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Brazil's Sovereign Sustainable Bonds

November

2026

Allocation and Impact Report

Sovereign Sustainable Finance Committee
National Treasury Secretariat
Ministry of Finance

TesouroNacional

MINISTÉRIO DA FAZENDA

This document was prepared on behalf of the Federative Republic of Brazil, by the Sovereign Sustainable Finance Committee, which comprises:

- Brazilian National Treasury, Ministry of Finance (Committee Chair)
- Ministry of Agriculture and Livestock
- Ministry of Science, Technology and Innovation
- Ministry of Integration and Regional Development
- Ministry of Mines and Energy
- Ministry of Agrarian Development and Family Farming
- Ministry of Social Development and Fight Against Hunger
- Ministry of Development, Industry, Trade and Services
- Office of Economic Policy, Ministry of Finance
- Ministry of Environment and Climate Change
- Federal Budget Secretariat, Ministry of Planning and Budget

Allocation and Impact Report: 2026

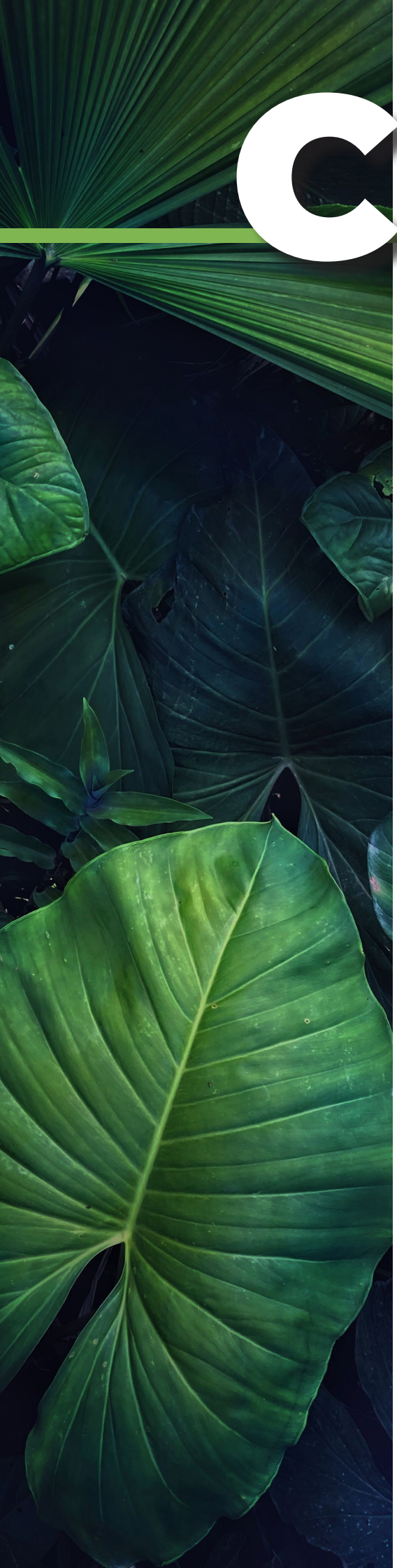
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1 Introduction

In 2023, Brazil published its Sovereign Sustainable Bond Framework, under the auspices of the Sovereign Sustainable Finance Committee (SSFC). This Committee, inspired by international best practices, is responsible for tracking and monitoring eligible expenditures listed in the Framework and reported annually in allocation and impact reports. Since the publication of the Framework, Brazil has already issued three sustainable bonds and published four pre-issuance reports, besides the 2024 and 2025 Allocation and Impact Reports (AIR 2024 and AIR 2025).

The 2026 Allocation and Impact Report is organized into seven sections. The next section, dedicated to the details of the issuances, provides an updated overview of the three issuances carried out. The third section, on allocation, presents the main results for each issued bond: amounts disbursed by category, nature and timing of the expenditure, the proportion of co-financing (where applicable), and the remaining balance of net proceeds not yet allocated. As in previous reports, the allocation calculation links eligible expenditures to budgetary programs and to disbursements of projects financed with federal public fund resources, specifically the National Fund on Climate Change (FNMC or “Climate Fund”).

The fourth section, dedicated to impact, presents the results of selected indicators from the Multi-Year Plan (Plano Plurianual – PPA) for 2025 and updates the indicators related to Climate Fund projects. The fifth section presents the conclusions and next steps. The sixth contains the external verifier’s report, in line with international best practices and with the commitment, established in the Framework, to submit allocation information to independent third-party verification. The seventh section brings together the annexes and closes the document with the legal notice (disclaimer)



2 Details of the Issuance

Since the creation of the Sovereign Sustainable Finance Committee (SSFC) and the publication of Brazil's Sovereign Sustainable Bond Framework, Brazil has maintained a consistent presence in the sustainable sovereign bond market. During this period, there were three successful issuances, which together raised a total of US$ 5.5 billion in the international markets. Considering the exchange rates in effect on the settlement date of each bond, this amounts to a total of R$ 28.3 billion in net proceeds from the issuances. Figure 1 presents an overview of these three issuances:

Figure 1 - Overview of Sustainable Issuances

	1st Issuance Global 2031	2nd Issuance Global 2032	3rd Issuance Global 2033
ISIN	US105756CG37	US105756CK49	US105756CP36
Issuance	13-Nov-23	20-Jun-24	6-Nov-25
Maturity	18-Mar-31	22-Jan-32	4-Feb-33
Coupon (p.a.)	6.25%	6.13%	5.50%
Yield (p.a.)	6.50%	6.38%	5.75%
Amount issued (US$ billion)	2.00	2.00	1.50
Net proceeds of the issuance (US$ billion) *	1.97	1.97	1.47
Exchange rate	4.89	5.51	5.29
Net proceeds of the issuance (R$ billion)	**9.62**	**10.83**	**7.80**

* Net proceeds from the issuance differ from the amount issued due to the discount or premium arising from the issuance price, as well as expenses and fees related to the transaction.
Source: National Treasury

According to the Framework, when issuing a sustainable sovereign bond, the Federal Government commits to allocating an amount equivalent to the net proceeds raised across eligible expense categories, following the criteria established in the Framework itself. This allocation of an equivalent amount, without direct linkage and without constituting a new budgetary source, is referred to in the Framework as virtual allocation. The Framework also provides that the Committee will be responsible for consolidating and publishing the allocation and impact report of the sustainable bonds issued by the National Treasury.

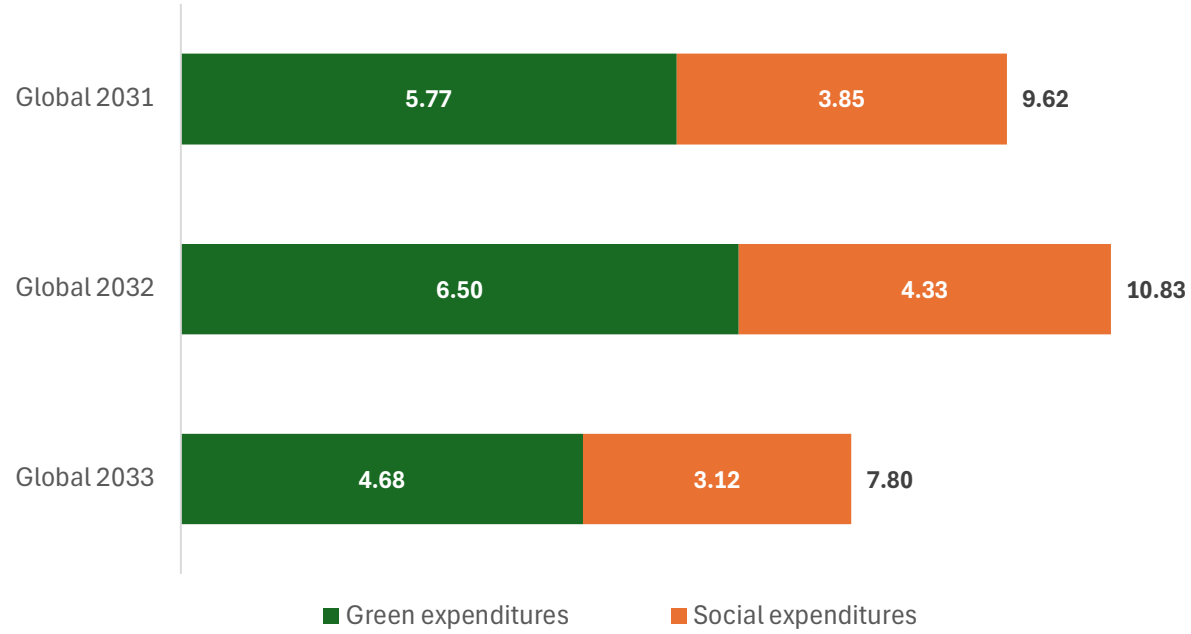
This 2026 Allocation and Impact Report (AIR) fulfills this commitment. Since the AIR 2025 had already reported the full allocation of the equivalent amount related to Global 2031, this report will place greater emphasis and detail on Global 2032 and Global 2033.



3 Allocation

This 2026 Allocation and Impact Report (AIR 2026) presents the allocation, in eligible expenses, of 100% of the proceeds from the three sustainable bond issuances (Global 2031, Global 2032, and Global 2033), totaling R$ 28.3 billion. Of this amount, R$ 17.0 billion corresponds to green expenses and R$ 11.3 billion to social expenses, as shown in Figure 2.

Figure 2 - Amounts allocated in the sustainable issuances (R$ billion)



Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

In accordance with the "Use of Proceeds" section of the Framework and with a view to providing transparency for the allocation of an equivalent amount to the net proceeds from Brazil's sustainable bond issuances, this report discloses the amounts disbursed by eligible expense category, by time frame, and by nature of the expense. In this way, AIR 2026 reinforces the Brazilian government's commitment to leading with transparency and maintaining a high standard of annual disclosure, reconciling innovation with compliance with best market practices, such as the principles of the International Capital Market Association (ICMA).

To calculate the equivalent allocated amount, this report refers to the amounts paid in eligible expenses between January 2023 and June 2026, considering both budgetary resources and resources disbursed by the National Fund on Climate Change (Climate Fund) in projects financed under the Framework.

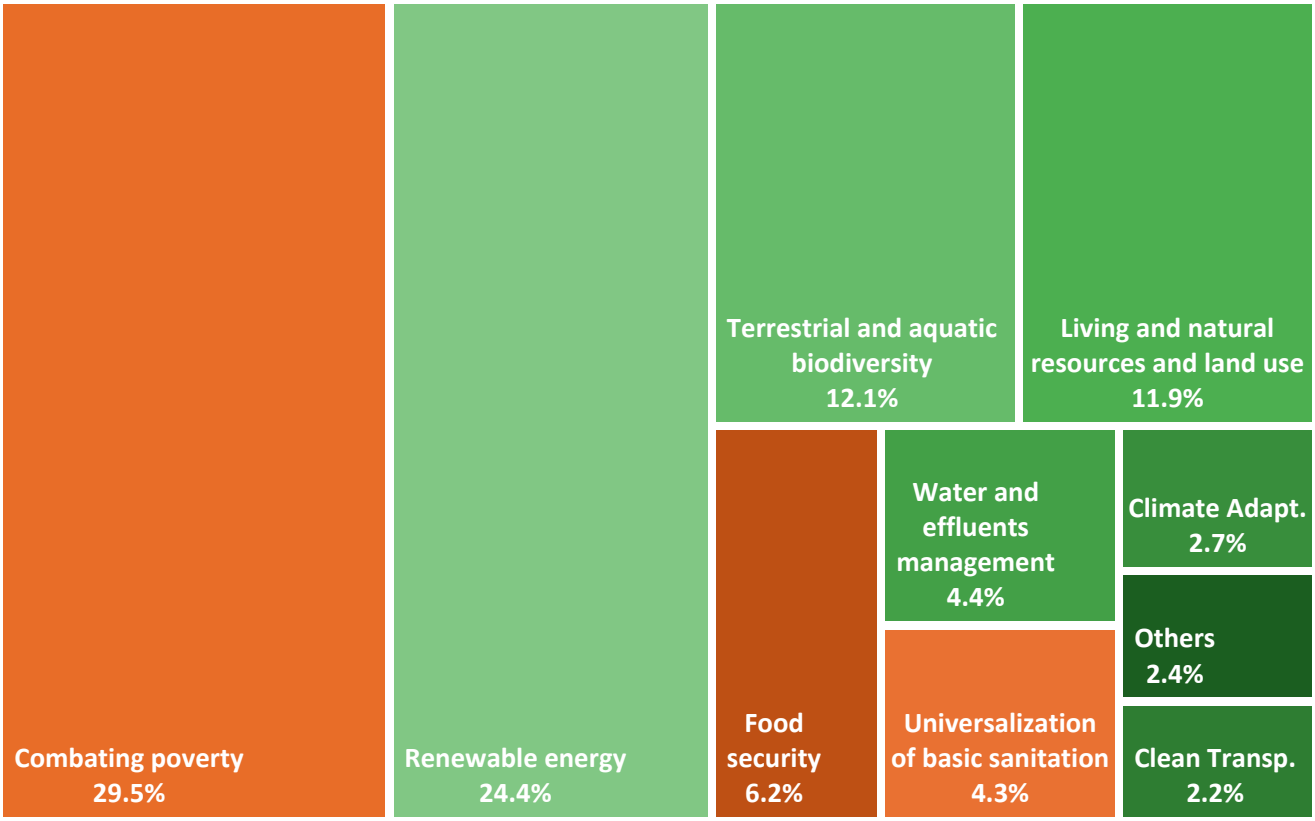
Regarding the distribution by expense category, Figure 3 presents the main information, both in financial terms and as a proportion of the net proceeds of each issuance, followed by Figure 4 , which presents this information for the aggregate of the three bonds issued to date. It should be noted that, across all three bonds, the allocation ratio of an equivalent amount was maintained at 60% for green expenses and 40% for social expenses. In addition, since 100% of the allocation is already being reported for the three bonds, there is no longer any outstanding balance to be reported.

Figure 3 - Amounts allocated by category in each bond (R$ million and %)

Expense categories	Global 2031		Global 2032		Global 2033	
	R$ million	%	R$ million	%	R$ million	%
Green	**5,770.0**	**60.0%**	**6,496.3**	**60.0%**	**4,682.4**	**60.0%**
1.1 Control of GHG emissions	16.0	0.2%	72.7	0.7%	-	-
1.2 Solid waste management	12.1	0.1%	-	-	20.0	0.3%
2. Renewable energy	1,441.4	15.0%	4,206.4	38.9%	1,235.1	15.8%
3. Energy efficiency	-	-	84.5	0.8%	-	-
4. Clean transport	308.6	3.2%	317.2	2.9%	-	-
5. Living and natural resources and land use	1,395.5	14.5%	962.5	8.9%	992.4	12.7%
6. Terrestrial and aquatic biodiversity	1,731.0	18.0%	311.5	2.9%	1,365.0	17.5%
7. Water and effluents management	788.4	8.2%	-	-	446.2	5.7%
8. Adaptation to climate change	76.9	0.8%	433.1	4.0%	250.5	3.2%
9. Circular economy	-	-	108.3	1.0%	373.1	4.8%
Social	**3,846.7**	**40.0%**	**4,330.8**	**40.0%**	**3,121.6**	**40.0%**
1.1 Combating poverty	2,885.0	30.0%	3,897.7	36.0%	1,560.8	20.0%
2. Food security	961.7	10.0%	-	-	780.4	10.0%
5.2. Universalization of basic sanitation	-	-	433.1	4.0%	780.4	10.0%
	9,616.6	**100.0%**	**10,827.1**	**100.0%**	**7,804.1**	**100.0%**

Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

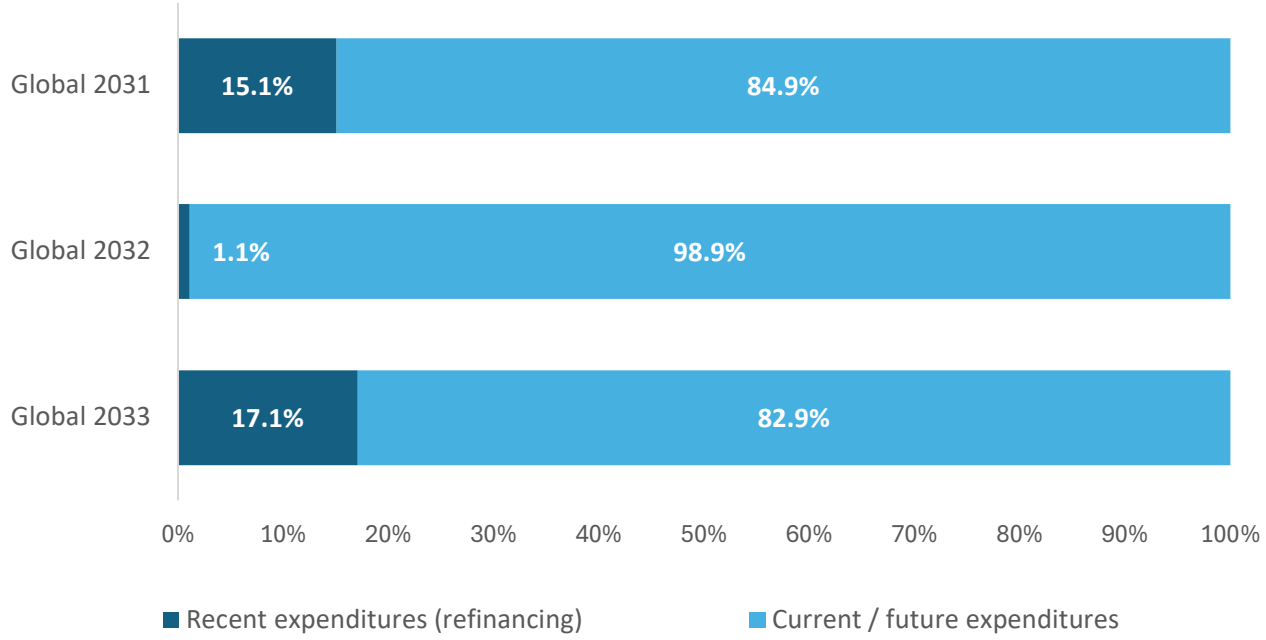
Figure 4 - Distribution of amounts allocated jointly across the three sustainable bonds (%)



Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

Regarding the timing of expenses, Figure 5 summarizes the percentage of recent expenses (refinancing) and current/future expenses in relation to the net proceeds of the issuance. Regarding Global 2031, R$ 1.4 billion was allocated to recent expenses (prior to issuance) and R$ 8.2 billion to current/future expenses (subsequent to issuance). For Global 2032, these amounts were, respectively, R$ 0.1 billion and R$ 10.7 billion, while for Global 2033, they were R$ 1.3 billion and R$ 6.5 billion. Thus, it should be noted that the allocation corresponding to the three sustainable bonds is composed mostly of current or future expenses, in relation to the issuance date of the bond.

Figure 5 - Percentage allocated to recent expenses[1] and current/future expenses



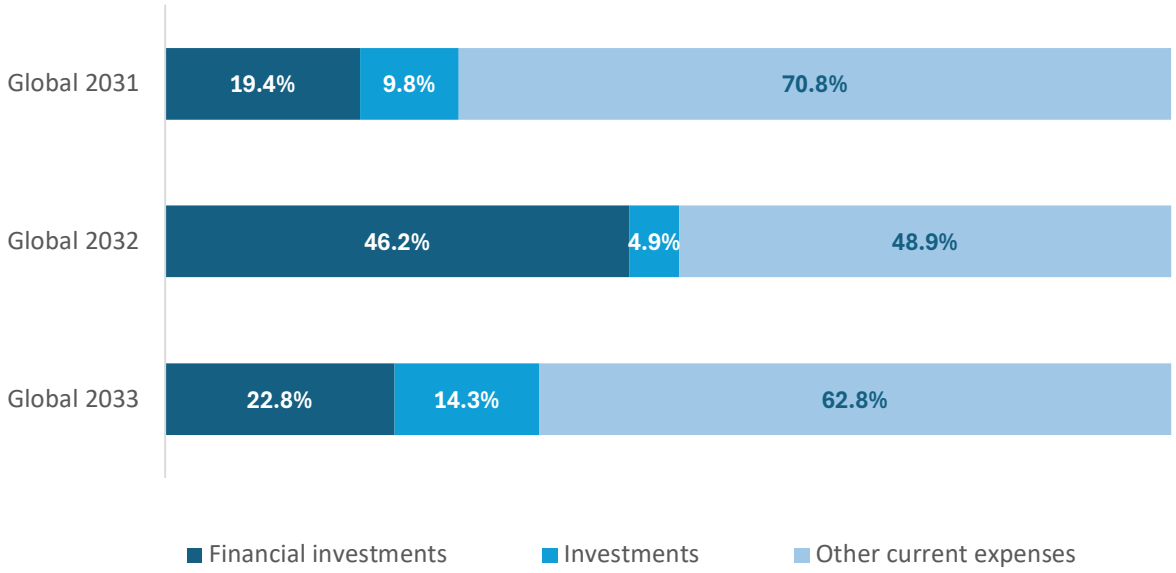
Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

Regarding the nature of the expense, one of the budgetary classifications used in Brazil to aggregate expenditures with similar characteristics in terms of the object of expense, the allocated resources can be classified as: (i) financial investments; (ii) investments; and (iii) other current expenses. Figure 6 summarizes this information for the three sustainable issuances carried out to date. The amounts reported for Global 2031 correspond to R$ 1.9 billion in financial investments, R$ 0.9 billion in investments, and R$ 6.8 billion in other current expenses. For Global 2032, the allocation by nature of expense corresponds to R$ 5.0 billion in financial investments, R$ 0.5 billion in investments, and R$ 5.3 billion in other current expenses. For Global 2033, these amounts are, respectively, R$ 1.8 billion, R$ 1.1 billion, and R$ 4.9 billion.

In general, other current expenses represent the main nature of expenditures financed by the three bonds. Global 2031 shows the greatest concentration in this category, while Global 2032 stands out for the increased weight of financial investments, and Global 2033 for the greater share of investments.

1 Recent expenses (refinancing) are those incurred in the 12 months prior to issuance, while current/future expenses are those incurred up to 24 months after issuance. The allocation to refinanced projects and budget actions is limited to 25% of the net proceeds from the issuance.

Figure 6 - Percentage allocated by nature of expense



Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

In addition, the Framework provides for the identification of the co-financing ratio in reported expenses. None of the reported budget programs had other sources of financing besides budgetary resources. With regards to Climate Fund projects, there are 38 projects financed not exclusively with Climate Fund's own resources (co-financing), 28 of which are in category 2. Renewable Energy (Figure 7).

Figure 7 - Co-financing in Climate Fund projects[2] (R$ million and %)

R$ million

Expense categories	Disbursed (B)	Co-financed (C)	% Co-financed (C/B+C)
1.1 Control of GHG emissions	66.50	28.50	30%
1.2. Solid waste management	32.14	10.24	24%
2. Renewable energy	7,006.18	2,790.66	28%
3. Energy efficiency	84.50	-	-
4. Clean transport	622.06	32.74	5%
5. Sustainable management of living and natural resources and land use	208.74	5.00	2%
6. Terrestrial and aquatic biodiversity	6.15	-	-
7. Sustainable management of water and effluents	7.34	-	-
8. Adaptation to climate change	333.33	796.28	70%
9. Circular economy	481.40	58.88	11%
Total	**8,848.33**	**3,722.29**	**30%**

Source: BNDES

The highest co-financing ratio was 70% in the Adaptation to Climate Change category. For pollution prevention and control, renewable energy, and solid waste management, the ratios were 30%, 28%, and 24%, respectively. Circular economy, Clean transport and Sustainable

2 *Throughout this report, Climate Fund projects are grouped by eligible expenditure. For the correspondence between the terms used and the eligible expenditures under the Framework, please refer to Annex I.*

management of living and natural resources and land use had ratios of 11%, 5%, and 2%, in that order. In aggregate terms, 30% of the amounts directed to co-financed projects came from other sources. It should be noted that, for allocation purposes, only disbursements made by Climate Fund were considered, with co-financed amounts not being considered. Compared to AIR 2025, there was a reduction in co-financing in categories 2 and 8.

Co-financed disbursements conclude the introductory part of this chapter. The remainder of section 3. Allocation will focus on Global 2032 and Global 2033 bonds, given that the complete details regarding Global 2031 can be found in AIR 2025.

The organization will proceed as follows: section 3.1 will present the main allocation results compared with the Pre-Issuance Reports (PIR), published before each issuance with an indicative allocation, section 3.2 presents results detailing the budget programs and projects in each category, along with highlights in terms of programs and projects reported for Global 2032 bond, and section 3.3 for Global 2033.

3.1. Pre-Issuance Report

Prior to each issuance, a Pre-Issuance Report is published, a document that indicates the eligible expense categories provided for in the Framework for each specific operation, promoting greater transparency in the use of proceeds. The purpose of this document is to indicate the expense categories that may be considered as backing for each sustainable bond issuance by the Federative Republic of Brazil, with the caveat that the final composition of the allocations may vary according to the amount actually raised in the issuance.

Figure 8 presents a summary table comparing the indicative bands in PIR 2024 (referring to Global 2032) and PIR 2025 (referring to Global 2033) with what was actually allocated, by eligible expense category. It should be noted that, as with Global 2031, Global 2032 and Global 2033 bonds met the indicative allocation of 60% in green expenses and 40% in social expenses.

Figure 8 - Percentages allocated compared to PIR band

Expense categories	Global 2032			Global 2033		
	PIR Minimum	PIR Maximum	Allocated %	PIR Minimum	PIR Maximum	Allocated %
Green	**50.0%**	**60.0%**	**60.0%**	**50.0%**	**60.0%**	**60.0%**
1.1 Control of GHG emissions	4.0%	5.0%	0.7%	-	-	-
1.2 Solid waste management	-	-	-	-	-	0.3%
2. Renewable energy	30.0%	34.0%	38.9%	12.0%	16.0%	15.8%
3. Energy efficiency	0.5%	1.0%	0.8%	-	-	-
4. Clean transport	13.0%	17.0%	2.9%	-	-	-
5. Living and natural resources and land use	-	-	8.9%	10.0%	14.0%	12.7%
6. Terrestrial and aquatic biodiversity	1.0%	2.0%	2.9%	15.0%	19.0%	17.5%
7. Water and effluents management	-	-	-	11.0%	15.0%	5.7%
8. Adaptation to climate change	1.0%	2.0%	4.0%	2.0%	6.0%	3.2%
9. Circular economy	0.5%	1.0%	1.0%	-	-	4.8%
Social	**40.0%**	**50.0%**	**40.0%**	**40.0%**	**50.0%**	**40.0%**
1.1 Combating poverty	36.0%	46.0%	36.0%	20.0%	25.0%	20.0%
2. Food security	-	-	-	10.0%	15.0%	10.0%
5.2. Universalization of basic sanitation	4.0%	8.0%	4.0%	10.0%	15.0%	10.0%

Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES

Regarding Global 2032, it should be noted that categories **2. Renewable energy**, **5. Living and natural resources and land use**, and **6. Terrestrial and aquatic biodiversity** received allocations above the upper band provided for in PIR 2024. This made it possible to offset categories **1.1 Control of GHG emissions** and **4. Clean transport**, which did not reach the individual minimum threshold.

Category 2 corresponds to the object most supported by Climate Fund traditionally and maintained its relevance during the period analyzed, with wind and solar power generation projects and biofuel production, among others.

The performance of categories 5 and 6, in turn, reflects a strategic shift in the allocation of Climate Fund resources, in favor of operations aimed at Native Forests and Water Resources. Among the supported activities, forest restoration, the implementation of agroforestry systems (SAFs), and park revitalization stand out.

Categories 1.1 and 4, on the other hand, fell below the proposed threshold for distinct reasons. The initial forecast in the PIR 2024 for category 1.1, considering Climate Fund projects, essentially brought together operations supported by Climate Fund that did not have a more specific classification option under Brazil's Sovereign Sustainable Bond Framework. With the approval of the new Annual Resource Application Plan (PAAR), which signaled, among other changes, a reinforcement of the forestry agenda, more operations could be classified under other categories. Thus, the reduction in category 1.1 can be understood as a reflection of a subsequent greater alignment between Climate Fund and the Framework.

Category 4, in turn, mainly refers to operations for the acquisition of electric buses with the participation of states and municipalities. As already noted in AIR 2025, the disbursement schedules for these operations were affected by operational issues, such as the need to further develop business model studies, enact laws authorizing the credit operations, and obtain authorization for contracting guarantees.

Regarding Global 2033, referring to PIR 2025, of the categories indicated, the only one whose allocation fell outside the indicated band was **7. Sustainable management of water and effluents**. On the other hand, two categories not initially anticipated were reported: **1.2 Solid waste management** (0.3%) and **9. Circular economy** (4.8%). This allocation profile results from the decision to carry out, already in this AIR 2026, the full reporting of Global 2033. It should be noted that the issuance of this bond took place in November 2025, so that its complete allocation could occur gradually until November 2027. The early full reporting made it possible to capture the entire effective use of eligible resources, including expenses classified under categories not originally anticipated and distribution different from that estimated at issuance.

3.2. Consolidated Presentation of the Results of Global 2032 and 2033 Issuance

Figure 9 presents the reporting by budget action and Climate Fund project for Global 2032 and Global 2033. Details of these actions and projects are provided in sections 3.3 and 3.4.

Figure 9 - Global 2032 and Global 2033 by Budget Action and Climate Fund Project (R$ million)

Expense categories	Global 2032				Global 2033
	AIR 24	AIR 25	AIR 26	Total	AIR 26 Total
Green		**2,728.62**	**3,767.71**	**6,496.33**	**4,682.43**
1.1 Control of GHG emissions			**72.75**	**72.75**	
20V9 - Land Cover and Wildfire Risk Monitoring			2.63	2.63	
20VA - Support for Climate Change-Related Research and Development Studies and Projects			1.20	1.20	
21E4 - Implementation and Monitoring of the National Policy on Climate Change			2.42	2.42	
FC - GHG Emissions Reduction			66.50	66.50	

Expense categories	Global 2032				Global 2033
	AIR 24	AIR 25	AIR 26	Total	AIR 26 Total
1.2 Solid waste management					**20.00**
FC - Landfill Biogas Capture					20.00
2. Renewable energy		**1,208.77**	**2,997.67**	**4,206.44**	**1,235.09**
21BD - Studies on the Biofuels Industry			0.33	0.33	
FC - Solar Photovoltaic Energy		659.08	1,791.10	2,450.18	675.60
FC - Wind Power		500.00	500.00	1,000.00	86.92
FC - Biomass and Waste Energy		47.00	104.94	151.94	104.22
FC - Biofuel Production			559.30	559.30	332.00
FC - Biomethane Production			42.00	42.00	36.35
FC - Energy Transition Technologies		2.69		2.69	
3. Energy efficiency		**29.84**	**54.66**	**84.50**	
FC - LED Public Lighting		5.28		5.28	
FC - Industrial Energy Efficiency		24.55	54.66	79.22	
4. Clean transport			**317.23**	**317.23**	
00SZ - Support for Non-Motorized Transport			1.42	1.42	
10ST - Non-Motorized Transport			2.35	2.35	
FC - Low-Carbon Transport			195.35	195.35	
FC - Low-Emission Transport Infrastructure			16.85	16.85	
FC - Electric Buses			58.23	58.23	
FC - Low-Impact Freight Transport			43.03	43.03	
5. Living and natural resources and land use		**962.51**		**962.51**	**992.41**
20M4 - Support for the Implementation of Agro-Environmental Policies		0.07		0.07	0.01
20VQ - Socio-Environmental Management in Territories of Traditional Peoples and Communities		6.13		6.13	0.44
20UF - Land Regularization, Protection and Management of Indigenous Territories					162.55
20WA - Forest Registration, Restoration and Production		13.41		13.41	
20Y1 - Sustainable Development of Artisanal Fisheries		66.47		66.47	38.46
20YP - Promotion, Protection and Restoration of Indigenous Health		566.19		566.19	240.03
20ZU - Risk Reduction in Agricultural Activities					1.48
210V - Productive Structuring, Promotion and Strengthening of Family Farming and Agroecology					108.44
210W - Support for the Economic Organization and Promotion of Citizenship and Well-Being of Rural Women					41.62
210X - Support for Sustainable Territorial Development, Productive Inclusion and Rural Infrastructure		2.61		2.61	39.89
211A - Environmental Development and Management for Agrarian Reform Beneficiaries		1.71		1.71	0.78
214S - Structuring and Promotion of Productive Activities - National Integration Routes and Bioeconomy		66.91		66.91	39.24
21B8 - Sustainable Development of the Bioeconomy					6.12

Expense categories	Global 2032				Global 2033
	AIR 24	AIR 25	AIR 26	Total	AIR 26 Total
21BO - Multiethnic, Cultural and Social Rights of Indigenous Peoples					90.11
21DG - Hydro-Environmental Restoration in River Basins within the Codevasf Area of Operation					7.07
21F1 - Development of the Bioeconomy		3.20		3.20	2.76
21F2 - Territorial and Socio-Environmental Management of Rural Landscapes and Natural Resources in Territories of Traditional Peoples and Communities and Family Farmers		8.10		8.10	8.65
21F3 - Implementation of Policies for Biodiversity, Native Vegetation and Protected Areas		4.15		4.15	1.65
21F5 - Forest Management		6.76		6.76	23.82
21FL - Management of Indigenous Peoples' Rights		121.78		121.78	62.39
21HJ - Assessment, Monitoring and Conservation of Brazilian Flora		0.00		0.00	0.53
8593 - Support for the Development of Sustainable Agricultural Production					2.64
FC - Afforestation, Reforestation and Forest Restoration		95.00		95.00	66.19
FC - Rural Environmental Regularization					12.50
FC - Commercial Forest Management and Planting					26.00
FC - Crop-Livestock-Forest Integration and Agroforestry					8.00
FC - Degraded Pasture Recovery					1.05
6. Terrestrial and aquatic biodiversity		**311.55**		**311.55**	**1,365.02**
125F - Environmental Restoration of the Santa Catarina Coal Basin		10.46		10.46	0.07
154K - Construction of the Infrastructure of the National Institute of the Semi-Arid		1.25		1.25	
20UV - Support for Research and Development in Science and Technology					1.38
20V9 - Land Cover and Wildfire Risk Monitoring					0.76
20VP - Support for Environmental Conservation and the Eradication of Extreme Poverty - Bolsa Verde					198.46
20WB - Forest Research and Information		5.49		5.49	
20WK - Research, Assessment and Monitoring of Brazilian Flora		3.53		3.53	
20WM - Support for the Creation, Management and Implementation of Federal Conservation Units					315.45
20WN - Research, Monitoring and Conservation of Brazilian Flora Species		10.57		10.57	18.10
211A - Environmental Development and Management for Agrarian Reform Beneficiaries		1.82		1.82	0.50
214M - Prevention and Control of Forest Fires in Priority Federal Areas		2.63		2.63	195.13
214N - Environmental Control and Enforcement					268.47
214O - Sustainable Biodiversity Use Management and Environmental Restoration		34.54		34.54	23.53
214P - Environmental Enforcement and Prevention and Control of Forest Fires		220.74		220.74	302.06

Expense categories	Global 2032				Global 2033
	AIR 24	AIR 25	AIR 26	Total	AIR 26 Total
21A8 - Formulation and Implementation of Strategies to Promote Biodiversity Conservation, Restoration and Sustainable Use		9.52		9.52	
215L - Support for Scientific and Technological Research and Development					2.59
218D - Science, Technology and Innovation at the National Institute of the Atlantic Forest - INMA					0.71
21F3 - Implementation of Policies for Biodiversity, Native Vegetation and Protected Areas					11.48
21F4 - Formulation and Implementation of Policies, Strategies and Initiatives for Deforestation and Forest Fire Control and Environmental Land-Use Planning		6.88		6.88	5.03
21F5 - Forest Management		1.45		1.45	5.47
21HF - Environmental Restoration of the Santa Catarina Coal Basin		0.47		0.47	4.26
21HK - Research and Conservation of Plant Biodiversity		0.16		0.16	0.79
2518 - Support for Oceanographic and Climatological Research and Monitoring of the Blue Amazon					3.59
2C67 - Research and Development at the Center for Strategic Technologies of the Northeast - CETENE		2.04		2.04	1.04
FC - Conservation Units					3.00
FC - Biodiversity Conservation and Management					3.15
7. Water and effluents management					**446.24**
00TO - Support for the Implementation, Expansion or Improvement of Sanitary Sewerage Systems*					221.71
147S - Expansion of the National Meteorological Monitoring Network					1.82
20VR - Conservation and Restoration of River Basins					3.93
20VS - Formulation and Support for the Implementation of the National Water Resources Policy					0.76
20WI - Implementation of the National Water Resources Policy					79.76
2161 - Production and Dissemination of Meteorological and Climatological Information					78.93
216W - Research and Development for Studies of Weather, Climate, Earth System Observation and Modeling					41.59
21F2 - Territorial and Socio-Environmental Management of Rural Landscapes and Natural Resources in Territories of Traditional Peoples and Communities and Family Farmers					0.55
2223 - Support for Institutional Research Projects in the Water Resources Sector (CT-Hidro)					2.48
4926 - Regulation and Enforcement of Water Resource Uses, Irrigation and Raw Water Conveyance Services, and Dam Safety					7.35
FC - Water Pollution Control					5.00
FC - Water Resources Conservation					2.34

Expense categories	Global 2032				Global 2033
	AIR 24	AIR 25	AIR 26	Total	AIR 26 Total
8. Adaptation to climate change		**178.74**	**254.34**	**433.08**	**250.54**
00T5 - Support for Studies, Projects and Works by Subnational Governments for Flood Control or Retention and for the Control of Marine and Riverbank Erosion		9.74	47.19	56.93	
00TC - Support for the Rehabilitation of Dams and Other Water Infrastructure of Subnational Governments			0.50	0.50	
14RL - Support for the Implementation of Studies, Plans, Projects and Works for the Prevention of and Protection against Coastal Erosion in Urbanized Areas		39.43	32.80	72.23	
14UX - Improvement of the Actions of the National Center for Risk and Disaster Management			0.73	0.73	
15P6 - Expansion and Modernization of Infrastructure for Biodiversity Studies			4.13	4.13	
20G4 - Support for Studies and Projects for Climate Change Mitigation and Adaptation		8.83	3.68	12.51	
20GB - Natural Disaster Monitoring and Early Warning - CEMADEN		4.61	23.97	28.58	
20L9 - Surveys, Studies, Forecasting and Early Warning of Critical Hydrological Events			18.67	18.67	
20UJ - Science, Technology and Innovation at the National Institute of the Semi-Arid			0.66	0.66	
20UR - Science, Technology and Innovation at the National Institute of Amazonian Research			9.81	9.81	
20VA - Support for Climate Change-Related Research and Development Studies and Projects			0.57	0.57	
20W2 - Addressing Desertification Processes and Mitigating and Adapting to the Effects of Drought		7.89	3.24	11.13	
211A - Environmental Development and Management for Agrarian Reform Beneficiaries			43.36	43.36	
21A9 - Implementation of Programs, Plans and Actions to Improve Environmental Quality and Water Conservation		47.92	21.11	69.03	
8348 - Support for Emergency Disaster Prevention and Mitigation Actions			21.45	21.45	
FC - Urban Infrastructure Resilience		60.33	22.46	82.79	250.54
9. Circular economy		**37.21**	**71.06**	**108.27**	**373.13**
FC - Waste Recycling and Reprocessing		26.95	71.06	98.00	373.13
FC - Bio-Based Products		10.27		10.27	
SOCIAL	**4,330.75**			**4,330.75**	**3,121.62**
1.1 Combating poverty	**3,897.67**			**3,897.67**	**1,560.81**
00H5 - Continuous Cash Benefit (BPC) for Older Persons and Lifetime Monthly Income (RMV) Due to Age	616.88			616.88	
00IN - Continuous Cash Benefit (BPC) for Persons with Disabilities and Lifetime Monthly Income (RMV) Due to Disability	782.99			782.99	
219E - Co-Financing of Basic Social Protection	18.70			18.70	
8442 - Direct and Conditional Cash Transfers to Beneficiary Families of the Bolsa Família Program	2,479.10			2,479.10	1,560.81

Expense categories	Global 2032				Global 2033
	AIR 24	AIR 25	AIR 26	Total	AIR 26 Total
2. Food security					**780.41**
00PI - Support for the National School Feeding Program (PNAE)					390.20
2798 - Acquisition and Distribution of Food from Family Farming to Promote Food and Nutrition Security					390.20
5.2. Universalization of basic sanitation	**433.08**			**433.08**	**780.41**
00TK - Support for Sustainable Urban Drainage and Stormwater Management Systems in Critical Municipalities Subject to Recurring Floods, Flash Floods and Urban Flooding	26.14			26.14	
00TN - Support for the Implementation, Expansion or Improvement of Water Supply Systems	32.19			32.19	
00UN - Support for the Implementation, Expansion, Improvement or Adaptation of Water Supply Systems within the Codevasf Area of Operation	0.28			0.28	
14VI - Implementation of Water Security Infrastructure**	53.26			53.26	
15XT - Implementation of Water Conveyance Systems for Water Supply from the Alagoas Sertão Canal	7.43			7.43	
15XV - Construction of an Integrated Water Supply System	5.95			5.95	
15ZK - Implementation of the Seridó Project	4.04			4.04	
162K - Implementation of the Bahia Sertão Canal	0.02			0.02	
1851 - Acquisition of Equipment and/or Implementation of Small- and Medium-Scale Water Infrastructure Works	11.84			11.84	
1N64 - Implementation of the Pajeú Water Conveyance System in the States of Pernambuco and Paraíba	3.26			3.26	
20AG - Support for the Management of Basic Sanitation Systems in Municipalities with up to 50,000 Inhabitants	2.90			2.90	
21CJ - Basic Sanitation in Indigenous Villages for the Prevention of Diseases and Health Conditions	39.10			39.10	
21DD - Rehabilitation of Dams and Other Water Infrastructure	14.03			14.03	
5314 - Implementation of the Baixio de Irecê Public Irrigation Project	1.72			1.72	
7X91 - Implementation of the Xingó Canal	1.14			1.14	
8865 - Support for Plans, Projects and Works to Reduce Landslide Risks	18.35			18.35	
8948 - Implementation of Social Technologies for Access to Water for Human Consumption and Food Production	211.43			211.43	780.41
GRAND TOTAL	**4,330.75**	**2,728.62**	**3,767.71**	**10,827.08**	**7,804.05**

** In the reporting of Global 2032 bond in the AIR 2024, action 00TO (Support for the implementation, expansion or improvement of sewage systems) had been presented under Social Category 5.2. Universal Access to Basic Sanitation, but was subsequently considered to be more closely aligned with Environmental Category 7. Water and Wastewater Management. Accordingly, the amount of R$ 98.02 million that had been reported as social expenditure under action 00TO was reallocated to action 8948 (Implementation of social technologies for access to water for human consumption and food production).*

*** The amount of R$ 27.48 million under action 11AA (Construction of the Fronteiras Dam) that had been reported in the AIR 2024 was reallocated to action 14VI (Implementation of infrastructure for water security) to ensure compliance with the eligibility criteria.*

Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES

3.3. Global 2032 – Second Issuance

This section highlights the budget programs and projects associated with the second issuance (Global 2032), as presented in Figure 9 of the previous section. The reporting period covers expenditures from July 2023 through June 2026. Figure 10 shows the distribution of the amount allocated to eligible expenditures under the Framework.

Figure 10 - Distribution of amounts allocated under Global 2032 (%)



Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

The social expenditures related to Global 2032 had already been fully reported in the 2024 Allocation and Impact Report (AIR). The AIR 2025 was the first report to present the green expenditures associated with Global 2032. Compared with that report, the AIR 2026 broadens the scope of eligible expenditures covered by incorporating categories **1.1 Control of GHG emissions** and **4. Clean Transport**. The former received an allocation of R$72.75 million, while the latter totaled R$317.23 million. In both cases, the resources come primarily from Climate Fund.

The expanded scope is not limited to the inclusion of new categories. The report also incorporates new projects financed by Climate Fund and new budget programs in categories already covered in previous allocation and impact reports. Under category **2. Renewable Energy**, projects involving CF-Biofuel Production and CF-Biomethane Production were included, broadening the set of initiatives aimed at the energy transition. Category **8. Adaptation to Climate Change** now also includes new budget programs, reaching R$254.34 million in allocations, an amount 42% higher than that reported in the previous AIR.

The reported allocations continue to prioritize initiatives aimed at expanding renewable energy and strengthening domestic technological capabilities associated with transition to a low-carbon economy. One example is the Wind Turbine Innovation Project under category **2. Renewable Energy** financed by Climate Fund, which recorded disbursements of R$59.8 million in 2024 and 2025. The project was designed to support the development, manufacture, transportation, assembly, installation and commissioning of a 7.0 MW onshore wind turbine prototype, installed in 2025 at the Seabra Wind Farm in Bahia. The initiative contributes to the development of domestic industrial and technological capabilities in the renewable energy sector and to strengthening the supply chain associated with wind power generation.

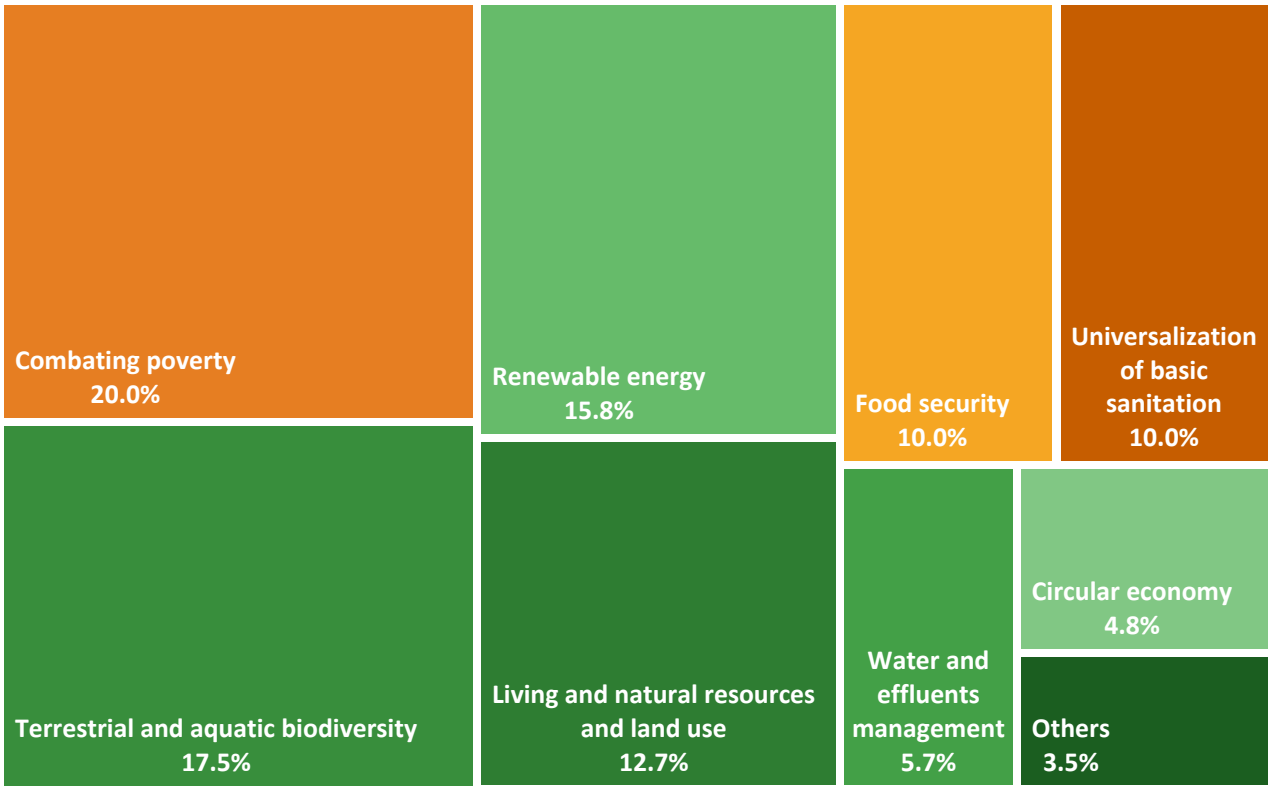
Taken together, the changes compared with the previous AIR demonstrate the maturation and expansion of the portfolio of eligible green expenditures associated with the second issuance. The incorporation of new categories, budget programs and projects supported by Climate Fund

strengthens the alignment of the reported allocations with the objectives of the National Policy on Climate Change, particularly those related to controlling greenhouse gas emissions and promoting adaptation to climate change

3.4. Global 2033 – Third Issuance

For the third issuance, the reporting period covers eligible expenditures incurred between November 2024 and June 2026. With the allocation of the proceeds raised through Global 2033 bond, this report marks the achievement of 100% allocation of the proceeds raised, in accordance with the criteria established in the Brazilian Sovereign Sustainable Bond Framework.

Figure 11 - Distribution of amounts allocated under Global 2033 (%)



Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

From Figure 11 it´s possible to see that, compared to Global 2032, Global 2033 includes new green categories in the report: **1.2 Solid Waste Management**, with an allocation of R$20 million, and **7. Sustainable Management of Water and Effluents,** with R$446.24 million in eligible expenditures.

In addition to the inclusion of new categories, this report incorporates new budget programs in green categories already covered in previous reports. Under category **5. Sustainable Management of Living and Natural Resources and Land Use**, budget programs 20UF and 21BO, aimed at supporting Indigenous Peoples, stand out, totaling R$252.66 million, as does budget program 210W, aimed at promoting the well-being of rural women, with an allocation of R$41.62 million. Under category **6. Terrestrial and Aquatic Biodiversity**, the budget programs included, among others, 20VP, which supports environmental conservation and poverty eradication, with R$198.46 million, and 20WM, aimed at supporting the establishment, management and implementation of federal conservation units, totaling R$315.45 million.

Box 1: Bolsa Verde Program

Relaunched by the Federal Government in 2023, the Environmental Conservation Support Program, known as the "Bolsa Verde" Program (budget program 20VP, category 6. Terrestrial and Aquatic Biodiversity), has become an important instrument for socio-environmental protection. It combines cash transfers to vulnerable families with recognition and appreciation of the role played by Traditional Peoples and Communities and family farmers in conserving ecosystems and maintaining native vegetation.

Since then, "Bolsa Verde" has been used as an instrument for social protection and environmental conservation, recognizing and valuing families from Traditional Peoples and Communities and family farmers who contribute to maintaining native vegetation and conserving ecosystems. Between 2023 and 2025, more than R$362.7 million was invested in benefits.

In 2026, the Program reached approximately 88,000 active families, with a significant presence in territories of high environmental relevance. Approximately 86% of beneficiaries are located in areas with more than 90% native vegetation cover, demonstrating "Bolsa Verde's" contribution to reconciling social protection, the ability of communities to remain in their territories and environmental conservation.

The Government made progress in integrating the financial benefit with socio-environmental technical assistance and rural extension initiatives, socio-productive inclusion and access to other public policies, while also strengthening the Program's monitoring and evaluation instruments..

Regarding the social component, category **2. Food Security and Sustainable Food Systems** stands out, with an allocation of R$780.41 million. Expenditures were also maintained in categories previously reported, such as category **1.1 Fighting Poverty**, which continues to include resources allocated to the "Bolsa Família" Program.

Overall, the budget programs and projects reported in connection with Global 2033 broaden the range of public policies presented. The allocations encompass initiatives related to solid waste management; sustainable management of water and effluents; biodiversity and conservation units; promotion of the rights of Indigenous Peoples and rural women; food security and sustainable food systems; and social protection.

In this regard, the reported expenditures contribute to implementing instruments such as the National Water Resources Policy (Law No. 9,433/1997) and federal policies aimed at food and nutrition security and poverty reduction. At the same time, resources directed to indigenous peoples and rural women reinforce government initiatives focused on productive inclusion, protection of rights and promotion of equal opportunities.

Taken together, these allocations demonstrate the cross-cutting nature of the eligible expenditure portfolio associated with the third issuance, which encompasses public policies across different areas of government activity. This diversity of instruments reflects the interdependence between environmental preservation, sustainable management of natural resources, social inclusion and economic development, expanding the reach of the proceeds raised to initiatives that generate complementary green and social benefits.

Box 2: Bolsa Família Program

Brazil has made progress in addressing inequalities. The Report of the Brazilian Inequalities Observatory, prepared by the Inter-Union Department of Statistics and Socioeconomic Studies (DIEESE), indicated improvement in 71% of the indicators monitored, with advances in income, employment, food security and human development. In this process, the Ministry of Development and Social Assistance, Family and Fight against Hunger (MDS) contributes by strengthening a social protection network that combines information, cash transfers and socioeconomic inclusion. The Unified Registry contains data on more than 41 million families, guiding public policies and expanding access to benefits and services. The "Bolsa Família" Program provided income protection to 18.6 million families in December 2025, with an average benefit of R$680. To expand opportunities, "Acredita no Primeiro Passo" made R$2.1 billion in credit available to 241,500 entrepreneurs registered in the Unified Registry. Identifying, protecting and creating opportunities: this is how social policies help reduce poverty, expand autonomy and build a country with less inequality.



4 Impact

This section presents the green and social impacts associated with the eligible expenditures reported, as provided for in Brazil's Sovereign Sustainable Bond Framework. To ensure consistency with the budget structure, the impact indicators used are aligned with the objectives and targets of the 2024–2027 Multi-Year Plan (PPA), the Federal Government's main medium-term planning instrument. Because the eligible budget programs are linked to the PPA's key programs, it was possible to establish a correspondence between the allocated proceeds and the government's official performance indicators.

In addition, for categories that also include projects financed with resources from the Climate Fund, indicators are presented for financed projects that received disbursements from January 2023 onward. This reflects the specific nature of allocations through the Fund, which is operated by the Brazilian Development Bank (BNDES).

This section first presents the 2024–2027 PPA indicators associated with PPA programs linked to the budget programs reported in section 3. Allocation. It then presents the indicators related to Climate Fund projects.

4.1. PPA Indicators

This section assesses the eligible expenditures presented in section 3. Allocation, based on the PPA programs to which the budget resources are linked. Figure 12 presents the indicators related to green expenditures, their respective 2025 baselines, targets, and results measured in 2024 and 2025, grouped by eligible expenditure category.

Figure 12 - Indicators related to PPA programs associated with green expenditures

PPA Program	Indicator	Baseline	2024 Target	2024 Result	2025 Target	2025 Result
Category 1. Pollution prevention and control						
Subcategory 1.1. Control of GHG emissions						
1158	Percentage of national GHG emissions covered by mitigation plans (%)	59.80	81.70	59.80	93.00	100.00
6114	Protected area with integrated fire management implemented (km^2)	200,000	200,000	344,838	205,000	337,145
Subcategory 1.2. Solid waste management						
2322	Proportion of Urban Solid Waste Collected with Environmentally Appropriate Final Disposal (%)	73.90	76.86	73.70	76.90	76.80
Category 2. Renewable energy						
3107	Clean Energy Supply (%)	46.30	47.70	50.30	47.70	50.00
Category 3. Energy efficiency						

PPA Program	Indicator	Baseline	2024 Target	2024 Result	2025 Target	2025 Result
3107	ODEX Brasil (index)	100.00	90.00	88.20	91.70	87.00
Category 4. Clean transport						
2319	Fleet renewal rate (%)	0.00	6.30	13.90	14.10	26.00
3107	Number of Decarbonization Credits (CBIOs) issued in the country during the year (in millions) (R$ million)	31.23	42.31	42.44	40.39	42.77
Category 5. Sustainable management of living and natural resources and land use						
1144	Number of producers benefiting from the Rural Insurance Premium Subsidy Program (PSR) (no. of producers served)	78,574	89,723	86,443	107,668	42,026
1191	Number of rural women benefiting from public policies to strengthen economic and productive autonomy (no. of beneficiaries)	452,394	509,000	758,751	801,200	933,751
1617	Land Regularization Index of Indigenous Lands (%)	67.38	68.46	69.46	69.58	73.41
	Number of Territorial and Environmental Management and socio-bioeconomy initiatives under implementation (units)	-	101	150	109	206
2321	Total area benefited by watershed revitalization actions (hectares)	-	45,821.00	9,891.60	10,483.00	10,418.00
5122	Infant mortality rate from preventable causes (%)	19.01	17.58	16.30	16.15	20.99
5136	Number of students enrolled - Promote access to rural education for beneficiaries of Agrarian Reform, Quilombolas, and Traditional Peoples and Communities (units)	0	16,250	2,061	8,125	16,060
5838	Number of Indigenous Peoples represented (units)	-	30.00	51.00	60.00	190.00
Category 6. Terrestrial and aquatic biodiversity						
1189	Number of families served by the Bolsa Verde program and other policies to promote sustainable productive activities (units)	0	50,000	51,621	70,000	71,811
2308	Number of laboratories focused on standardization, metrology, accreditation, and conformity assessment supported (units)	31	1,400	1,436	44	44
6113	Index of achievement of delivery targets - Contribute to marine sustainability, the maintenance of ecosystem services and social justice in the ocean, coastal zones and Antarctica (%)	83.00	70.00	83.00	100.00	95.11
6114	Area of native vegetation cover in recovery (hectares)	0	187,500	1,500,000	375,000	3,400,000
	Number of endangered fauna/flora species with action plans or other conservation instruments (units)	1,853	1,860	1,853	1,873	1,886
	Percentage of terrestrial and marine territory protected (%)	20.67	22.00	20.97	21.31	20.95
Category 7. Sustainable management of water and effluents						

PPA Program	Indicator	Baseline	2024 Target	2024 Result	2025 Target	2025 Result
2321	Estimated annual increase in irrigated area based on authorizations for the use of Union domain waters (hectares)	346,152	383,433	277,683	400,688	466,900
2322	Percentage of urban households served by a sewerage system or septic tank for excreta or sanitary sewage (%)	83.30	85.10	84.70	85.10	84.90
	Percentage of rural households served by a sewerage system or septic tank for excreta or sanitary sewage (%)	38.70	40.70	26.00	40.70	26.60
Category 8. Adaptation to climate change						
1158	Number of climate information instruments made available (units)	381	2,602	2,604	5,202	5,520
1190	Percentage of states generating air, water, and soil quality monitoring data integrated with federal monitoring systems (%)	10.00	20.00	27.45	30.00	33.30
2308	Annual evolution in the availability of R&D infrastructure (units)	3,756	4,500	4,220	5,400	5,295
2318	Proportion of municipalities in the "High" and "Advanced Intermediate" ranges of the Municipal Capacity Index for Risk and Disaster Management (%)	30.54	41.35	33.07	30.81	41.56
	Adjusted average time between request and transfer of resources for humanitarian assistance (days)	22.80	22.75	25.02	22.60	22.86
Category 9. Circular economy adapted products, production technologies and processes						
1190	Recovery rate of dry recyclables from municipal solid waste (%)	2.20	5.70	0.00	6.60	1.90

Source: Annual Monitoring Report: 2025 base year/MPO.

Between AIR 2025 and AIR 2026, only the indicator "Number of target-group families served by agroecological, sociobiodiversity, and agro-industrial initiatives involving environmental conservation and the restoration of degraded areas," related to category **5. Sustainable management of living and natural resources and land use**, and linked to Program 1189, was removed from the list because it is no longer included among the 2024–2027 PPA indicators.

A few considerations are required regarding some of the indicators presented. In category **3. Energy Efficiency**, the results for the "ODEX Brazil" indicator have a one-year lag. Accordingly, the value reported for 2025 corresponds to the 2024 result, and comparisons between targets and results should take this time lag into account. Thus, an index of 87 represents a 13% efficiency gain, equivalent to savings of 41 million tonnes of oil equivalent.

In category **6. Terrestrial and Marine Biodiversity**, the 2025 result for the indicator "Area of native vegetation cover under restoration" exceeded the target by 806.7%. According to the Ministry of the Environment and Climate Change (MMA), this occurred because, in 2025, the monitoring system used to identify areas of native vegetation under restoration in Brazil was structured through a joint effort involving MMA, the National Institute for Space Research (INPE), the Food and Agriculture Organization of the United Nations (FAO), and The Nature Conservancy (TNC), within the Thematic Advisory Chamber on Spatial Intelligence and Monitoring of the National Commission for the Recovery of Native Vegetation (Conaveg). Initial estimates indicated that areas undergoing restoration exceeded the original target by approximately tenfold, totaling about 3.4 million hectares. This result supported the establishment of the National Plan for the Recovery of Native Vegetation (Planaveg) target of restoring 12 million hectares by 2030 and led to a revision of the PPA targets for 2026 and 2027, which were adjusted to this new level of 3.4 million hectares per year.

Also in category 6, for the indicator "Percentage of terrestrial and marine territory protected," greater data availability in 2025 made it possible to improve the analysis of overlaps among protected areas in the mapping. As a result of this methodological refinement, the share of protected areas changed from 20.97% in 2024 to 20.95% in 2025. Therefore, despite the cumulative nature of the target, the small decrease observed reflects an update to the calculation base rather than a reduction in the protected area.

In category **8. Climate Change Adaptation**, the indicator "Proportion of municipalities in the 'High' and 'Advanced Intermediate' bands of the Municipal Capacity Index for Risk and Disaster Management"[3] underwent methodological adjustments in 2025 that enabled timely data updates; the data had previously been based on the 2020 MUNIC/IBGE survey. Participation by municipal civil protection and defense agencies in the survey also increased, allowing progress in local capacities to be incorporated. As a result, 480 municipalities moved from the lower-performing bands (C and D) to the higher-performing bands (A and B). The number of municipalities classified in bands A and B therefore increased from 1,835 in 2024 to 2,315 in 2025, while the total in bands C and D decreased from 3,735 to 3,255.

Box 3: PPA Indicators – Methodological Changes and Notes

Some indicators related to PPA programs associated with green expenditures have undergone methodological changes since AIR 2025.

In category **4. Clean transport**, the 2025 result for the indicator "Number of decarbonization credits (CBIOs) issued in the country during the year (million)" is preliminary. The final figure will be released at a later date by the National Agency for Petroleum, Natural Gas and Biofuels (ANP).

In category **5. Sustainable management of living and natural resources and land use**, the 2025 target for the indicator "Total area benefiting from river basin revitalization actions" became non-cumulative. The indicator "Number of Indigenous lands benefiting from protection, full possession, and exclusive usufruct actions" was renamed "Number of territorial and environmental management and sociobioeconomy initiatives under implementation." It now measures initiatives of this nature whose implementation is supported by the National Foundation for Indigenous Peoples (Funai) and the Ministry of Indigenous Peoples.

Also in category 5, the name and calculation methodology of the indicator "Number of students enrolled – expanding access to rural education for agrarian reform beneficiaries, Quilombola communities, and traditional peoples and communities" were changed during the 2025 review. Therefore, the 2024 and 2025 data are not comparable.

In category **6. Terrestrial and aquatic biodiversity**, the Ministry of Science, Technology and Innovation (MCTI) changed the monitoring methodology for the indicator "Number of supported laboratories for standardization, metrology, accreditation, and conformity assessment" during the 2025 review, shifting from a cumulative methodology to an annual incremental approach. Under the new methodology, 31 laboratories were supported in 2024, establishing the indicator's new baseline. Targets of 68 and 81 supported laboratories were set for 2026 and 2027, respectively.

Also in category 6, the indicator "Percentage of variables monitored – advancing scientific knowledge, technological development, and innovation in the ocean, coastal zones, and polar regions" was replaced by the "Delivery target achievement index – advancing scientific knowledge, technological development, and innovation in the ocean, coastal zones, and polar regions." According to the Ministry of Planning and Budget (MPO), this change was made because the previous indicator measured only the proportion of variables monitored, without indicating whether the targets for the deliverables associated with the objective were being achieved. The new index corresponds to the average percentage of achievement of the targets for the deliverables considered during the period.

For further information, please refer to the full publication of the Annual Monitoring Report: 2025 Base Year.

Figure 13 presents the indicators related to social expenditures, together with their baseline,

3 For the purposes of PPA monitoring, the Municipal Capacity Indicator (ICM) is calculated as a percentage, based on the total of 5,570 municipalities

target, and result measured in 2025, grouped by eligible expenditure category for which disbursements occurred, as presented in section 3, Allocation.

Figure 13 - Indicators related to PPA programs associated with social expenditures

PPA Program	Indicator	Baseline	2024 Target	2024 Result	2025 Target	2025 Result
Category 1 - Socio-economic development and empowerment						
Subcategory 1.1 - Combating poverty						
5128	Percentage of attendance of families with a PBF profile (ratio between the number of families benefiting from the PBF and the estimate of families with a PBF permanence profile, calculated based on the PNADC) (%)	102.2	100.0	100.93	100.0	90.66
5131	Percentage of families with an income of up to 1/2 minimum wage enrolled in the Unified Registry, covered by CRAS units (%)	68.2	69.0	74.71	71.0	76.29
	Average Concession Time (in days) for the BPC (PCD and Elderly) (days)	164	133	83	101	254
Category 2 - Food security and sustainable food systems						
5133	Percentage of family farmers registered in the Unified Registry (CAD Único) as suppliers to the PAA (%)	41.00	45.00	60.00	60.00	78.62
	Percentage of rural families in the Single Registry assisted through productive inclusion actions, especially the Rural Productive Activities Promotion Program (%)	5.2	5.5	5.8	6.0	8.0
Category 5 - Access to basic infrastructure						
Subcategory 5.2 - Universalization of basic sanitation						
2321	Number of municipalities with a low or critical Water Security Index (ISH) in the human dimension benefited from the expansion of water supply (units)	75	100	135	153	136
2322	Percentage of rural households supplied with water by distribution network or by well or spring (%)	73	75	74	75	75
	Percentage of urban households supplied with water by distribution network or by well or spring (%)	98	97	98	98	98
5122	Number of indigenous villages benefited from drinking water supply infrastructure works (units)	96	60	225	513	630
5133	Number of rural families in the Unified Registry without access to water (units)	1,052,000	945,000	942,495	949,000	892,531

Source: Annual Monitoring Report: 2025 base year/MPO

Compared with the list of indicators presented in AIR 2025, the only change concerns the indicator "Percentage of municipalities that completed the systems for recording and monitoring the requirements of Article 30 of the Organic Law on Social Assistance, LOAS (Social Assistance Council, Fund, and Plan)," linked to category **1. Socioeconomic Development and Empowerment**, and Program 5131. It was not included because its result had not yet been measured when this report was prepared.

Box 4: Food Acquisition Program (PAA) and Cisterns Program

The Food and Agriculture Organization of the United Nations (FAO) confirmed that Brazil has left the Hunger Map: the prevalence of undernourishment was below 2.5% of the population during the 2022–2024 period, according to *The State of Food Security and Nutrition in the World 2025*. National data from the Brazilian Food Insecurity Scale (EBIA/IBGE) also show progress. Severe food insecurity affected 3.2% of households, the lowest level in the historical series, with declines also recorded among female-headed households, Black households, and rural households.

The reduction in hunger reflects a combination of economic and social factors and the work of several public policies. Within these efforts, the Ministry of Development and Social Assistance, Family and Fight Against Hunger (MDS) plays a strategic role in promoting food and nutrition security. It coordinates measures that expand access to adequate food, strengthen family farming, improve water security, and support vulnerable populations.

The Food Acquisition Program (PAA), linked to budget program 2798 under category 2. Food Security, puts this approach into practice by connecting food production, income, supply, and access to food. In 2025, the program purchased 96,900 tonnes of food from 65,000 family farmers, making payments of more than R$535 million across 2,902 municipalities. By directing part of this produce to people and groups experiencing food insecurity, the PAA addresses several dimensions of the food system, supporting both producers and those who need regular access to food.

Food security also depends on the conditions needed to produce and consume food. The Cisterns Program, linked to budget program 8948 under category 5.2. Universal Access to Basic Sanitation, implements community-based technologies that provide water for drinking and food production in rural areas. Since 2003, it has benefited approximately 1.2 million families, improving water security and the conditions for food production and consumption in vulnerable communities. In 2025, 49,321 water-access systems were delivered: 44,939 for drinking water, 4,004 for food production, and 378 school cisterns..

Box 5: Prevention and Control of Deforestation and Wildfires

Reaffirming the Federal Government's commitment to achieving zero deforestation by 2030 and rigorously combating wildfires, Brazil's biomes have recorded substantial declines in deforestation in recent years. Compared with 2022, deforestation fell by 50.57% in the Amazon, 32.31% in the Cerrado, 12.87% in the Caatinga, 61.05% in the Atlantic Forest, 59.60% in the Pampa, and 63% in the Pantanal.

These significant results directly reflect the strengthened performance of federal environmental agencies, which have considerably expanded their operational, enforcement, and deforestation- and wildfire-control capabilities. For the first time in history, all six Brazilian biomes are covered by Action Plans for the Prevention and Control of Deforestation—structured strategies designed to reduce deforestation and create the conditions for transitioning to a sustainable development model.

The largest contingent of federal wildfire brigade members in Brazil's history was also hired, comprising 4,385 professionals—2,600 at Ibama and 1,785 at ICMBio—an increase of 26% compared with 2024. Infrastructure for 2025 includes seven new helicopters for operations to combat wildfires and deforestation. The renewal of 75% of the fleet increased the capacity to transport agents and brigade members by 75%, annual flight hours by 40%, and water-dropping capacity by 133%.

Note: Deforestation figures are as of August 2026.

Note 2: Wildfire brigade staffing figures refer to 2025..

4.2. Climate Fund Indicators

It is important to note that, between AIR 2025 and AIR 2026, there was a significant increase in the number of projects financed with resources from the Climate Fund that received at least one disbursement. Consequently, the number of projects with at least one indicator also

increased, from 31 to 97. Under BNDES rules, only transactions related to investment projects have indicators. As a rule, financing for the acquisition of machinery and equipment, such as photovoltaic generators, electric buses, and other BNDES-accredited items, does not have project-specific impact indicators.

Of the 97 Climate Fund projects with at least one identified indicator, 11 have already had at least one measurement. Figure 14 compares the number of projects financed resources from the Climate Fund in 2025 and 2026, grouped by eligible expenditure category.

Figure 14 - Number of projects supported by Climate Fund

Category	AIR 2025			AIR 2026		
	With indicator	Without indicator	Total	With indicator	Without indicator	Total
1. Pollution prevention and control	1	0	**1**	3	0	**3**
2. Renewable energy	19	61	**80**	65	234	**299**
3. Energy efficiency	2	0	**2**	3	2	**5**
4. Clean transport	6	13	**19**	5	12	**17**
5. Sustainable management of living and natural resources and land use	1	0	**1**	7	0	**7**
6. Terrestrial and aquatic biodiversity	0	0	**0**	2	0	**2**
7. Sustainable management of water and effluents	0	0	**0**	2	0	**2**
8. Adaptation to climate change	1	0	**1**	4	0	**4**
9. Circular economy adapted products, production technologies and processes	1	0	**1**	6	2	**8**
TOTAL	**31**	**74**	**105**	**97**	**250**	**347**

Source: BNDES

Figure 15 presents the indicators associated with the supported projects and their respective targets. The indicators are grouped by category whenever three or more projects are associated with the same category. The targets represent the aggregate of the estimates for projects that share the same outcomeindicator.

Figure 15 – Indicators related to projects supported by Climate Fund

	Indicator	Target
Category 1. Pollution prevention and control		
3 projects	Biogas collected and flared (m^3/year)	8,194,762
	Biomethane produced (m^3/year)	18,589,500
	Biomethane production capacity (m^3/year)	24,820,000
	Solid waste treatment and disposal capacity (t/day)	2,000
	Total sanitary landfill capacity (m^3)	3,633,300
	Annual avoided greenhouse gas emissions - solid waste (tCO2e/year)	96,440
	Avoided greenhouse gas emissions - biomethane (tCO2e)	78,123.65
	Waste effectively treated or disposed of (t/day)	11,200

	Indicator	Target
Category 2. Renewable energy		
Solar, Wind and Hydroelectric Energy		
43 projects	Installed capacity - solar (MW)	2,334
	Installed capacity - wind (MW)	391
	Installed capacity - hydroelectric (MW)	6.50
	Equivalent households served (no. of households)	2,774,241
	Annual avoided GHG emissions - electricity generation (tCO2e/year)	1,911,127
	Avoided GHG emissions - solar generation (tCO2e)	1,333,121
	Avoided GHG emissions - hydroelectric and small hydropower plant (SHP) generation (tCO2e)	64,301
	Physical guarantee of solar generation (average MW)	643
	Physical guarantee of wind generation (average MW)	108
Biomass and Waste Energy		
11 projects	Biomethane produced (m³/year)	47,675,031
	Waste processing capacity (t/day)	26
	Biomethane production capacity (m³/year)	74,648,487
	Biogas production/use capacity (m³/year)	12,277,080
	Installed biogas generation capacity (MW)	2.15
	Biofertilizer production capacity (t/year)	40,000.00
	Industrial waste treatment or disposal capacity (t/day)	13.70
	Annual avoided GHG emissions - biomethane (tCO2e/year)	380,508.45
	Annual avoided GHG emissions - biogas generation (tCO2e/year)	183,978
	Annual avoided GHG emissions - UPV (tCO2e/year)	13,121.98
	Avoided GHG emissions - biomethane (tCO2e)	106,568.93
	Avoided GHG emissions - biogas generation (tCO2e)	1,761,000
	Physical production of biofertilizers (t/year)	40,000
	Fossil fuel substitution (TOE - tonne of oil equivalent)	5,662.94
Biofuel Production		
7 projects	Sugarcane crushing capacity (million tons)	4
	Ethanol production capacity (m³)	2,381,000
	Biodiesel production capacity (tons/year)	364,320
	Annual avoided GHG emissions - biodiesel (tCO2e/year)	802,934
	Annual avoided GHG emissions - ethanol (tCO2e/year)	1,589,546.40
	Biodiesel production (thousand tons/year)	364.32
	Ethanol production (thousand m³/year)	2,327
Biomethane Production		
4 projects	Biomethane produced (m³/year)	17,300,000
	Waste processing capacity (industrial, construction, obsolescence, etc.) (t/day)	3,630
	Industrial effluent waste processing capacity (m³/day)	2,992
	Biomethane production capacity (m³/year)	39,072,500
	Carbon dioxide equivalent avoided (tons)	229,157
	Annual avoided greenhouse gas emissions - biomethane (tCO2e/year)	34,660
	Energy produced (MWh/year)	396,000
	GHG emissions - tCO2 equivalent/t of product in the year (index)	4,505,225

	Indicator	Target
Category 3. Energy efficiency		
3 projects	Annual avoided greenhouse gas emissions – energy efficiency (tCO_2e/year)	7,467.50
	Energy saved (MWh/year)	77,787.07
	Implementation of energy efficiency actions (estimated energy saved – MWh/year)	77,145.07
Category 4. Clean transport		
5 projects	Electric bicycles made available (no. of bicycles)	8,884
	Mechanical bicycles made available (no. of bicycles)	19,114
	Demand served (users/business day)	173,000
	Cargo vessels acquired (no. of vessels)	6
	Annual avoided GHG emissions – waterways	31,071.7
	Annual avoided GHG emissions - urban mobility (tCO2e/year)	19,736.32
	Pusher tugs acquired (no. of pusher tugs)	1
	Length of BRT dual lane implemented (km)	17.30
	New products/services developed (no. of products/services)	2
	BRT buses acquired (no. of buses)	92
Category 5. Sustainable management of living and natural resources and land use		
7 projects	Area with completed actions to recover vegetation cover with native species - Agroforestry Systems (hectares)	2,750
	Area with completed actions to recover vegetation cover with native species - Total (hectares)	68,006.73
	Area of planted forest, exclusively with native species (hectares)	1,500
	Area of planted forests (hectares)	1,500
	Area recovered with native vegetation cover - Total (hectares)	29,802
	Area recovered for environmental conservation purposes (hectares)	2,750
	Area recovered for economic purposes (hectares)	2,750
	Annual removed greenhouse gas emissions - native species forestry (tCO2e/year)	22,804
	Annual removed greenhouse gas emissions (tCO2e/year)	997,087.79
	Seedlings planted (no. of seedlings)	7,041,460
	Seedling planting (no. of seedlings)	1,249,000
Category 8. Adaptation to climate change		
4 projects	Area of buildings for sports activities - renovation/modernization (m^2)	16,340
	Permeable area implemented (m^2)	15,667
	Recovered area/total area (%)	9.26
	Green area implemented or recovered (m^2)	387,186
	User rating (score)	9
	Cameras installed (no. of cameras)	255
	Raw water intake capacity (L/s)	22,740
	Co-product production capacity (t/day)	0.03
	Water storage capacity (L)	15,450,000
	Water treatment capacity (L/s)	500
	Bike lanes implemented/modernized (m)	12,139

	Indicator	Target
	Days in the year with reductions in the water treatment/storage/distribution system due to reduced water levels in the supply system reservoirs (days)	0
	Businesses opened in the park as a result of the project (shops, restaurants) (no. of businesses)	22
	Cultural facility implemented/revitalized (no. of cultural facilities)	5
	Free events held (no. of events/year)	144
	Length of water network and main (km)	64.70
	User infrastructure implemented/modernized (restrooms, common areas, playgrounds) (no. of structures implemented/modernized)	132
	Seedling planting (no. of seedlings)	9,150
	Existing critical points of waterlogging, flash floods and flooding (no. of critical points)	3
	Water quality of water bodies (no. of water bodies with an improved water class)	2
	Soil recovery (m^2)	75,248
	Average income of entrepreneurs in the park (R$)	3,946
	Physical visitation (no. of visits/year)	17,000,000
	Physical visitation of implemented parks (no. of visits/year)	62,723
	School visitors per year (no. of students)	5,400
	Volume of reservoirs built for water storage (m^3)	288,750
Category 9. Circular economy adapted products, production technologies and processes		
	Waste processing capacity (industrial, construction, obsolescence, etc.) (t/day)	4,217
	Production capacity of high value-added products (t/day)	4
	Solid waste treatment and disposal capacity (t/day)	267
	Production capacity of base lubricating oils without additives (t/year)	241,920
	Industrial waste treatment or disposal capacity (t/day)	883.72
6 projects	Annual avoided greenhouse gas emissions - pulp and paper (tCO2e/year)	10,400
	Annual avoided greenhouse gas emissions - chemicals (tCO2e/year)	501,707.36
	Annual avoided greenhouse gas emissions - steel (tCO2e/year)	85,701
	Physical production of base lubricating oils without additives (t/year)	241,920
	Waste effectively treated or disposed of (t/day)	222
	Volume of waste acquired from waste-picker cooperatives and individuals (t waste/year)	76,000
Other categories		
	Students benefiting from partnerships (no. of students)	15,840
	Conserved area (hectares)	8,094.59
	Effluent reuse capacity (m^3/year)	328,320
	Visitation circuits/attractions implemented (no. of circuits/attractions)	18.00
4 projects	Protected species (fauna or flora) (no. of species)	11,000
	Partnerships with universities and schools (no. of partnerships)	1,561
	Local producers supplying Park shops (no. of producers)	20
	Rooms/housing units implemented (no. of rooms)	20
	Physical visitation (no. of visits/year)	150,600
Total number of projects with indicator		**97**

Source: BNDES

For the 11 projects for which at least one indicator has already been measured, Figure 16 presents the corresponding results. A breakdown by category is provided only for renewable energy, which, in line with the distribution of Climate Fund operations, recorded the largest number of projects that had progressed beyond the implementation phase and whose results could therefore be measured.

Figure 16 - Measured indicators related to projects supported by the Climate Fund

	Indicator	Target	Measured value
Category 2. Renewable energy			
7 projects	Installed capacity - solar (MW)	657	658
	Equivalent households served (no. of households)	857,721	857,721
	Annual avoided GHG emissions - electricity generation (tCO2e/year)	255,006	314,239
	Avoided GHG emissions - solar generation (tCO2e)	516,220	1,481,519
	Physical guarantee of solar generation (average MW)	205	205
Other categories			
4 projects	Area of buildings for sports activities - renovation/ modernization (m^2)	16,340.00	38,027.00
	Permeable area implemented (m^2)	15,667.00	24,923.00
	Recovered area/total area (%)	9.26	8.00
	User rating (score)	9.00	8.90
	Electric bicycles made available (no. of bicycles)	8,884.00	8,627.00
	Mechanical bicycles made available (no. of bicycles)	19,114.00	18,545.00
	Cameras installed (no. of cameras)	255.00	412.00
	Biomethane production capacity (m^3/year)	24,820,000.00	24,820,000.00
	Co-product production capacity (t/day)	0.03	8.56
	Bike lanes implemented/modernized (m)	12,139.00	4,027.00
	Cargo vessels acquired (no. of vessels)	6.00	6.00
	Businesses opened in the park as a result of the project (shops, restaurants) (no. of businesses)	22.00	52.00
	Cultural facility implemented/revitalized (no. of cultural facilities)	5.00	13.00
	Free events held (no. of events/year)	144.00	107.00
	User infrastructure implemented/modernized (restrooms, common areas, playgrounds) (no. of structures implemented/modernized)	132.00	203.00
	Soil recovery (m^2)	75,248.00	81,048.00
	Average income of entrepreneurs in the park (R$)	3,946.00	4,363.00
	Physical visitation (no. of visits/year)	17,000,000.00	15,296,578.00
	School visitors per year (no. of students)	5,400.00	8,314.00
Total number of projects with measurable indicator			**11**

Source: BNDES

Considering the 24 effectiveness and outcome indicators measured during the period under review, 14 were within the range of 80% to 120% of their respective targets. Only one fell below this range, while nine exceeded it, indicating a tendency toward conservatism in the targets set during the structuring of the reimbursable operations.

The largest differences concerned GHG emissions avoided by renewable energy projects, with a considerable underestimation of the values initially expected, whether calculated annually or over the full useful life of these investments. This difference is partly explained by revisions to the methodology of BNDES's Avoided and Removed Emissions Calculator[4], carried out in recent years, which, among other outcomes, brought it into closer alignment with applicable

4 The calculators are available at: https://www.bndes.gov.br/wps/portal/site/home/desenvolvimento-sustentavel/clima/emissoes-gases-efeito-estufa-gee/emissoes-evitadas-e-removidas

international standards - particularly the Clean Development Mechanism (CDM) methodology.

Box 6: Expansion of Brazil's Largest Solar Complex

At the end of 2024, Irapuru Holding secured a R$ 400 million loan from Climate Fund to develop the Irapuru photovoltaic complex, located in the municipality of Janaúba, in the state of Minas Gerais. The project is controlled by a fund managed by Brookfield group, which has more than 120 years of experience in asset management and considers Brazil one of its main investment platforms.

The financing supported the construction of seven photovoltaic power plants with a combined installed capacity of approximately 336 MW. The project represented the third phase of development of the Janaúba Solar Complex—the largest in Brazil—bringing its total installed capacity to 1,622 MWp.

Based on the solar assured generation measured following construction, the Irapuru Complex is estimated to be capable of supplying electricity equivalent to the consumption of just over 470,000 households. As a result, the project is expected to avoid more than 300,000 tCO_2e in emissions annually over its useful life.

For further information on this and other repayable operations financed with Climate Fund resources, visit: https://agenciadenoticias.bndes.gov.br/busca?tags=Fundo-Clima

Box 7: Management of Ibirapuera and other parks in São Paulo

In 2019, the Municipality of São Paulo awarded a 35-year concession for the management, operation and maintenance of six urban parks: Ibirapuera, Jacintho Alberto, Eucaliptos, Tenente Brigadeiro Faria Lima, Lajeado, and Jardim Felicidade. The concession covers the restoration of listed historic heritage sites, the rehabilitation of recreational areas, and the implementation of new improvements.

The Construcap group won the bidding process and established Urbia as the Special Purpose Entity (SPE) responsible for implementing the concession agreement. The company secured R$ 80 million in support from Climate Fund, with disbursements between 2023 and 2024, to carry out interventions such as restoring vegetation and lakes, introducing permeable paving, and expanding green areas, which will contribute to adaptation to climate change in the country's most populous city.

Among the results mapped to date, the company reports having restored more than 80,000 m^2 of soil and created nearly 25,000 m^2 of permeable areas. Other noteworthy results include the development of capacity to co-process nearly 10 metric tons of waste per day, as well as social contributions, such as the installation or modernization of 13 cultural facilities, 10 km of bicycle lanes, and 17,000 m^2 of sports areas.

For more information on this and other reimbursable operations financed with Climate Fund resources, visit: https://agenciadenoticias.bndes.gov.br/busca?tags=Fundo-Clima



5 Conclusion

This report concludes the allocation cycle for the three sustainable sovereign bond issuances carried out by Brazil since 2023. The **R$ 28.3 billion** in net proceeds raised was fully allocated to eligible expenditures, comprising **R$ 17.0 billion** in green expenditures and **R$ 11.3 billion** in social expenditures, while preserving the respective **60%** and **40%** distribution in each issuance. With the full allocation of proceeds from **Global 2031, Global 2032 and Global 2033** bonds, there is no remaining balance to report.

Across the three equivalent-amount allocation cycles, the proceeds raised supported a diverse set of public policies, including initiatives related to the energy transition, the development of renewable energy sources, low-carbon mobility, solid waste management, water security, biodiversity conservation, the strengthening of protected areas, food security, and social protection. This diversity highlights the cross-cutting nature of the eligible expenditure portfolio, which brings together instruments from different government sectors and demonstrates the interdependence between the green and social objectives supported by the sustainable sovereign bond issuances.

By consolidating allocation and impact information and submitting it to independent verification, the Federal Government reaffirms its commitment to transparency, integrity, and best practices in the sustainable finance market. The process also strengthens the connection between public debt management and the financing of public policies, consolidating Brazil's presence in the international sustainable sovereign bond market.

Key Allocation Results

- **Global 2032:** completion of the allocation of the **R$ 3.8 billion** remaining after AIR 2025, fully directed to green expenditures, bringing the allocation of the second issuance to **100% of net proceeds**.
- **Global 2033:** reporting of the full amount of proceeds raised, equivalent to **R$ 7.8 billion**, with **60% allocated to green expenditures** and **40% to social expenditures**.

For both bonds, the actual allocation remained within the indicative ranges presented in the respective Pre-Issuance Reports, in accordance with Brazil's Sovereign Sustainable Bond Framework and the international principles applicable to sustainable issuances.

Next Steps

The publication of this report concludes the allocation cycle for the issuances completed to date, but not the monitoring of the results arising from the proceeds allocated. The Sovereign Sustainable Finance Committee will continue to monitor the impact indicators associated with eligible expenditures and assess opportunities to improve Brazil's Sovereign Sustainable Bond Framework, including in light of progress on the Brazilian Sustainable Taxonomy.

In addition, prospective new sustainable sovereign issuances and the continuous improvement of reporting and governance instruments will help strengthen Brazil's sustainable financing strategy and expand its capacity to mobilize resources for public policies that deliver long-term green and social benefits.



6 External Verification

The external verification of this report was conducted by S&P Global Ratings. This section presents the report in full. It is also available at the following link.

S&P Global Ratings

Powered by Shades of Green

An S&P Global Ratings Post-Issuance Review (PIR) includes S&P Global Ratings' assessment of an Issuer's post-issuance sustainable financing reporting, where proceeds are allocated to environmental and/or social use-of-proceeds projects. A PIR provides a point-in-time opinion, reflecting the information provided to us at the time the PIR was created and published, and is not surveilled. We assume no obligation to update or supplement the PIR to reflect any facts or circumstances that may come to our attention in the future. A PIR is not a second party opinion (SPO) on pre-issuance financing, or a comment on the alignment of allocations with third-party published sustainable finance principles. A PIR is not a credit rating, and does not consider credit quality or factor into our credit ratings.
See Analytical Approach: Sustainable Financing Post-Issuance Reviews.

Post-Issuance Review: Allocation And Impact Reporting

Republic of Brazil's Allocation And Impact Report

Nov. 6, 2026

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Assessment Summary

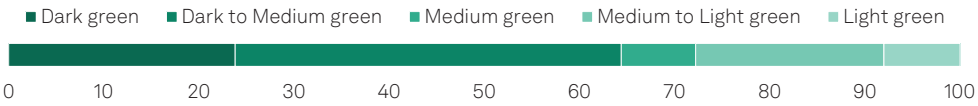
Consistency Opinion (jump to section)

✓ Allocations are consistent with pre-issuance commitments. The resources from the government's three outstanding sustainability bonds were fully allocated.

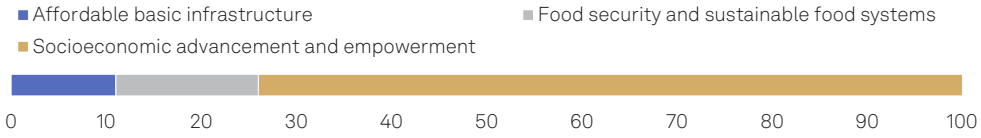
Allocation Analysis (jump to section)

From January 2023 to June 2026, accumulated allocations consisted of government expenditures and resources disbursed through the National Climate Change Fund (Fundo Clima) to environmental projects (R$17 billion or 60%) and social projects (R$11.3 billion or 40%).

Environmental: Allocations to green projects as of June 2026 (% of allocation per shade)



Social: Allocations to projects at 2026 (% of allocation per category)



Reporting Quality Assessment (jump to section)

✓ The report meets the requirements for allocation and impact reporting contained in ICMA's Sustainability Bond Principles align to Brazil's reporting commitments in its Sustainable Financing Framework.

Strengths	Areas to watch
The report provides a comprehensive set of cumulative impact indicators. The issuer provided direct comparison between actual (ex-post) and targeted (ex-ante) results, which goes beyond typical reporting practices in Latin America.	**The report has a broad scope and numerous project categories.** While these activities are expected to generate net environmental and social benefits, robust risk mitigation must be maintained throughout the project lifecycle to manage residual environmental and social risks.

Post-Issuance Review: Allocation And Impact Reporting: Republic of Brazil's Allocation And Impact Report

Issuer Description

Location: Brazil **Sector:** Sovereign

The Federative Republic of Brazil, the largest country in Latin America by population and GDP, has a population of about 210 million and a GDP per capita of around US$12,300. It published a Framework for Sustainable Sovereign Bonds in September 2023. S&P Global Ratings did not provide the Second Party Opinion on the Framework. Moreover, Brazil previously issued three global sustainability bonds under its Framework, which are now all fully allocated. The government has also been publishing annual allocation and impact reports since 2024.

Consistency Opinion

This section provides our opinion on the consistency of allocations described in the report with the issuer's commitments made at pre-issuance.

Relevant issuances

Type	Identifier	Name	Date	Maturity	Net amount raised (R$)	Amount allocated (R$)
Bond	US105756CG37	Global 2031	November 2023	March 2031	9.62 billion	9.62 billion
Bond	US105756CK49	Global 2032	June 2024	January 2032	10.83 billion	10.83 billion
Bond	US105756CP36	Global 2033	November 2025	February 2033	7.8 billion	7.8 billion

Source: Tesouro Nacional, S&P Global Ratings. Net amount raised differs from the total amount issued due to issuance discounts or premiums and transaction-related fees and commissions.

✓ Allocation consistency with pre-issuance commitments

Allocations to environmental and social projects are consistent with the issuer's pre-issuance commitments.

A pre-issuance report is published before each bond issuance to outline eligible expense categories considering budgetary resources and disbursements from the Fundo Clima that are aligned with Brazil's Sustainable Sovereign Bonds Framework. For all three bond issuances, a consistent allocation ratio of 60% for environmental expenses and 40% for social expenses was maintained, in line with the issuer's commitment.

Allocation Analysis

This section provides information on the allocation of proceeds, incorporating the conclusions that led to our consistency opinion.

Environmental projects

- As of June 2026, the government of Brazil has allocated 100% of proceeds for all active issuances. Out of R$28.3 billion (US$5.41 billion) net use of proceeds, R$17 billion (60%) was allocated to environmental projects, in line with pre-issuance commitments.
- This report refers to the amounts paid in eligible expenses between January 2023 and June 2026, considering both budgetary expenses from multiple government ministries and resources disbursed by Fundo Clima. It is important to note that, for allocation purposes, only disbursements made by the government were considered. Amounts co-financed by other counterparties were excluded. Furthermore, 85%, 99%, and 83% of the allocations for Global 2031, Global 2032, and Global 2033 were directed toward new projects, respectively, with the remainder used to refinance expenses incurred up to 12 months prior to each issuance.
- Expenses were allocated across nine green project categories. Renewable energy received most of these investments, accounting for approximately 40.6% of the total allocation to green projects. Of this, roughly 80% was for investments in solar, wind, and run-of-the-river hydroelectric energy sources. The remainder was directed toward waste-based biomethane and biomass energy, and to biofuels under the Renovabio program. To participate in Renovabio, producers must ensure that their raw materials are sourced from land registered in the Rural Environmental Registry (CAR) and originate from areas with no deforestation of native vegetation since November 2018. All these investments are important as they continue to decarbonize Brazil's energy matrix. Renewable sources already account for approximately 86% of the country's electricity and 49% of its energy matrix.
- Additionally, significant funds have been allocated to terrestrial and aquatic biodiversity (20.1%). This category is for multiple and specific conservation and biodiversity restoration projects, which are usually not commercially oriented. Most of the resources went to forest oversight and fire prevention, which are fundamental to Brazil's efforts to curb illegal deforestation and land degradation. Over the last four years, Brazil has experienced a substantial decline in deforestation rates, reflecting a favorable trend in forest conservation. Compared to 2022, deforestation rates decreased by 50.57% in the Amazon, 32.31% in the Cerrado, 12.87% in the Caatinga, 61.05% in the Atlantic Forest, 59.60% in the Pampa, and 63% in the Pantanal as of August 2026.
- Furthermore, living natural resources and land use represented 19.8% of allocation. These initiatives range from those aimed at protecting existing natural ecosystems and species to those promoting sustainable agriculture, bioeconomy activities, and environmentally friendly practices within these sectors. Registration in the CAR is a fundamental step for compliance with Brazil's Forest Code, which mandates that a minimum of 20% of agricultural land be designated as protected native vegetation, varying by property location and biome. The significance of CAR registration is underscored by the fact that approximately 17% of Brazilian land remains unregistered, according to the Land Use Policy journal.
- The Brazilian government's allocation also includes water and wastewater management (7.3%), climate adaptation (4.5%), and clean transportation (3.7%). Within the water sector, infrastructure priorities focus on expanding the service reach. As of 2024, Brazil's average water and sewage coverage stood at 84% and 62%, respectively. The sector faces significant efficiency challenges, with water losses close to 40%. Meanwhile, Brazil is prioritizing climate adaptation to address escalating physical risks like flooding, erosion, and water scarcity. However, most current projects involve construction with relevant unmitigated embodied GHG emissions. Finally, the government's disbursements in the transportation sector are directed toward the decarbonization of mobility, specifically through electric mass transit systems.
- The remaining proceeds were allocated to three additional categories. Circular economy (2.8%) focused primarily on recycling initiatives and investments aimed at increasing the integration of recycled content across various product lines. Pollution prevention and control

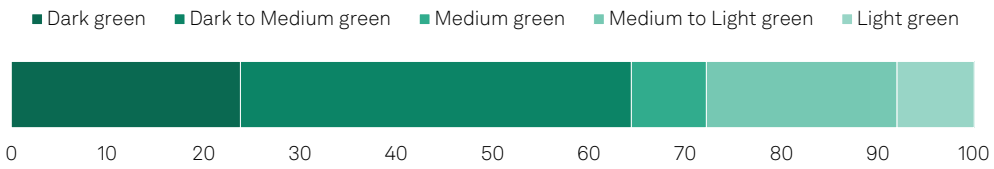
(0.7%) was mostly directed toward climate hazard monitoring, action plan development, and biogas capture. This category also included measures to mitigate environmental damage from unregulated waste disposal—such as improved collection, separation, and recycling—in alignment with the National Solid Waste Policy (Law No. 12,305/10). Finally, energy efficiency (0.5%) was dedicated to public LED lighting and industrial projects demonstrating a minimum of 20% in energy efficiency gains.

Shades of Green

- Dark green projects (23.8% of allocation) are represented by the clean transportation and terrestrial and aquatic biodiversity project categories. Mitigating GHG emissions from transportation will be crucial to meet global decarbonization goals, as the transport sector accounts for 23% of global energy-related GHG emissions, according to the IPCC. Electric modes of transportation are considered to be the most climate-friendly and least polluting modes of land transportation. Moreover, healthy ecosystems are an important part of a low-carbon climate resilient future. Protecting or restoring biodiversity also often creates climate co-benefits, such as carbon sequestration, ecosystem services or adaptation solutions. Well-designed projects can reduce threats such as unsustainable resource extraction, climate change risks, and invasive species.
- We assess the renewable energy category as Dark to Medium green (40.6%). Renewable energy sources such as solar photovoltaics, wind, and hydroelectric power are key elements in limiting global warming to well below 2ºC and are considered Dark green projects. Bioenergy can have climate-mitigation benefits and contribute to the circular economy, but its climate risks and impacts depend on multiple factors such as feedstock, fugitive emissions, and transportation distances and modes. We assign a Medium green shade to Brazil's financing of waste-based biomass energy generation. However, we consider first-generation biofuels benefits heavily depend on land-use change considerations, the efficiency of the crushing and fermentation/distillation process in terms of emissions, and the asset's fuel efficiency when using the biofuel. Also, first-generation biofuels pose high biodiversity loss risks. We consider these projects as Light green.
- We assigned a Medium green (7.8%) shade to climate adaptation and energy efficiency categories. The climate adaptation projects have presented clear adaptation and resilience benefits. Still, most projects involve construction and small infrastructure solutions. We consider these projects to be Medium green because, while they will improve the resilience of the related assets, they may also have significant embodied emissions from the materials and equipment used. Energy efficiency measures are necessary to transition to a low-carbon economy, but their climate benefits and risks vary. Exposure to climate risk arises, for example, when these activities take place in high-emitting sectors or lock in high-energy processes or fossil fuel use. We view positively that the issuer commits to a quantitative threshold of at least 20% energy efficiency improvement. Most of the projects were invested through Fundo Clima, which verifies efficiency gains through capital goods assessment, official labeling programs (e.g., PBE, PotencializEE), or BNDES-compliant GHG emission calculations based on client energy data.
- To reflect the different levels of climate and environmental benefits and risks of the eligible projects under living natural resources and land use, we assess the overall category as Medium to Light green (19.8%). Low-carbon agriculture projects can promote agricultural development, while minimizing associated carbon emissions and other environmental risks. This is relevant, given the high environmental risk baseline for agriculture in Brazil. We view the integration of many sustainability measures as strongly contributing to the transition of those sectors.
- We view water and wastewater management and pollution prevention and control as Light green (8%). We consider eligible projects could lead to environmental benefits for the population in Brazil, increasing the supply of potable water, sewage and improving waste management and pollution control. Although the government discloses improved coverage

metrics, it does not assess other variables such as loss ratios, water savings, energy, or GHG emissions thresholds, which limit our visibility.

Environmental allocations as of June 2026 (% of allocation per shade)



Source: S&P Global Ratings.

Social projects

- We believe all projects funded through Brazil's debt instruments have a clear social benefit. The overall allocation of proceeds toward social projects accounted for R$11.299 billion (40%) from all sustainable instruments. Cumulative allocations supported poverty reduction with R$8.343 billion (74%), food security with R$1.742 billion (15%), and universal sanitation with R$1.213 billion (11%). Eligible projects aim to mitigate inequalities and promote social and economic development in the country.
- These projects are part of broader government programs administered by the ministries responsible for development, social and family assistance, and famine relief; education; healthcare; cities and regional development and integration.
- For the Global 2032 instrument, proceeds directed toward social projects accounted for R$4.33 billion, with 90% directed towards poverty reduction programs and 10% toward universal sanitation. Furthermore, the Global 2033 instrument directed R$1.56 billion for combating poverty (50%), R$780 million toward food safety projects (25%) and R$780.4 million for universal sanitation projects (25%).

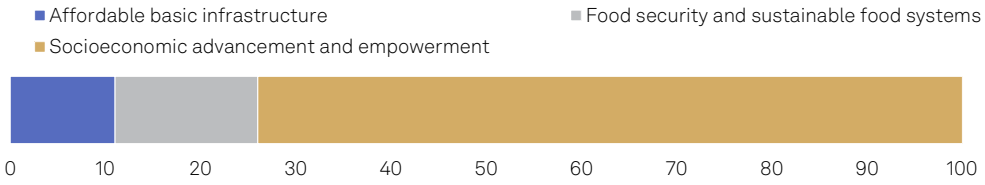
Analysis of social allocations

- We consider projects directed to fight poverty under the socioeconomic advancement and empowerment category. These projects were mainly destined toward monthly social benefits for elderly population, people with disabilities and families under the “Bolsa Familia” program destined for low-income family with school-aged children. Furthermore, this category includes allocation toward the Social Assistance Reference Center facilities, which are part of the Integral Service for Family Assistance and Protection, a key institution for public social services in the country.
- Proceeds considered under the food security category were allocated towards government social programs such as the National School's Lunch Program (PNAE). The program contemplates that at least 30% of school meal budgets to be used for the direct purchase of products from family-owned farms. This policy not only ensures that children and adolescents have access to fresh, diverse, and highly nutritious food, but also promotes the local economy, stimulates agricultural diversity, and strengthens the country's food sovereignty.
- In Brazil, approximately 33 million people live without access to potable water (15.9%), and approximately 90 million do not have access to sewage collection (43.3%). Eligible projects under the Framework are part of the government's Programa de Aceleração do Crescimento (PAC), a major government initiative launched to stimulate economic development through

large-scale investment in infrastructure. The PAC aims to expand and modernize water supply systems, build dams, canals, and reservoirs, and improve water management across the country, particularly in drought-prone regions. The key motives behind these investments are to ensure water security, promote sustainable agricultural production, and enhance resilience against climate variability.

- Infrastructure projects may carry social risks associated with changes in community land use and potential resettlement. Engagement with affected communities is essential to avoid disrupting their livelihoods. Projects are subject to regulatory process under Brazil's environmental licensing framework, which includes impact assessment and mechanisms for public participation which help mitigate these risks. Inadequate engagement can contribute to informal settlements and economic losses for existing residents, while exposing projects to reputational risks, construction delays, and other legal and financial consequences.

Social allocations as of June 2026 (% of allocation per category)



Source: S&P Global Ratings.

Reporting Quality Assessment

This section provides an opinion on the quality of the issuer's post-issuance allocation and impact reporting.

✓ Alignment with reporting requirements

The report aligns with the requirements for allocation and impact reporting contained in ICMA's Sustainability Bond Guidelines.

✓ Satisfaction of pre-issuance reporting commitments

The report satisfies the issuer's pre-issuance commitments related to allocation and impact reporting.

Additional reporting considerations

Comprehensiveness of allocation reporting

- The third annual allocation report is comprehensive and well-structured, providing a clear delineation of the allocation period and essential data on all bonds issued under the Framework. The government offers both consolidated and bond-specific use-of-proceeds reporting, detailing disbursements by eligible category, timeframe, and nature of expense. For a sovereign issuer, the granular classification of expenditures—specifically distinguishing between direct investments, financial investments, and recurring expenses—significantly enhances the report's depth. Moreover, we note that the report provides

a breakdown of financing versus refinancing projects, which explicitly confirms the Framework's look-back period of 12-months and that refinancing is limited to 25% of the net proceeds of each issuance, in line with pre-issuance commitment.

- The reporting demonstrates strong alignment with pre-issuance commitments. The government's use of a pre-issuance report to identify expected project expenses and eligible categories serves as a reliable benchmark for investors. Furthermore, the allocation report effectively addresses any deviations from original projections, providing clear rationales for such variances. We also note the timely allocation of all proceeds, which were fully deployed within 24 months of each issuance, in line with pre-issuance commitment.

Linking allocations and issuer level sustainability performance, targets, and strategy

- The project-level granularity is robust for a sovereign issuer. We view it as best practice that, while the report summarizes certain similar allocations, it provides a separate, more granular document for specific projects. We also believe the government has provided robust transparency regarding the source of expenses by ministerial programs, and particularly those driven by Fundo Clima. In line with its Framework commitments, the government provided a breakdown of co-financing within Fundo Clima, effectively demonstrating the public sector's role in mobilizing private and public capital toward strategic sectors.
- To ensure budgetary consistency, the impact indicators employed are aligned with the objectives and targets of the 2024–2027 Multi-Year Plan (PPA), the federal government's primary medium-term planning framework. Because the eligible budgetary actions are integrated into the PPA's structural programs, a direct correlation can be established between the allocated proceeds and the government's official performance indicators.
- The report outlines the annual strategic targets for 2024 and 2025 across multiple sectors, alongside the realized results for each indicator. Furthermore, the report maintains transparency by providing detailed explanations in instances where an indicator has been removed from the government's strategic scope.

Relevance and materiality of metrics

- The report demonstrates a comparatively high level of transparency regarding impact metrics. Notably, the report provides a comprehensive table of cumulative impacts, offering a direct comparison between actual (ex-post) and targeted (ex-ante) results. In our view, this level of quantitative rigor is superior to regional reporting practices in Latin America.
- This quantitative data is further enhanced by qualitative insights, including detailed case studies across various project categories and explanations regarding indicator performance. Furthermore, the issuer maintains high methodological integrity by providing dedicated sections to explain any changes in indicator methodology since the previous allocation report.
- By pairing high-level indicators with granular socio-environmental proxies, the report attempts to bridge the gap between project outputs and systemic outcomes. We recognize that for a sovereign issuer, isolating the specific impact of fund allocations from broader national variables is inherently complex. However, offering investors a transparent view of both direct resource deployment and the long-term ESG transformations envisioned under the Framework helps to mitigate this challenge.

Post-Issuance Review: Allocation And Impact Reporting: Republic of Brazil's Allocation And Impact Report

S&P Global Ratings' Shades of Green

Assessments	Dark green	Medium green	Light green	Yellow	Orange	Red
Description	Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps towards an LCCR future but will require further improvement to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects	 Wind power	 Certified forestry	 New energy efficient buildings	 Fossil fuel buses	 Conventional steel production	 Oil and gas exploration

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

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

Related Research

- Analytical Approach: Climate Bonds Initiative External Reviews, Dec. 9, 2025
- Analytical Approach: Sustainable Financing Post-Issuance Reviews, Jun. 30, 2025
- FAQ: Applying Our Analytical Approach for Post Issuance-Reviews, Jun. 30, 2025
- Analytical Approach: Second Party Opinions, Mar. 6, 2025
- FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions, Mar. 6, 2025
- Analytical Approach: Shades Of Green Assessments, Jul. 27, 2023

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Post-Issuance Review: Allocation And Impact Reporting: Republic of Brazil's Allocation And Impact Report

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7 Annex – Data Base

ANNEX 1 – 2026 ALLOCATION AND IMPACT REPORT – SPECIAL TABLES

The complete and detailed database on allocation and impact is consolidated in an Excel spreadsheet available online. Access it here.



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