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

Primary contact

Rafael Janequine
São Paulo
+55-11-3039-9786
rafael.janequine
@spglobal.com

Assessment Summary

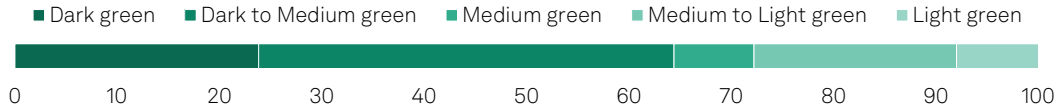
Consistency Opinion (jump to section)

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

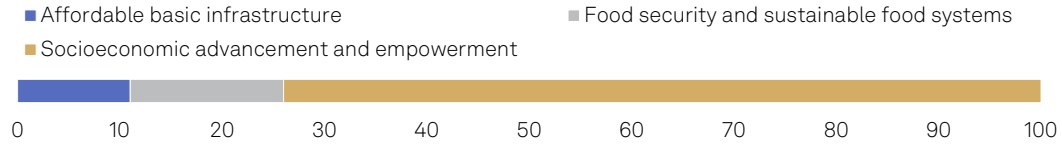
Allocation Analysis (jump to section)

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

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.

Areas to watch

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.

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

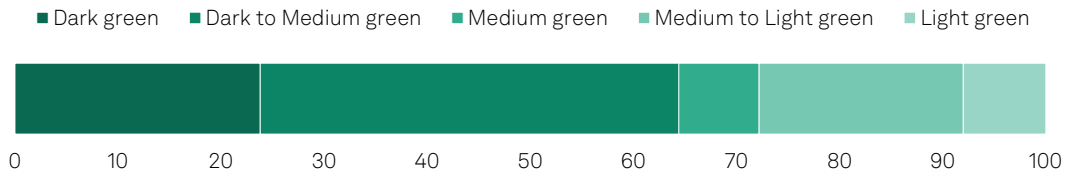
(0.7%) was mostly directed toward climate hazard monitoring, action plan development, and biogas capture. This category also included measures to mitigate environmental damage from unregulated waste disposal—such as improved collection, separation, and recycling—in alignment with the National Solid Waste 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%).

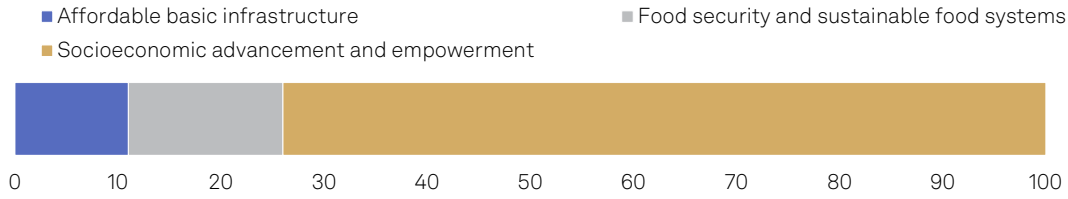
Analysis of social allocations

- 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.

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

Analytical Contacts

Primary contact

Rafael Janequine
Sao Paulo
rafael.janequine
@spglobal.com

Secondary contacts

Annia Mayerstein
Mexico City
annia.mayerstein
@spglobal.com

Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P) receives compensation for the provision of the Second Party Opinions product, the Post-Issuance Review product and the European Green Bond External Review product (separately and collectively, Product).

S&P may also receive compensation for rating the transactions covered by the Product or for rating the issuer of the transactions covered by the Product.

The purchaser of the Product may be the issuer.

The Product is not a credit rating, and does not consider credit quality or factor into our credit ratings. The Product does not consider, state or imply the likelihood of completion of any projects covered by a given financing, or the completion of a proposed financing. The Product is a statement of opinion and is neither a verification nor a certification. The Product is a point in time evaluation reflecting the information provided to us at the time that the Product was created and published, and is not surveilled. The Product is not a research report and is not intended as such. S&P's credit ratings, opinions, analyses, rating acknowledgment decisions, any views reflected in the Product and the output of the Product are not investment advice, recommendations regarding credit decisions, recommendations to purchase, hold, or sell any securities or to make any investment decisions, an offer to buy or sell or the solicitation of an offer to buy or sell any security, endorsements of the suitability of any security, endorsements of the accuracy of any data or conclusions provided in the Product, or independent verification of any information relied upon in the credit rating process. The Product and any associated presentations do not take into account any user's financial objectives, financial situation, needs or means, and should not be relied upon by users for making any investment decisions. The output of the Product is not a substitute for a user's independent judgment and expertise. The output of the Product is not professional financial, tax or legal advice, and users should obtain independent, professional advice as it is determined necessary by users.

While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P and any third-party providers, as well as their directors, officers, shareholders, employees, or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness, or availability of the Product. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for reliance of use of information in the Product, or for the security or maintenance of any information transmitted via the Internet, or for the accuracy of the information in the Product. The Product is provided on an “AS IS” basis. S&P PARTIES MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDED BUT NOT LIMITED TO, THE ACCURACY, RESULTS, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCT, OR FOR THE SECURITY OF THE WEBSITE FROM WHICH THE PRODUCT IS ACCESSED. S&P Parties have no responsibility to maintain or update the Product or to supply any corrections, updates, or releases in connection therewith. S&P Parties have no liability for the accuracy, timeliness, reliability, performance, continued availability, completeness or delays, omissions, or interruptions in the delivery of the Product.

To the extent permitted by law, in no event shall the S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence, loss of data, cost of substitute materials, cost of capital, or claims of any third party) in connection with any use of the Product even if advised of the possibility of such damages.

Some of the Product may have been created with the assistance of an artificial intelligence (AI) tool. Published Products created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

S&P maintains a separation between commercial and analytic activities. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

For PRC only: Any "Second Party Opinions " or "assessment" assigned by S&P Global Ratings: (a) does not constitute a credit rating, rating, sustainable financing framework verification, assessment, certification or evaluation as required under any relevant PRC laws or regulations, and (b) cannot be included in any offering memorandum, circular, prospectus, registration documents or any other document submitted to PRC authorities or to otherwise satisfy any PRC regulatory purposes; and (c) is not intended for use within the PRC for any purpose which is not permitted under relevant PRC laws or regulations. For the purpose of this section, “PRC” refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

For India only: Any "Second Party Opinions" or "assessments" assigned by S&P Global Ratings to issuers or securities listed in the Indian securities market are not intended to be and shall not be relied upon or used by any users located in India.

Australia: S&P Global Ratings Australia Pty Ltd provides Second Party Opinions in Australia subject to the conditions of the ASIC SPO Class No Action Letter dated June 16, 2026. Accordingly, this Second Party Opinion and related research are not intended for and must not be distributed to any person in Australia other than a wholesale client (as defined in Chapter 7 of the Corporations Act).

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.