for environmental, social, and economic criteria. It guarantees that certified products meet the European Union requirements for biofuels and bioenergy, promoting sustainable practices throughout the production chain.	ISCC Plus certification can be obtained by organizations from various sectors dealing with agricultural and biological raw materials.
	Naturland	Promotes organic agriculture and sustainable management, covering various areas such as fisheries, textiles, and cosmetics.	**Agricultural producers:** Farms, cooperatives, and fishers who follow the principles of organic and sustainable agriculture, including biodiversity, soil management, and animal welfare. **Supply chain companies:**

FOCUS	CERTIFICATION	DEFINITION	SCOPE
			Processors, manufacturers, and traders that guarantee traceability, ethical production, and compliance with Naturland standards.
	ProTerra	Promotes sustainability and traceability in food and feed supply chains, reducing social and environmental risks.	Applicable to agricultural production, logistics, and industrial processing.
	Rainforest Alliance	Promotes the sustainable production of food, wood, and other products, focusing on environmental protection, labor rights, and improving the well-being of farming communities. The Rainforest Alliance seal guarantees that products are made with social and environmental responsibility.	**Agricultural producers:** Farms and cooperatives that adopt sustainable practices, such as biodiversity conservation, responsible resource use, and respect for labor rights. **Supply chain companies:** Processors, distributors, traders, and manufacturers that ensure traceability and compliance with Rainforest Alliance standards.
	Regenerative Organic Certified	Certification for regenerative practices in agriculture and livestock, with three levels (Bronze, Silver, Gold).	Applies to food, textiles, and personal care, promoting sustainability in operations.
	Roundtable on Sustainable Biomaterials (RSB)	Globally recognized certification for sustainable products, focusing on fuels and biomass.	Includes certification for fuels, advanced products, biomass, and small producers.
	UTZ	International sustainability program that promotes responsible agricultural practices and traceability of products such as coffee, cocoa, tea, and hazelnuts. Its objective is to improve social, economic, and environmental conditions in production chains, ensuring transparency and sustainability.	**Agricultural producers:** Farms and cooperatives that follow sustainable practices aligned with the UTZ code of conduct. **Supply chain companies:** Processors, exporters, importers, and manufacturers that ensure traceability and compliance with UTZ standards.
Soy	Roundtable on Responsible Soy (RTRS)	Roundtable on Responsible Soy (RTRS) | Global certification for responsible	Covers soy production and traceability throughout the supply chain.

FOCUS	CERTIFICATION	DEFINITION	SCOPE
		soy, with criteria that prevent deforestation and promote good agricultural practices.	
	Certified Responsible Soya standard	The “Certified Responsible Soya Standard” promotes sustainability in global soy supply chains.	From farmers, producers, cooperatives, associations, or any other group able and willing to comply with pre-established requirements.
Livestock/Aquaculture	Aquaculture Stewardship Council (ASC)	Global certification system that ensures sustainable production of aquaculture products such as fish and seafood. ASC defines strict standards for environmental, social, and animal welfare practices, promoting the responsible farming of aquatic organisms, minimizing environmental impact, and contributing to the preservation of aquatic ecosystems.	The **ASC Feed Standard** addresses one of aquaculture’s biggest potential impacts, feed production, and does so holistically, requiring responsible sourcing of all major feed ingredients. **Chain of Custody Standard** is a traceability and segregation standard that applies to the entire supply chain, from a certified farm to the product bearing the ASC label.
	Best Aquaculture Practices	International certification system that establishes standards for the sustainable production of seafood and aquatic organisms. BAP covers a range of responsible aquaculture practices, focusing on environmental protection, animal welfare, and social responsibility, ensuring that aquaculture products are farmed and processed in an ethical and sustainable manner.	BAP certification can be obtained by organizations involved in the production and commercialization of aquaculture products.
	Friends of the Sea	International system that ensures marine and aquatic products are obtained sustainably, promoting the preservation of marine ecosystems and reducing the environmental impact of fishing activities.	Friends of the Sea certification can be obtained by organizations involved in fishing and aquaculture activities.

FOCUS	CERTIFICATION	DEFINITION	SCOPE
	Integrated Farm Assurance for Aquaculture	Global certification system that establishes standards for the responsible and sustainable production of aquatic organisms. IFA certification encompasses an integrated approach involving environmental management practices, animal welfare, food safety, and social responsibility in aquaculture, ensuring aquatic products are produced ethically and with minimal environmental impact.	IFA Aquaculture certification can be obtained by organizations involved in the production and commercialization of aquaculture products.
	Marine Stewardship Council	Global certification system that promotes responsible and sustainable fishing practices, ensuring that fish populations are managed in a way that preserves marine ecosystems and biodiversity. MSC defines strict standards for sustainable fishing, ensuring that certified seafood products come from well-managed sources, focusing on ocean health and protection of marine resources.	**Fisheries:** MSC certification confirms that your fishery is well managed and is sustaining resources and livelihoods for future generations. **Supply chain:** MSC certification helps you meet growing demand for sustainable seafood, strengthens your reputation, and offers new business opportunities.
	Naturland Organic Aquaculture	Certification system that guarantees organic and sustainable aquaculture practices, aligned with the principles of organic farming. Naturland certification ensures that the production of aquatic organisms such as fish and seafood is carried out responsibly, without the use of synthetic chemicals, hormones, or antibiotics, prioritizing animal welfare and environmental preservation.	Naturland Organic Aquaculture certification can be obtained by organizations involved in the production and commercialization of organic aquaculture products.
	Union for Ethical Biotrade (UEBT)	Certification system that ensures ethical trade	UEBT certification can be obtained by organizations

FOCUS	CERTIFICATION	DEFINITION	SCOPE
		practices in the biotrade sector, promoting respect for workers' rights and local communities, as well as biodiversity preservation. UEBT ensures that companies trading products derived from biological resources, such as natural ingredients and plants, adopt fair and transparent practices throughout the supply chain, from collection to final consumption.	involved in the trade of biological and natural products.
Forestry Products	Forest Stewardship Council (FSC)	Certification that promotes responsible forest management and use of certified materials.	Covers manufacturers, retailers, and forest managers with different types of certification.
	Program for the Endorsement of Forest Certification (PEFC)	Certification for sustainable forest management, focusing on combating deforestation and promoting responsible practices.	Covers forest owners, supply chain companies, and final brands.

Annex 3 – Non-Financeable Items at BDMG – Social and Environmental Exclusion List

The BDMG Social and Environmental Exclusion List specifies that the bank will not finance credit operations, will not invest in corporate debt securities, and will not accept or provide guarantees for companies that have the activities or characteristics listed below: [36]

I. Mining that incorporates rudimentary mining process and prospecting;
II. Mining whose dam, if any in the financed project, is classified at emergency level 3 according to the classification of the National Mining Agency;
III. Arms trade;
IV. Enterprises related to games of chance or similar;
V. Formation of pastures and crops in areas of environmental preservation;
VI. Sawmill, exploitation, and commercialization of native wood derived from primary forest;
VII. Production or trade of forest products that do not come from sustainably managed forests;
VIII. Production or trade of any product subject to prohibitions contained in treaties and conventions ratified by Brazil, such as pharmaceuticals, pesticides/herbicides[37], substances that destroy the ozone layer[38], PCBs, and persistent organic pollutants (POPs) [39];
IX. Trade of animals, plants, or natural products that do not comply with the provisions of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
X. Production, distribution, or exclusive wholesale trade of tobacco;
XI. Production or trade of radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment where it can be demonstrated that the radioactive source is trivial and/or adequately shielded;
XII. Extraction, industrialization, commercialization, and transport of asbestos;
XIII. Extraction and processing of mineral coal and coal-fired power or heating plants;
XIV. Transboundary movements of waste prohibited by international law (Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal);
XV. Activities prohibited by international conventions ratified by Brazil related to the protection of biodiversity resources or cultural heritage – (Convention on the Conservation of Migratory Species of Wild Animals – Bonn Convention, Convention on Wetlands of International Importance Especially as Waterfowl Habitat – Ramsar Convention, Convention Concerning the Protection of the World Cultural and Natural Heritage, and Convention on Biological Diversity);

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[36] BDMG. *Lista de Exclusão Socioambiental*. Available online.
[37] Pesticides and herbicides subject to phase-outs or progressive bans included in the Rotterdam Convention (www.pic.int) and in the Stockholm Convention (www.pops.int).
[38] The Montreal Protocol lists the substances that destroy ozone, their reduction targets, and other information.
[39] Defined by the International Convention on the Reduction and Elimination of Persistent Organic Pollutants (POPs) (September 1999) and currently include the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex, and toxaphene, in addition to the industrial chemical chlorobenzene (www.pops.int).

XVI. Unauthorized deforestation in the financed project;
XVII. Activities that contaminate the environment or are potentially generators of uncorrectable environmental liabilities through mitigating technologies or practices; others that may be prohibited in other Bank regulations;
XVIII. Area of the financed project embargoed by environmental agencies;
XIX. Enterprise whose area is totally or partially located in indigenous lands or lands occupied and titled by remnants of quilombo communities. [40]

[40] Item XIX does not apply to cases in which the proponent belongs to tribal groups or to the indigenous communities occupying or inhabiting the indigenous land or the remnant group of the quilombo community in which the project area is located.

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