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Brazilian banks' commitment to sustainable finance and climate action

The banking sector's contribution to COP30

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Preface



Commitment to combating climate change and promoting social equity

Engaged in the search for solutions to the challenges of our time, Brazilian banks have pioneered social, environmental, and climate practices. The sector's contribution extends from managing the risks posed by climate change to the environment, populations, and business, to harnessing their reach and influence to drive entire value chains toward sustainability.

Financial institutions play a central role in production chains and are committed to directing resources to activities that generate positive impacts. For over 16 years, since the sector adopted the Green Protocol — a charter of principles for sustainable development — we have worked to put in place policies and practices that foster economic growth while safeguarding the needs of future generations.

In line with the evolution of the regulatory agenda in the National Financial System (SFN), banks have adopted Social, Environmental, and Climate Responsibility Policies (PRSAC) and advanced sectoral self-regulation mechanisms. Through these policies, they have voluntarily committed to following even higher standards of conduct — such as the regulation establishing a common protocol for managing the risk of illegal deforestation in the meat supply chain (SARB 026/2023).

Other notable actions include the creation of a Green Taxonomy and collaboration on the development of the Brazilian Sustainable Taxonomy (TSB), which defines criteria for identifying economic activities that address sustainable development. In addition to these initiatives, banks have offered improved credit and investment terms for projects with social and environmental benefits and supported the regulation of the carbon market in Brazil.

To preserve and strengthen the principles governing the Conferences of the Parties (COP), organized by the United Nations Framework Convention on Climate Change (UNFCCC), the sector participates in dialogues between the state, the market, and civil society, joining forces to build innovative solutions that promote the transition to a more sustainable and world. In this way, we seek to help Brazil establish itself as a climate leader and drive the development of the new economy.

The ESG agenda is fundamental for our customers, for business, and for society as a whole, both now and in the future. Therefore, as Brazil hosts the United Nations Climate Change Conference (COP30), the Brazilian Federation of Banks (Febraban) and its 113 member financial institutions reiterate their commitment to the environment, combating climate change, and promoting social equity.

This material highlights the sector's contribution to discussions on climate finance, providing an overview of the efforts undertaken to continue advancing the transformation of the market towards a low-carbon economy in the face of the stark prospect of change in the way we live and do business.

This document was developed with the participation of multiple stakeholders who have been with us in this endeavor (see page 24) and also records some of the main practices and results of financial institutions, collected from a survey conducted with them. Its objective is not only to acknowledge and highlight the work done so far, but mainly to generate insights and reflections that help shape business models to push climate action forward and make the necessary changes happen in practice.

Isaac Sidney,
President of Febraban



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The role of the banking sector in COP action

The role of the banking sector in COP action

Climate imbalance is a systemic phenomenon that impacts productivity, exacerbates social inequalities, and accelerates the loss of ecosystems essential to life and biodiversity on the planet. Addressing this issue is essential for economic, social, and environmental prosperity across nations.

The scale of the economic risks associated with climate change was demonstrated in a recent study[1] conducted by the University of Cambridge and the Boston Consulting Group (BCG). Based on data from official organizations[2], the study, published in 2025, calculated the impact of a possible scenario in which global temperatures rise by 3°C by 2100. If this occurs, global cumulative economic output could be reduced by between 15% and 34%, compared to limiting the temperature increase to less than 2°C.

In addition, the net cost of failing to act on global warming could lead to a loss of 11% to 27% of global GDP, equivalent to the amount needed to lift the world out of poverty by 2100. These effects will vary across countries, and in Brazil, GDP could fall by 18% within the next 25 years.

Preventing the most harmful effects of global warming requires a major mobilization to limit the temperature increase to 1.5°C above pre-industrial levels. Although this limit was exceeded for the first time in 2024, when the average global temperature rose to 1.6°C[3], the Paris Agreement targets, which consider a twenty-year outlook, continue to align the world in pursuit of a viable future.

To achieve this, global greenhouse gas (GHG) emissions will need to be reduced by 43% by 2030, compared to 2019. This estimate comes from the sixth report of the Intergovernmental Panel on Climate Change (IPCC)[4], which consolidates the findings of nearly a decade of work by the world's leading scientists on the subject.

Limiting global warming requires large-scale investments: the IPCC[5] estimates that developing countries will need US$127 billion per year by 2030 and, from then on, US$295 billion per year by 2050,

1 Too Hot to Think Straight, Too Cold to Panic. Landing the Economic Case for Climate Action with Decision Makers (University of Cambridge and Boston Consulting Group, March 2025).

2 Sources referenced in the study: Intergovernmental Panel on Climate Change (IPCC), Network for Greening the Financial System (NGFS), Climate Policy Initiative (CPI), United Nations Environment Programme Finance Initiative (UNEP-FI), and World Bank.

3 Average global temperature to exceed 1.5°C threshold in 2024, according to meteorological centers (Agênciagov, January 2025).

4 AR6 Synthesis Report: Climate Change 2023 (IPCC, 2023).

5 10 conclusions from the IPCC Report on Climate Change 2023 (WRI Brasil, 2023).

just for adaptation initiatives. For climate action as a whole, the need is even greater. However, the mobilization of resources remains below what is necessary.

At COP29, held in Baku, Azerbaijan, the global climate finance target was set at US$300 billion per year by 2035, which is less than the estimated needs of approximately US$1.3 trillion per year[6]. To address this gap, in partnership with the hosts of the last two Conferences of the Parties – the United Arab Emirates and Azerbaijan – Brazil will present at COP30 the Baku to Belém Roadmap for 1.3T, an initiative that seeks to identify ways to increase global climate financing to the required level.

In its official contribution to the initiative, Febraban emphasized the need for action across different time horizons. Short-term measures include expanding access to financing for underrepresented groups, such as SMEs, women, and Black and Indigenous populations, through inclusive products and allocation based on impact and risk. Over the medium and long term, efforts aim to establish permanent financing sources and reinforce public and private climate adaptation mechanisms, focusing on vulnerable areas, low-carbon farming, and the energy transition.

To mobilize the US$1.3 trillion annually, Febraban recommended, among other actions, expanding the use of blended finance, creating permanent conservation funds, strengthening tax incentives, and exploring carbon market revenues, highlighting the potential of the Brazilian market to expand climate portfolios. It also emphasized the importance of incentives linked to impact targets, regional governance partnerships, robust metrics for climate monitoring, and the democratization of climate research and education, in order to broaden social engagement and accelerate the transition to a low-carbon future.

[6] Baku to Belém Roadmap to 1.3T (UNFCCC, 2025).

Brazilian leadership

Recognizing the economic value of nature's ecosystem services, the unlocking of capital flows, risk mitigation, and the exploitation of opportunities arising from climate change are pathways for the transition. With a combination of natural resources, a clean energy matrix, and innovative climate solutions, Brazil can take the lead on this agenda.

"Brazil stands out from other countries because it has a variety of accessible sustainable solutions that banks can help to promote, such as renewable energy, biofuels, crop-forest integration, bio-inputs, and circular economy practices in agriculture and livestock, in addition to critical minerals," says Joaquim Levy, a professional in the Brazilian financial sector and Chairman of the Climate Finance Hub Brazil Council and the Fiesp Sustainable Development Council.

A study by UK Pact[7], a British government initiative that supports partner countries in the transition to low carbon, reveals that ecological transformation could double the country's growth by 2030, adding between US$230 billion and US$430 billion to the national GDP. The diversification of the economy in strategic sectors, such as energy transition, industry and mobility, bioeconomy, sustainable agri-food systems, green infrastructure, and carbon markets, will be the engine of growth.

The financial sector has a key role to play in this movement, contributing to the mobilization of capital and distribution of resources for sustainable activities, managing climate-related financial risks in its value chains, financing sustainability, and supporting the transition of companies through the development of financial instruments that encourage climate action.

> It is no longer possible to separate the climate agenda from the economic agenda. This view was established a few years ago in the financial sector and has helped move the market toward the Paris Agreement.
>
> **Cristina Fróes de Borja Reis, Undersecretary for Sustainable Economic Development at the Ministry of Finance**

[7] Technological turning points for ecological transformation (UK Pact, 2025).

This commitment is reflected in a series of actions carried out in 2025, which address challenges so that the sector can further expand its contribution to the climate agenda. These include the publication of studies and materials that support the practices of financial institutions, training bank employees in sustainable finance and business, and taking part in discussions linking companies, government, and society (learn more on page 37).

COP30 aims to go beyond negotiating new commitments, focusing on the implementation of those already made. The involvement of the private sector, in coordination with the public sector, can lead to an unprecedented leap in financial mechanisms that enable both emissions reduction and adaptation to climate impacts. This agenda expands the space for new business models and technological solutions, reinforcing the relevance of the Brazilian banking sector in mobilizing capital and supporting the transition to more resilient and inclusive economies.



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Sustainable finance for a balanced world

Sustainable finance for a balanced world

Sustainable finance is a concept that reflects how social, environmental, climate, and economic issues are connected, generating long-term value for companies, their stakeholders, and society. It encompasses a set of practices, instruments, and financial flows aimed at supporting the transition to more balanced development models, covering financial inclusion and education, bank loans, capital market investments, insurance products, and even corporate cash flows.

The concept began to take shape in Brazil and around the world after the Second United Nations Conference on Environment and Development, Eco 92, held that year in Rio de Janeiro. The event sparked debate on corporate social responsibility, which began to be incorporated into the national financial sector's agenda in the early 2000s.

In this way, over the last two decades, sustainability has shifted from being a peripheral issue to a core focus in the sector's regulatory and business agendas. In line with this evolution, the National Financial System has been expanding its adherence to and presence in international commitments that guide risk management and drive the development of sustainable finance in Brazil. This advancement also extends to governance, directly influencing the way organizations structure their management, define strategies, set goals, and monitor results.

In this movement, the sector has addressed issues raised by organizations such as the United Nations Environment Programme Finance Initiative

> The Brazilian banking sector has played a very important role and shown leadership in the sustainable finance agenda in Latin America and globally, gaining prominence on the international stage.
>
> **Annelise Vendramini, Professor and Researcher in sustainable finance at the São Paulo School of Business Administration of the Getulio Vargas Foundation (FGV)**

(UNEP-FI), the Financial Stability Board (FSB), the Network for Greening the Financial System (NGFS), the Bank for International Settlements (BIS), and the International Sustainability Standards Board (ISSB/IFRS).

The Brazilian banking sector also has important links with global and regional institutions, helping to drive the ESG agenda and the advancement of sustainable finance through discussions within institutions such as the International Finance Corporation (IFC), the Glasgow Financial Alliance for Net Zero (GFANZ), the United Nations (UN) Global Compact, the Sustainable Banking and Finance Network (SBFN), among others. It is also a member of the Latin American Federation of Banks (Felaban) and Brazilian government advisory councils and committees. This involvement opens doors for dialogue and cooperation on relevant ESG agenda issues.

"We understand sustainable finance as the sum of climate finance, gender finance, governance for sustainability, financial inclusion, and digital transformation of the financial sector. The climate focus gains relevance in the context of COP30, but it is equally important to recognize that sustainability goes beyond climate," says Marcela Ponce, head of Sustainable Finance Advisory Services at IFC, member of the World Bank and Regional Coordinator of the Sustainable Banking and Finance Network (SBFN) for Latin America and the Caribbean.

Case

BTG Pactual | Sustainable Finance

In Sustainable Finance, BTG Pactual has structured and placed more than US$20 billion in labeled debt across domestic and international markets. Since 2024, it has also moved into the Syndication and Loan Sales market, arranging Latin America's first syndicated blue loan, valued at US$600 million, for AEGEA Saneamento Participações S.A.

The origins and progress of sustainable finance

Influenced by initiatives such as the Equator Principles – a voluntary international commitment made in 2003 by financial institutions interested in identifying and managing social and environmental risks in the financing of large projects – some of Brazil's leading banks began to develop their own methodologies and tools for analyzing these risks.

Within the scope of Febraban's working groups, led by the Social Responsibility and Sustainability Commission (CRSS), they began to share their learnings and prepare the advances that led to the integration of social, environmental, and climate criteria throughout the entire cycle of customer and supplier relationships. This development has helped to firmly establish the topic in the sector's overall strategies, extending well beyond project finance.

This effort was further shaped by another milestone in sustainable finance: the Principles for Responsible Investment (PRI), launched in 2006 by the UN and institutional investors concerned with the social, environmental, and governance practices of publicly and privately held companies with shares and securities traded on the capital market.

A little later, in 2012, the United Nations Environment Programme Finance Initiative (UNEP-FI) launched the Principles for Sustainable Insurance, a voluntary framework with a major impact on the insurance industry. And in 2019, it established the Principles for Responsible Banking (PRB), a set of guidelines for banks to integrate sustainability into all areas of their operations, giving environmental, social, and governance considerations equal weight to economic and financial factors.

In 2014, the regulatory agenda reinforced adherence to these themes, based on the requirement by the Central Bank of Brazil that banks adopt a socio-environmental risk policy (PRSA), further reinforced by the requirement for integrated risk and capital management frameworks[8].

Brazil also took the lead in transparency. The Brazilian Securities and Exchange Commission (CVM) became the first capital market regulatory institution to adopt the sustainability financial reporting standard issued by the International Sustainability Standards Board (ISSB)[9], an entity linked to the International Financial Reporting Standards (IFRS). The CVM has established

[8] BCB Resolution 4.557/2017.

[9] Brazil becomes the first country in the world to adopt sustainability-related financial disclosure standards issued by the ISSB (CVM, 2023).

that, starting in 2027, the disclosure of financial information related to sustainability and climate change will be mandatory in accordance with IFRS S1 and S2 standards.

To support the implementation of all these initiatives, Febraban and its members have taken a proactive approach, fostering discussions to push the agenda forward and producing reference materials, thematic guides, and technical studies that help banks adopt and implement ESG commitments and best practices.

Case

Santander | Climate finance with a focus on carbon removal

In 2025, Santander granted a bank guarantee to Mombak, a Brazilian carbon removal startup that operates mainly in the Amazon biome, promoting the restoration of degraded areas with native forests and the generation of carbon credits.

Mombak became the first to receive funds from the New Climate Fund, totaling R$100 million, with R$80 million from the Climate Fund and R$20 million from BNDES Finem.

With this investment, Mombak will expand its initiatives in the state of Pará, Brazil, strengthening its partnership model with local landowners. The project will enable high-integrity carbon capture and boost the local economy by generating jobs and driving the reforestation production chain.



Brazilian financial institutions that are signatories[10]

EQUATOR PRINCIPLES

Equator Principles[11]

6

PSI Principles for Sustainable Insurance

Principles for Sustainable Insurance

10

PRI Principles for Responsible Investment

Principles for Responsible Investment

120

UN environment programme | finance initiative

Principles for Responsible Banking

Principles for Responsible Banking

6

[10] List of signatories: Equator Principles, Principles for Responsible Investment, Principles for Sustainable Insurance, Principles for Responsible Banking.

[11] Large institutions with structured project finance areas.

Case

Banco do Brasil

ESG Financing

In Q2 2025, Banco do Brasil's sustainable business portfolio totaled R$396.5 billion, representing 35.6% of the bank's overall credit. This growth was supported by international partnerships, notably the US$800 million raised with JP Morgan, HSBC, Crédit Agricole, and Standard Chartered to foster low-carbon agriculture in Brazil.

In addition, the bank signed a €250 million deal with Italy's CDP to finance renewable energy projects and support the reconstruction of the state Rio Grande do Sul after the floods.
In partnership with Natixis, US$95 million was raised for water collection, distribution, and treatment initiatives, as well as the expansion of basic sanitation in different Brazilian states and municipalities.

Case

Itaú

Cooperation for the development of sustainable solutions

In 2022, Itaú launched Cubo ESG, an innovation hub that connects corporations, startups, and investors focused on developing sustainable solutions. The space fosters technology and collaboration in decarbonization, energy, and sustainability projects in production chains.

By the end of 2024, the initiative had 38 resident startups working in the areas of artificial intelligence, the internet of things, ESG indicator management, bio-inputs, and efficient energy generation and use. It also houses science-based startups with transformative potential in areas such as clean energy, carbon capture, and the circular economy. In 2025, it published the Mapping of Brazilian Deep Tech Startups, which outlines strategies to strengthen national innovation.

Cubo runs yearly forums and debates, which in 2024 brought together nearly 1,500 people and 590 companies. As an offshoot, it began hosting São Paulo Climate Week, one of Latin America's leading events for exchanging sustainable solutions. The 2025 edition welcomed more than 3,000 attendees over the week, with 52 panels and 140 experts.



Evolving banking practices

In this way, Brazilian banks have steadily progressed in embedding sustainability into their strategies and operations. This effort is wide-ranging and spans multiple areas, demonstrating the sector's commitment to aiding the transition to a more inclusive, resilient, and low-carbon economy. Below are some examples of practices adopted by financial institutions.

Governance

By adopting PRSAC and integrating it into risk management, social, environmental, and climate factors have been brought to the same level of focus as traditional financial risks. Many institutions have created specialized areas and teams to map and manage these risks and also to identify opportunities in sustainable businesses.

Risk management

Social, environmental, and climate criteria have been incorporated into operational analysis models, with an emphasis on stress tests that assess the impact of climate-related events on credit and investment portfolios. They also establish risk appetite based on an assessment of the portfolio's climate sensitivity.

Value chain management

Banks have involved suppliers, businesses, and individuals, including rural producers, in sustainable practices, making contracts contingent on adherence to strong social and environmental standards. They also oversee risks throughout the value chain, using criteria to evaluate risks in lending or sourcing from sectors highly exposed to environmental and labor issues, particularly child labor or forced labor-like conditions.

Support for the transition to more sustainable business models

In addition to offering products and credit lines geared toward things like low-carbon agriculture and zero deforestation, banks encourage small and medium-sized enterprises to adapt to environmental requirements. They provide technical knowledge and support tools, helping these businesses understand and incorporate management practices aligned with their sustainability goals. This approach enhances the financial sector's capacity to drive positive change and sustain the transition to a more inclusive and resilient economy.

Measurement and disclosure of greenhouse gas emissions

The sector has been increasing transparency and alignment with international standards, with a special focus on Scope 3, which accounts for most emissions because it is linked to the financing of activities with a significant environmental impact. It has also been engaged in discussions on the evolution of carbon accounting and has supported the development of methodologies that represent carbon sequestered or avoided in numerous economic sectors. Learn more on page 40.



Relevant milestones in the financial sector and Febraban's activities

1995

Green Protocol, signed by public financial institutions and the Ministry of the Environment

2003

Launch of the Equator Principles by the IFC

Launch of the Ethos-Febraban Sector Indicators for Corporate Social Responsibility

2007

Start of Febraban's *Café com Sustentabilidade* meetings

2008

Private financial institutions sign up to the Green Protocol

Creation of the Brazilian Banking Self-Regulation System (SARB)

Febraban Program for the Promotion of Diversity in the Banking Sector

1st Diversity Census

CMN Resolution 3.545, the first to establish social and environmental requirements (rural credit)

2010

Launch of the financial education portal *Meu Bolso em Dia*

Febraban joins the National Committee for Financial Education (ENEF)

2011

Creation of the Green Protocol Indicator Matrix (Febraban/FGVces)

2014

Launch of SARB 014, regulation with guidelines and procedures for managing social, environmental, and climate risks in financial institutions

Publication of CMN Resolution 4.327 on Social and Environmental Responsibility Policies

2015

Febraban's first participation in the United Nations Conference of the Parties (COP21, in Paris)

Launch of the study *Measuring credit flows to the Green Economy*

Technical and Financial Cooperation Agreement for the Implementation of the Rural Environmental Registry (Febraban, government agencies, and civil society)

Creation of the Banking Self-Regulation Seal

Launch of the *Practical Guide for the Development and Implementation of Social and Environmental Responsibility Policy (PRSA)*

2016

Launch of the *Guide for Issuing Green Bonds in Brazil*

Publication of the study *Sustainable Buildings and Energy Efficiency*

Publication of the study *Financing Forest Restoration*

Publication of the study *Risks and Opportunities Associated with Natural Capital for the Financial Sector*

Launch of the study *National Financial System (SFN) and the Green Economy: measuring financial resources allocated to the Green Economy* (Febraban/FGVces)

2017

Formalization of Febraban as a Supporting Institution of UNEP-FI

Joining SBFN

Felaban and IFC Green Finance Award (Green Banking Association Category)

Publication of the study *Deforestation Risk Management*

2018

Membership as a Supporting Institution of the TCFD

First class of Somamos – Network for Inclusion in Support of Diversity

Admission to LAB – IDB Financial Innovation Lab

Launch of the TCFD/FSB Roadmap

Publication of the study *Financing for Photovoltaic Solar Energy in Distributed Generation*

Publication of the study *Financial Institutions and Deforestation Risk Management*

Publication of the study *Carbon Management and Pricing: Risks and Opportunities for FIs*

2019

Joined UNEP-FI PRB as a Supporting Institution

Co-organization of the UNEP-FI Regional Roundtable for Latin America and the Caribbean in Brazil

Launch of the Multisectoral Climate Risk Sensitivity Rule

2020

Revision of the Febraban Green Taxonomy, with data from the Credit Information System (SCR)

Publication of Febraban's Sustainability Policy

Launch of the *Guide on Measuring GHG Emissions in the Banking Sector*

Training for the Good Growth Partnership initiative in Brazil with UNEP-FI, ABBC[12] e ABDE[13]

2021

Launch of the Central Bank's BC#Sustainability Agenda to integrate social, environmental, and climate criteria into the System's operations and regulation National Finance

Adherence to the Pact for the Promotion of Racial Equality

Febraban Banking Economy Award (ESG Category)

2022

Launch of the Brazilian Financial Health Index (I-SFB)

Joining the Latin American Committee for Sustainable and Inclusive Banking of Felaban

Launch of open training courses - Sustainability in the financial sector: performance, impacts, and opportunities

[12] Brazilian Association of Banks.

[13] Brazilian Development Association.

2023

Febraban becomes an Observer Organization of the UNFCCC

Launch of SARB 26, a standard for managing the risk of illegal deforestation in the beef supply chain in the Legal Amazon and Maranhão

Launch of the SARB 26 Educational Trail

2024

Joining the National Commission for REDD+ (CONAREDD+)

Launch of the *Guide to Good Practices in Relations with Vulnerable Groups*

Launch of the *Sustainable Debt Guide*

Development of the tool for correlating TCFD recommendations with other frameworks

Launch of the Climate Risk Sensitivity Rule for the Agro Portfolio

Participation in the Advisory Board of the Brazilian Initiative for the Voluntary Carbon Market

Joining the CNF Technical Forum on the Carbon Market[14]

Publication of the *White Paper on Carbon Market*

Joined the Brazilian Sustainable Taxonomy Advisory Committee

Joined the GFANZ Brazil Advisory Board

Joined the Climate Hub Brazil Council

Joined the Global Compact Working Group on Human Rights and Financial Markets

2025

Joined the Federal Government's Bioeconomy Commission

Co-organization of the UNEP-FI Regional Roundtable for Latin America and the Caribbean in Brazil

Launch of the SARB 14 Educational Track

Launch of the Educational Track on Financed Emissions

Launch of the Financed Emissions Database for the Banking Sector

Launch of the *Roadmap for Deforestation Risk Management and Conversion-Free Supply Chains*

Sustainable Finance Training Program, with the IFC

Journey to COP30, with Anbima and CNseg (thematic workshops)

Training for Banking Sector Leaders, with PRB Academy and UNEP-FI

Launch of the study *National Regulations and Public Policies, Global Trends, and Financial Mechanisms*, with the Climate Finance Hub

[14] National Confederation of Financial Institutions.

Building networks to enhance transformation

By expanding its capacity for dialogue and cooperation with different audiences, the banking sector has taken an active role in discussions with public authorities, the market, and civil society. Through combined efforts, financial institutions and partners have built networks that accelerate the transition to a more sustainable, innovative, and inclusive economy.

Among the pioneers is the Global Compact Network Brazil, which has been mobilizing companies and organizations since 2003 around the principles of human rights, labor, the environment, and integrity. Between 2014 and 2016, multisectoral initiatives such as the Brazil Climate, Forests, and Agriculture Coalition strengthened the coordination between companies, NGOs, and academia in the search for low-carbon solutions for strategic production chains.

Launched in 2017, the Financial Innovation Lab (LAB) became a key forum, gathering government, regulators, banks, businesses, and universities to create tools that channel private resources into social and environmental projects. Along the same lines, the Brazilian Alliance for Sustainable Finance and Investment, created in 2020, connects academia and the market, training leaders and disseminating knowledge on sustainable finance.



The agenda has been reinforced in recent years by the emergence of other important movements, such as the Sustainability Network of the Brazilian Association of Financial and Capital Market Entities (Anbima), focused on discussing ESG trends such as biodiversity, climate change, governance, and sustainable financial instruments.

Some Brazilian banks participate in the Partnership for Carbon Accounting Financials (PCAF), a global initiative that standardizes the measurement and disclosure of GHG emissions associated with loans and investments. They also participate in the PCAF Brazilian Chapter, a forum focused on adapting the methodology to the national context. Similarly, they are part of the Nature Investment Lab (NIL), an ecosystem of investments in Nature-Based Solutions led by some Brazilian institutions in collaboration with international partners.

Case

Itaú | The Reverte Program

Itaú is a partner in the Reverte Program, an initiative by Syngenta to support farmers in recovering degraded pastures, transforming them into productive and sustainable crops through agronomic technical assistance and access to long-term credit.

Since the program started in 2021, R$1.9 billion in credit has been provided to 91 farmers, allowing the recovery of 264,000 hectares of degraded pasture on 366 farms across eight states in Brazil. In 2024 alone, R$669 million was allocated for the restoration of 79,000 hectares.

As a financial partner, Itaú offers farmers financing with terms of up to ten years and a grace period of up to three years. During the grace period, farmers pay only the interest on the loan, without repaying the principal amount.

Regulators and the market working together

The magnitude of the challenges in addressing climate change and establishing mechanisms for a just transition requires a coordinated effort between multilateral entities, governments, the private sector, and society as a whole.

With this in mind, Brazilian regulators and banking institutions have been working together to build legal frameworks, practices, tools, and databases that address actions to confront, mitigate, and adapt human and natural systems to climate change, contributing to reducing risks, minimizing damage, and opening up opportunities.

In this process, the Central Bank has aligned the market around a series of regulations and standards related to socio-environmental issues. Febraban, for its part, has established, within the scope of the Banking Self-Regulation System (SARB), regulatory guidelines aimed at encouraging good practices in the banking sector (see page 28).

However, the first guidelines requiring financial institutions to consider social and environmental risks in their credit operations were established by the Central Bank back in 2008. The next step was Resolution BCB 4.327/2014, which instituted the Social and Environmental Responsibility Policy (PRSA), marking the formalization of these guidelines in the National Financial System.

"Regulatory improvements allow financial institutions to better understand the importance of properly addressing social, environmental, and climate risks. They also help incorporate these risks into business strategies and decisions that have a positive impact and expand sustainable investment opportunities, while strengthening threat management," emphasizes Kathleen Krause, Deputy Head of the Prudential and Foreign Exchange Regulation Department at the Central Bank.

The regulatory framework was strengthened by CMN Resolution 4.557/2017, which introduced the concept of Integrated Risk Management (IRM). This marked the first time that social and environmental factors were explicitly included in the sector's agenda, requiring banks to put in place an ongoing, integrated structure for managing both risk and capital – an important step beyond earlier regulations.

The World Bank's technical report on the Climate Action Plan for Latin America and the Caribbean 2021-2025[15] states that Brazil is a pioneer in the prudential integration of climate and ESG in the banking sector. This recognition stems from the launch of the Central Bank of Brazil's BC#Sustainability agenda in 2020, which embeds climate and environmental risks into financial institutions' strategy, governance, risk management, and disclosures, with explicit references to the Task Force on Climate-related Financial Disclosures (TCFD) framework.

The BC#Sustainability agenda marked a major step in modernizing the institution and Brazil's financial system. Prudential oversight was aligned to promote sustainable finance and expand the requirements for managing socio-environmental and climate risks. The following year, the climate dimension was integrated into the Social and Environmental Responsibility Policy (PRSAC)[16].

Other standards detailed risk management, transparency, and information disclosure, such as Resolution BCB 139/2021, which established the Social, Environmental, and Climate Risks and Opportunities Report (GRSAC), Resolution BCB 151/2021, and Normative Instruction BCB 222/2021, which govern the submission of information to the Central Bank on the social, environmental, and climate risks of credit operations and investments.

In 2024, a new round of regulations consolidated sustainability criteria for rural credit, open data, and financial statements. The agenda continues to be updated on an ongoing basis, aligned with the best international trends and the reality of the Brazilian market.

> Our role is to encourage institutions to comply with regulations, which are quite advanced.
>
> **Francisco José Barbosa da Silveira, Head of the Strategic Management and Specialized Supervision Department at the Central Bank**

[15] Climate Action Plan for Latin America and the Caribbean 2021-2025 (World Bank, 2025).

[16] CMN Resolution 4.945/2021.

ESG practices in banking self-regulation

Social and environmental risk management has been integrated into the Banking Self-Regulation System (SARB), a set of rules and procedures created by Febraban to standardize practices, increase transparency, and protect consumers of financial products and services, going beyond regulatory requirements and placing social and environmental issues on the same level as prudential rules.

A total of 25 financial institutions have voluntarily adopted the Self-Regulation framework. It covers three regulatory areas: consumer relations, prevention of illegal activities, and social and environmental responsibility. Its development began in 2007 with the organization of a code of conduct focused on the relationship between banks and individual customers.

A year later, in August 2008, the Banking Self-Regulation Code was established, which later gave way to the Code of Ethical Conduct and Self-Regulation, mandatory for all institutions associated with Febraban. The framework introduced a more comprehensive approach: any member bank must follow the Code's principles-based standards and may voluntarily adhere to one or more of the self-regulation pillars.

SARB 014/2014 was the first regulation to address the management of social, environmental, and climate risks by banks. By its 15th anniversary in 2023, SARB had already established itself as a benchmark, expanding dialogue with consumer protection agencies and reinforcing the sector's commitment to high standards of transparency and accountability.

That year, SARB 026/2023 was introduced, setting out guidelines and procedures for banks to support, via their lending, activities free from illegal deforestation in the beef supply chain by the end of 2025. The regulation mandates a supply chain monitoring system to track cattle from their origin to slaughter, proving that no animals are purchased from illegally deforested areas in the Legal Amazon and Maranhão.

In 2024, SARB 014/2014 was updated to reflect the Central Bank's new regulation and incorporate international best practices, such as standardization of the minimum content of the Social, Environmental, and Climate Responsibility Policy (PRSAC), rules against greenwashing, and new requirements for rural credit operations.

Self-Regulation Seal

The Self-Regulation Seal reinforces the public commitment of financial institutions that voluntarily adhere to at least one of the three self-regulation pillars. Created by SARB 020/2018, it is granted only to level II and III financial institutions that meet the technical requirements and minimum compliance percentages defined by the standard. The assessment considers adherence to the rules, the consistency of internal processes, and the effectiveness of the practices implemented.



FEBRABAN

Social, environmental, and climate risk management



Social, environmental, and climate risk management

Banks manage their own impacts through eco-efficiency strategies to reduce GHG emissions and the consumption of resources such as water and energy in their activities. This effort goes well beyond regulatory compliance, as risk management is closely tied to the ability of financial institutions to promote good social, environmental, and governance practices across their supply chains.

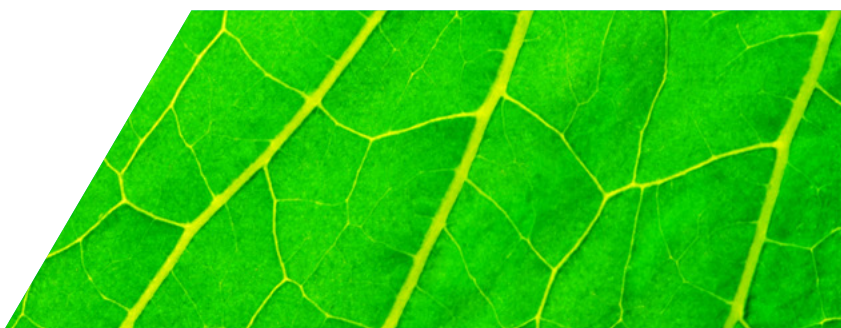
These risks manifest themselves in multiple ways. Extreme weather events can increase defaults among borrowers facing agricultural or real estate losses, lower the value of collateral, threaten insured assets, and put pressure on capital provisioning requirements, while also increasing commodity price volatility. In addition, they can impact the business infrastructure itself, stopping operations.

In this way, they can influence the results and stability of the financial system, regulatory capital, and the reputation of organizations. “In Brazil, over 10% of the banking credit portfolio is potentially exposed to flood risks, which has led the country to prioritize the integration of climate into risk models, underwriting, and stress testing. This materiality is one of the reasons why the World Bank Group prioritizes technical support for climate risk management in the country’s financial sector,” says Marcela Ponce of the IFC.

Brazilian banks began incorporating socio-environmental variables into their risk analysis processes more than twenty years ago, when the first tools for this purpose were developed. What began as a narrow focus on credit has evolved into an integrated approach that considers social, environmental, and climate dimensions in the processes of accepting and interacting with customers of different profiles, from large companies to small rural producers.

This path has established social and environmental management as a strategic part of the sector’s operations. Supporting this movement since its inception, Febraban has acted to provide institutional support, standardize data, and promote best practices across the sector, both through SARB and through the development of studies, analyses, and tools. See below for the main ones.





TCFD Roadmap

An important step in managing social, environmental, and climate risks was Febraban's 2018 roadmap for implementing the recommendations of the Task Force on Climate-related Financial Disclosures. As part of the deliverables, the 2021 document *Support for Climate Risk Management*[17] mapped 42 tools that strengthened banks' ability to integrate climate variables into their credit and investment decisions.

In 2023, the organization summarized the progress made since the launch of the initiative in a report[18], providing guidance for practices that are increasingly aligned with international standards. In addition, it also updated an analytical tool[19], developed in 2019, which links the TCFD recommendations with other reporting and risk management frameworks in the banking sector.









17 Support for climate risk management: Guide to open and restricted tools (Febraban, 2021).

18 Febraban TCFD/FSB Roadmap in the Brazilian Banking Sector - Progress since 2018 (Febraban, 2023).

19 Tool for correlating TCFD recommendations with other frameworks - V.2 (Febraban, 2023).

Climate exposure of the credit portfolio

Measuring the climate exposure of the credit portfolio is a way to help identify vulnerabilities in different sectors of the economy and measure how much the activities financed by banks are exposed to physical and transition climate risks. In this way, it helps anticipate impacts related to default risk, supports risk pricing and regulatory capital, and guides sustainable credit strategies, directing resources to companies that are more resilient and aligned with sustainability commitments.

The Febraban Climate Sensitivity Framework was launched in 2019 to help banks comply with international standards (TCFD, ISSB, and NGFS) and, subsequently, with BCB regulations. It helps prioritize actions for managing climate risks and identifies sectors, clients, and operations needing closer attention. It is also a useful tool for tracking climate risk exposure over time and serves as a foundation for integrating these risks into banks' Risk Appetite Statements (RAS).

In 2021, after being implemented by several member banks, the tool was improved and renamed the Multisector Climate Risk Sensitivity Framework[20], aligning it with key initiatives such as Febraban's Green Taxonomy. The tool is designed to work across three analytical layers, each increasing in detail, effort, and sophistication. The layers can be applied sequentially or individually, depending on the level of information available about the portfolio and the objectives of the analysis.

Building on previous work, the Agricultural Credit Climate Risk Sensitivity Framework[21] was introduced in 2023. The initiative arose in response to the significance of the agricultural sector in the Brazilian economy and its vulnerability to climate change. Unlike the multisectoral framework, which covers different economic segments, this tool focuses on the particularities of the agricultural sector, allowing for the assessment of factors such as crop diversity, the importance of property location, and whether rural insurance is in place.

[20] Multisectoral Climate Risk Sensitivity Rule - version 2.0 (Febraban, 2020).

[21] Climate Risk Sensitivity Rule for the Agricultural Portfolio (Febraban, 2023).

Case

Bradesco

Promoting sustainable business

In 2021, Bradesco set out to invest R$250 billion by the end of 2025 in initiatives aligned with Febraban's sustainable taxonomy. The goal was achieved a year ahead of schedule, prompting the bank to voluntarily expand the goal by an additional R$100 billion, bringing the total commitment to R$350 billion for the same period.

This initiative includes granting credit for positive contribution activities, socio-environmental financial products and services, advice on structuring credit and debt solutions linked to ESG criteria, and enabling instruments with sustainability criteria. In 2024 alone, R$78 billion was allocated to businesses with a positive impact.

Highlights include financing for hybrid and electric vehicles, which totaled R$1.5 billion in 2024; financing for solar energy, with R$1.03 billion in 2024; and the Climate Fund Program, which disbursed R$225 million by 2024. In the same period, the bank arranged 41 ESG-linked credit and debt operations totaling R$12.3 billion, notably R$6.5 billion for renewable energy and R$5.2 billion for environmental sanitation.

Measurement of financed emissions

As part of its initiatives to support the banking sector in implementing the TCFD recommendations, in 2020 Febraban launched a Guide on Measuring Greenhouse Gas Emissions in the Banking Sector[22]. The guide helps banks calculate and report GHG emissions tied to their loans and investments, known as "financed emissions," using the Partnership for Carbon Accounting Financials (PCAF) framework as a basis.

The Guide presents a national overview of how Brazilian banks are measuring emissions, including recognized methods and practices. It also looks at challenges and gives advice to help banks improve how they track financed emissions. Following up on this, the sector is developing a common database with the aim of standardizing the information used by financial institutions, promoting greater comparability between them and also encouraging smaller banks to measure and disclose their financed emissions.

Accordingly, the 2025 Financed Emissions Project aims to build an integrated database combining financial information from all publicly listed companies, publicly reported GHG emissions from real-economy firms, sector-specific emission factors, and aligned assumptions. It also includes creating an educational program on financed emissions and a calculation tool based on the PCAF methodology, featuring standardized national data for Febraban members to use.



[22] *Guide on Measuring GHG Emissions in the Banking Sector* (Febraban, 2022).

Case

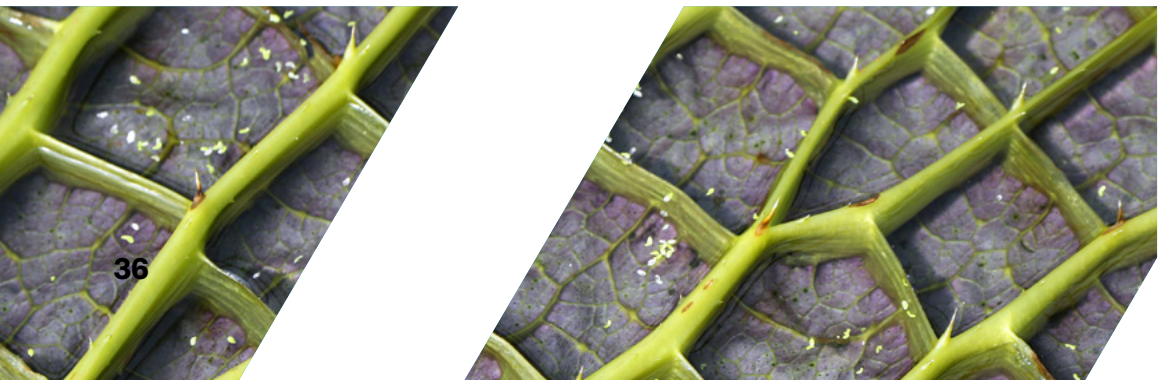
Bradesco

Pioneering the calculation of financed emissions

Bradesco was the first Brazilian bank to measure and disclose the financed emissions of its corporate loan portfolio, bringing greater transparency to the climate impact of its operations. This initiative marked a first step in the bank's portfolio decarbonization journey, which the following year included setting decarbonization targets in strategic sectors, aligned with the global goal of reducing net greenhouse gas emissions in line with the Paris Agreement.

The bank's climate strategy aims to reduce financed emissions and exposure to physical and transition risks across its businesses and operations, channeling resources toward initiatives that help clients reduce their emissions, such as renewable energy, energy efficiency, sustainable agriculture, and low-carbon technologies.

Client engagement is central to this journey. Considering each client's stage of maturity, the bank offers tailored solutions — from credit and sustainable financial products to specialized advisory services — to support the transition and strengthen the resilience of their businesses.



Analysis of risks associated with natural capital and deforestation

Agriculture and livestock farming are fundamental activities for the Brazilian economy, but they place significant pressure on natural capital, especially in sectors such as soybeans, livestock, and forest products. Today, the main sources of GHG emissions in Brazil stem from land use, in particular illegal deforestation. Therefore, talking about compliance with Brazil's Nationally Determined Contribution (NDC) means, above all, addressing the fight against deforestation.

However, identifying and managing the risks arising from deforestation can be a complex task. Production chains have intricate structures, often composed of multiple upstream suppliers, such as rural producers, grain intermediaries, cattle ranchers, and other suppliers of raw materials to meatpacking plants or food industries. This situation is exacerbated in retail operations, where customers interact with extensive and dispersed supply networks.

Recognizing the importance of the topic, Febraban published a study in 2017 entitled *Risks and Opportunities Associated with Natural Capital for the Financial Sector*[23]. The study showed that the connection between natural capital and financial system customers requires extra attention from the banking sector, as the lack of integration of these factors into risk analysis can result in legal, reputational, credit, and market problems. The study sought to identify trends and challenges in controlling deforestation, propose improvements in socio-environmental risk analysis in lending, and provide information for the National Financial System to position itself in relation to national and international demands related to reducing deforestation.

It also pointed out opportunities for the sector to support the strengthening of Brazilian export agribusiness in line with socio-environmental responsibility criteria. One of the central points on this agenda is the enhancement of the Rural Environmental Registry (CAR), an instrument that supports the monitoring and environmental regularization of rural properties. The topic has been discussed in an interinstitutional working group, with the aim of identifying actions that increase the reliability and effectiveness of the system.

Delving deeper into the topic, Febraban published the report *Financial Institutions and Deforestation Risk Management*, analyzing the impacts of deforestation on strategic production chains

[23] Risks and Opportunities Associated with Natural Capital for the Financial Sector (Febraban/GVces, 2017).

and their implications for risk management in the financial sector. Simultaneously, the organization was already looking at the opportunity to transform environmental preservation into a negotiable asset in the capital market.

This approach began in 2015 with the publication of *Environmental Reserve Quotas (CRAs)*, which discussed how this mechanism under the New Forest Code (Law No. 12.651/2012) could go beyond environmental compensation. The study analyzed opportunities and limitations for attracting investors with no direct link to the restoration of Legal Reserve areas, but who were interested in financial returns linked to the forestry agenda and ecosystem services. It also presented international examples of regulated environmental markets, indicating the need for further analysis to adapt these lessons to the Brazilian context.

More recently, in partnership with UNEP-FI, Febraban's technical group developed the study *Deforestation Risk Management and Financing Opportunities for Deforestation and Conversion-Free Supply Chains*. The report brings together the essential elements banks need to assess and mitigate this type of risk, addressing the impacts of deforestation on natural capital, the current legal framework, and business opportunities that value standing forests and the recovery of native vegetation. It also presents practical and objective recommendations to guide the actions of financial institutions in this context.

The study already takes into account CMN Resolution 5.193/2024, which explicitly integrates environmental variables into credit decisions and puts banks at the forefront of encouraging more sustainable farming practices in agriculture. Starting in 2026, the regulation raises the requirements for monitoring deforestation, involving PRODES[24], the Rural Environmental Registry (CAR), and the Vegetation Removal Authorization (ASV), among others.

By considering these issues in their analyses, financial institutions not only reduce their portfolios' exposure to deforestation risks, but also contribute to the prosperity of initiatives that support climate transition, with an emphasis on reforestation, forest restoration, recovery of degraded areas, and reduction of GHG emissions, and consequently, reduction of their financed emissions.

[24] PRODES Project.

Roadmap for managing the risk of deforestation and conversion, starting in 2025

Stages	Actions
Identification of risks related to natural capital	Incorporation of environmental risks into the risk management governance structure
	Training and capacity building
	Mapping/monitoring of physical risks
	Mapping/monitoring transition risks
Understanding exposure to deforestation risk in financed supply chains	Mapping production sectors critical to deforestation
	Understanding the structure of these sectors' production (fragmentation, product and transaction characteristics)
	Mapping the part of the production chain in which the client participates
	Establishing protocols and demanding supplier monitoring commitments for wholesale activities
Current regulations and bank strategies	Establishing strategies for monitoring the eligibility criteria set forth in the SNCR
	Adhering to market self-regulation and voluntary commitments
	Developing sustainability policies (PRSAC), reports (GRSAC), best practice guidelines, and sectoral commitments
Alternatives for improving deforestation risk management	Incorporating deforestation compliance tools
	Incorporating deforestation compliance into the risk underwriting process
	Establishing time frames and eligibility criteria related to deforestation, beyond the regulations that will come into force in January 2026
	Taking into account the differences in how environmental policies are managed across states and municipalities, as well as the transaction costs that will result from enforcing compliance
	Establishing strategies for managing the risk of deforestation spillover (economic group, other properties)
	Managing deforestation risk broadly, for example, by monitoring negative media coverage
	Customizing financial products that involve non-conversion criteria
	Developing financial products that pay the opportunity cost of clearing native vegetation
	Developing financial products that value the surplus of native vegetation
	Considering other factors linked to deforestation risk, aiming to identify actors that are at risk yet have not engaged in deforestation
	Establishing KPIs to assess exposure to deforestation risk and portfolio performance

Case

BTG Pactual Timberland Investment Group

Reforestation Strategy

BTG Pactual Timberland Investment Group (TIG) launched its Reforestation Strategy in Latin America in 2021. With the non-governmental organization Conservation International as its impact advisor, the strategy seeks to conserve and restore approximately 135,000 hectares of native forests and establish another 135,000 hectares of sustainable commercial forests certified by the Forest Stewardship Council (FSC) in previously deforested or degraded areas in Latin America. The strategy also focuses on the production and commercialization of climate-positive forest products, as well as the generation and sale of carbon credits.

In Brazil's Cerrado biome, a globally significant biodiversity hotspot, TIG and Conservation International have begun restoring more than 10,000 hectares of native vegetation. This effort has increased the total area under restoration in the Cerrado region by approximately 50% as of April 2025. To date, more than 500 species of plants and animals have been identified on the properties covered by the strategy.

Deforestation risk management in the beef supply chain

Set out in SARB 026/2023, the management of illegal deforestation risk in the beef supply chain requires banks that finance meatpacking plants and slaughterhouses to ensure these companies adopt measures for traceability and monitoring of cattle origin, with mandatory implementation by December 2025. The regulation stipulates that systems must be capable of cross-referencing information on embargoes, overlaps with protected areas, vegetation removal permits, and CAR data. The goal is to prevent direct and indirect suppliers from being linked to illegal deforestation practices.

Case

Santander

Support for reforestation in the Amazon

In 2022, Santander co-founded Biomas, an ecosystem restoration company that aims to protect and restore 4 million hectares in Brazil by planting 2 billion native trees over the next 20 years, cutting approximately 900 million tons of CO_2 from the atmosphere. The initiative will also generate high-quality carbon credits and jobs in regions most in need.

In 2025, Biomas launched its project in partnership with Veracel Celulose, in southern Bahia, Brazil. The Muçununga project envisages an initial investment of R$55 million to restore 1,200 hectares by planting 2 million seedlings of 70 native species – a number significantly higher than the average for current projects. The expectation is to generate 500,000 carbon credits over 40 years, with a premium market value due to high biodiversity and positive social impacts. Part of the credits will be used to maintain the restored area, and the remainder will be divided between Biomas and Veracel. The project also aims to generate jobs, income, and environmental benefits, such as improved soil and water quality and biodiversity protection.

Case

Bradesco

Partnerships for the restoration of the Atlantic Forest and forest conservation

A partner of the SOS Mata Atlântica Foundation since 1989, Bradesco has already invested more than R$182 million to plant over 34 million native trees, equivalent to 17,000 hectares restored in 1,350 municipalities in nine Brazilian states. The bank supports the Atlas of Atlantic Forest Remnants, developed by the National Institute for Space Research (INPE), which has become the main tool for monitoring and disseminating data on deforestation and conservation areas in the biome.

In the Amazon, Bradesco co-founded the Amazon Sustainable Foundation (FAS) 17 years ago, supporting projects that balance forest conservation with improving the lives of riverside communities. Over 11,400 families across roughly 590 communities have benefited from programs covering technical training for sustainable resource use, financial literacy, and community tourism.

Bradesco is also the financial institution responsible for transferring payments for the *Guardiões da Floresta* (Guardians of the Forest) program, Brazil's first state policy for payments for environmental services, implemented by the Government of the state of Amazonas in 2007.



FEBRABAN



Financing the transition to a low-carbon economy

Financing the transition to a low-carbon economy

Brazil has committed to reducing its net GHG emissions by between 59% and 67% by 2035 from 2005 levels, and also aims to reach net zero by 2050. This target was set in the country's updated NDC[25], aligned with the Paris Agreement and delivered to the United Nations at the end of 2024. This requires a cut in Brazilian emissions of between 850 million and 1.05 billion tons of carbon dioxide equivalent over the next ten years.

Reaching this goal will require mobilizing a huge amount of resources. According to the Independent High-Level Expert Group on Climate Finance[26], an independent group of experts focused on assessing and proposing recommendations on how the financial system can help achieve the Paris Agreement goals, developing countries, excluding China, will need about US$2.4 trillion annually in climate-aligned investments by 2030.

Brazil and other developing countries are working within the framework of COP30 to raise US$1.3 trillion per year by 2035. Globally, climate-aligned economic growth will require more than US$8 trillion per year during this period[27]. No individual player can mobilize that much funding alone. That is why climate finance relies on a mix of capital sources — from private bonds and sovereign instruments to government funding, bilateral and multilateral funds, and even philanthropy.

Financial institutions play a decisive role in this process, helping to raise and channel resources to projects that support a just transition. "It's a new way of thinking about business. We have introduced a variable into decision-making that now considers risk, return, and impact," says Isabela Damaso, Head of Sustainability at the Central Bank.

25 Brazil submits a new NDC to the UN in line with the Paris Agreement (Gov.Br, 2024).
26 Independent High-Level Expert Group on Climate Finance (IHLEG, 2025).
27 Global Landscape of Climate Finance 2025 (Climate Policy Initiative, 2025).

Private investment needs to grow substantially to close the climate finance gap. “The annual flow of climate finance to developing countries was around US$425 billion for low- and middle-income countries between 2019 and 2020,” points out Marcela Ponce, of the IFC. “These flows will need to increase at least fivefold by 2030, with 80% to 90% coming from the private sector,” she points out.

According to her, accelerating the transition to resilient and inclusive low-carbon growth, with a focus on people and jobs, helps companies and economies in emerging markets become and remain competitive in the global economy.

Case

Sicredi | Sustainable finance

In 2019, Sicredi began raising US$100 million from IDB Invest and Climate Investment Funds (C2F), focusing exclusively on solar energy projects. In 2021, Sicredi expanded its scope by raising its first social fund, aimed at supporting micro, small, and medium-sized enterprises (MSMEs) led by women, totaling US$80 million.

In 2022, it was the first financial institution in Brazil to issue a Sustainable Public Financial Note, with resource allocation aligned with its Sustainable Finance Framework. Since the beginning of this journey, more than US$1.5 billion has been raised through partnerships with multilateral organizations such as IFC, IDB, CAF, EIB, and DEG, in addition to bilateral and public labeled issuances.

Reinforcing this commitment, in August 2025, US$100 million was raised from the IFC, with a focus on supporting micro and small businesses led by women and micro and small businesses located in the Amazon.

Stimulating sustainable debt instruments

According to the Institute of International Finance (IIF)[28], global sustainable debt issuance reached US$7.6 trillion by 2025, highlighting the capacity of banks and other financial institutions to mobilize resources for climate finance. Among emerging markets, Brazil stands out, with more than R$424 billion raised in fixed-income instruments between 2015 and 2024[29], totaling, as of September 2025, 425 transactions based on the use of resources or linked to sustainability indicators, such as sustainability-linked bonds.

Since the first green bond was issued in Brazil in 2015, the domestic sustainable debt market has grown exponentially, diversifying the profiles of issuers, products, and sectors involved. Working with academia and other organizations promoting sustainability, Febraban's working groups, made up of bank representatives, have developed a series of tools and guidelines to disseminate the concept and encourage the development of this market.

This initiative started in 2014, when Febraban and the Getulio Vargas Foundation's Center for Sustainability Studies (FGVces) partnered to examine how Brazil's financial system could help advance the transition to a green economy. The partnership's first result was the Green Bonds study[30], published in 2015, which brought forward discussions on the particularities of corporate debt and ways to expand the sector in Brazil.

Based on this research, in 2016, the *Guide to Issuing Green Bonds in Brazil*[31] was published, in partnership with the Brazilian Business Council for Sustainable







28 Sustainable Debt Monitor (IIF, 2025).

29 ERM NINT (ESG Debt Database in Brazil, 2025).

30 Green Bonds (Febraban/GVces, 2015).

31 Guide to Issuing Green Bonds in Brazil (Febraban/CEBDS, 2016). The publication evolved into the 2023 Sustainable Debt Guide.

Development (CEBDS) and with the support of FGVces. The publication offered guidance to fixed-income market stakeholders — issuers, underwriters, investors, and external verifiers — on how to structure and issue these instruments.

That year, the market saw only four issuances of these securities, totaling R$5.2 billion. By August 2025, Brazilian banks had already raised more than R$58 billion in labeled operations directed at activities with positive environmental, social, and climate impacts.

One of Febraban's focuses was developing studies and resources that help advance the market's maturity on the topic, serving as a reference point for subsequent practices and policies. In this regard, between 2016 and 2018, several tools were launched with recommendations and methodologies to identify viable financing models to support forest restoration[32] as provided for in the 2012 Forest Code and the development of solar energy[33], as well as sustainable buildings, with a focus on energy efficiency[34].

425 debt transactions linked to ESG indicators

R$424 billion raised through fixed-income instruments between 2015 and 2024

Case

BTG Pactual | Systemica

In 2023, BTG Pactual advanced its environmental assets agenda by acquiring a minority stake in Systemica, a Brazilian company specializing in the development and implementation of carbon credit generation projects and other environmental assets.

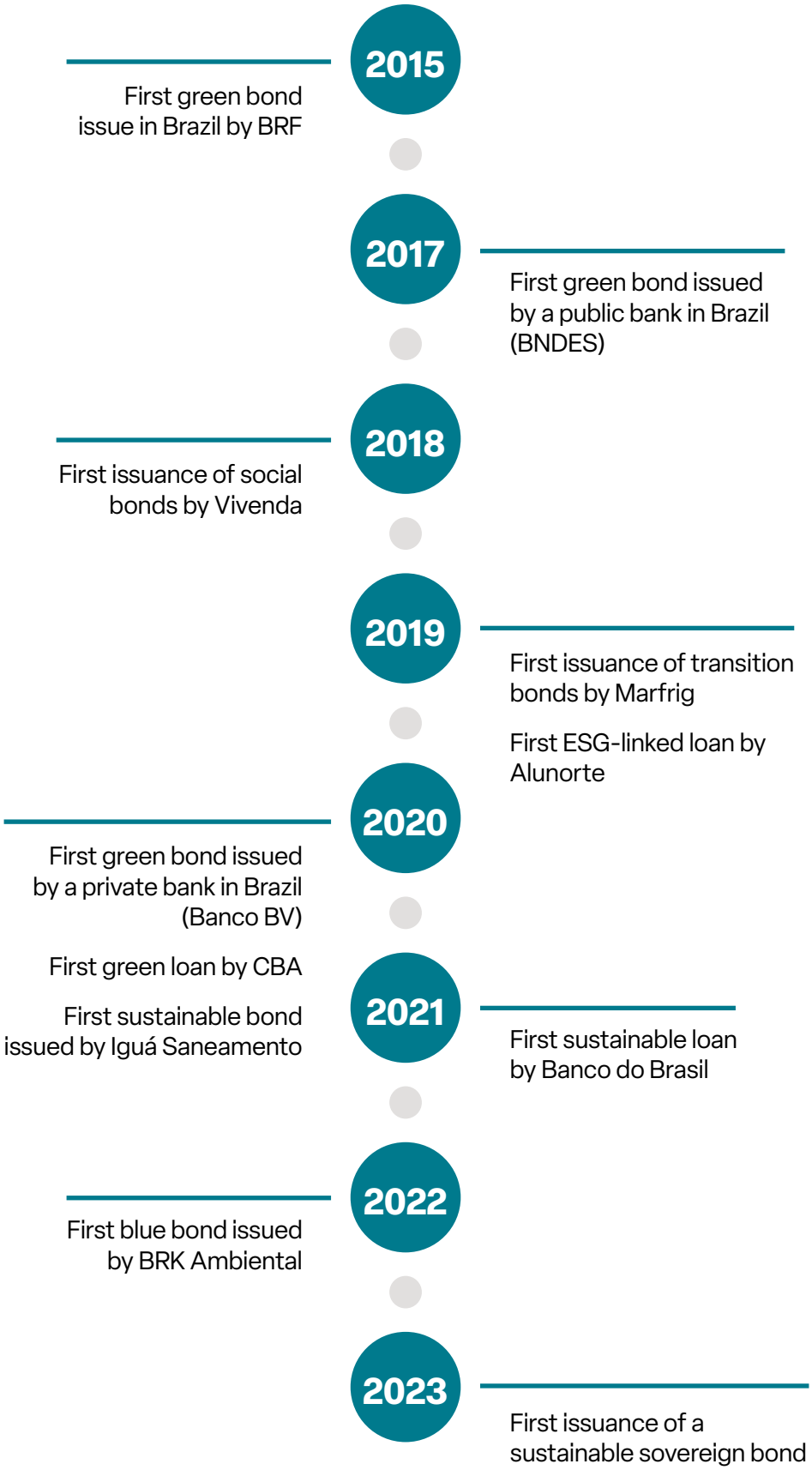
Founded in 2012, Systemica has experience in GHG emissions offsetting and also provides consulting services to companies in different sectors. Starting in 2024, it expanded its operations to reforestation projects, and in 2025, it was announced as the winner of the first public land concession in Latin America for environmental restoration, launched by the State of Pará, headquarters of COP30, for the recovery of 10,000 hectares in the state.

32 Financing Forest Restoration for the Financial Sector (Febraban/GVCes, 2016).

33 Financing for Distributed Generation of Photovoltaic Solar Energy (Febraban/GVCes/Absolar, 2018).

34 Sustainable Buildings and Energy Efficiency (Febraban/GVces, 2017).

Milestones in the journey of sustainable debt in Brazil



Case

Banco do Brasil

Carbon credit projects

As a result of its forest preservation and restoration initiatives, Banco do Brasil conserved and/or reforested more than 850,000 hectares of forest by the end of the first half of 2025. The bank has made a public commitment to reach 2 million hectares by 2030.

By supporting initiatives to reduce emissions from deforestation and forest degradation, reforestation, forest restoration, and sustainable agricultural practices, it has been working to reduce GHG emissions in the atmosphere. Biogas projects for energy generation and biomethane were also encouraged. Today, the bank has 30 projects under development on these fronts, capable of generating around 3 million carbon credits per year.

One of the projects under development is Águas do Interior Paulista, which plans to reforest up to 50,000 hectares with native species from the Cerrado and Atlantic Forest, building an ecological corridor around the region's hydrographic basin. The project is in partnership with Coopercitrus and Ambipar.



In addition to the advancement of sustainable debt instruments, an increasing number of public and mixed financing sources are combining to broaden the impact of the socio-environmental and climate agenda. National funds, such as the Amazon Fund and FUNBIO, support mitigation, adaptation, and conservation projects, while multilateral public funds, such as the Global Environment Facility (GEF) and the Green Climate Fund (GCF), contribute capital and technical expertise, strengthening long-term programs.

Multilateral development organizations have also been decisive, such as the Inter-American Development Bank (IDB), the World Bank, the Development Bank of Latin America, and the IFC — an organization that broke investment records in Brazil with US$7.3 billion between July 2023 and June 2024, 12% more than in the previous period. "It was the IFC's largest investment program in the world. The committed portfolio reached US$7.7 billion in the period," says Marcela Ponce.

"Of the total US$7.3 billion in investments during the period, US$1.6 billion was long-term financing with IFC's own resources, US$5.1 billion came from mobilizations and co-financing, and US$682 million was short-term financing for trade and supply chains, aimed at ensuring the continuity of trade flows," explains the IFC leadership. Of the amount invested with its own resources, 50%[35] was allocated to projects that incorporate solutions for climate mitigation or adaptation in Brazil. Globally, IFC allocated US$9.1 billion from its own resources and mobilized another US$10.2 billion from third parties, totaling US$19.3 billion in climate financing.

There are also strategic programs and platforms, such as the Federal Government's Eco Invest Program, which drives sustainable private investment and attracts foreign capital for long-term projects. The program's first auction, held in 2024, generated R$6.8 billion, with the potential to unlock around R$45 billion in new sustainable investments by 2026. The second auction involved 11 financial institutions and saw R$17.3 billion in catalytic funds, capable of mobilizing R$31.4 billion in total investments — public and private — for the recovery of degraded areas across the country[36]. The third auction, announced in October 2025, will offer an unprecedented currency-hedging mechanism among emerging countries, which is expected to further attract international investors' interest[37].

Another important initiative is the Brazilian Climate Investment Platform (BIP), created with support from GFANZ and the Brazilian Development Bank (BNDES). Focused on projects related to nature-based solutions, bioeconomy, industry, mobility, and energy, the BIP already has an initial pipeline of US$10.8 billion in seven confirmed projects open to domestic and international investors[38]. This combination of instruments and partnerships strengthens the country's ability to transform opportunities into concrete and sustainable results and accelerate the implementation of the Ecological Transformation Plan and the Climate Plan.

35 IFC Continues to Expand Impact in Brazil with Record Financing in Fiscal Year 2024 (IFC, 2024).

36 Eco Invest Brasil auction has demand of R$17.3 billion and potential to generate R$31.4 billion in investment for the recovery of degraded areas (Ministry of Finance, 08/07/2025).

37 Federal Government announces 3rd Eco Invest Brazil auction to attract equity investment (Ministry of Finance, 10/08/2025).

38 Government launches platform to attract investments for Brazil's green economy (CNN Brasil, 2024).

Case

Banco do Brasil

A sustainable future with socio-bioeconomics and inclusion

Banco do Brasil has invested in initiatives aimed at the socio-economic transformation of the Legal Amazon, with a portfolio totaling R$2 billion as of the first half of 2025, benefiting approximately 62,000 people. One of these initiatives is the Socio-Bioeconomy Financial Hub, providing credit, technical support, and financial education through digital channels.

The bank has also signed strategic agreements with international organizations, such as the US$400 million raised with the World Bank to expand credit for sustainable initiatives in the Cerrado and the Legal Amazon. Together with the IDB and the Green Climate Fund (GCF), it raised US$250 million for the BB Amazon Program, focused on sustainable businesses and green infrastructure.

Case

Sicoob

Financing for biogas production

Sicoob provided R$15 million in financing to COOPENAD, the Cooperative of Energy and Fertilizer Producers in Salgado Filho (PR), to set up the region's first biogas plant. The cooperative, founded by 44 rural producers, aims to transform environmental liabilities into sustainable opportunities by converting pig, cattle, and poultry waste into renewable energy and organomineral fertilizer, treating 95% of local animal waste. The plant is capable of generating 700 kWh/hour, enough to supply more than 3,000 homes and produce 600 tons/month of fertilizer.

The project combines circular economy, social inclusion, and corporate governance, which strengthens rural production chains, creates jobs, and positions the Brazilian financial system as an active agent in the transition to a low-carbon economy.

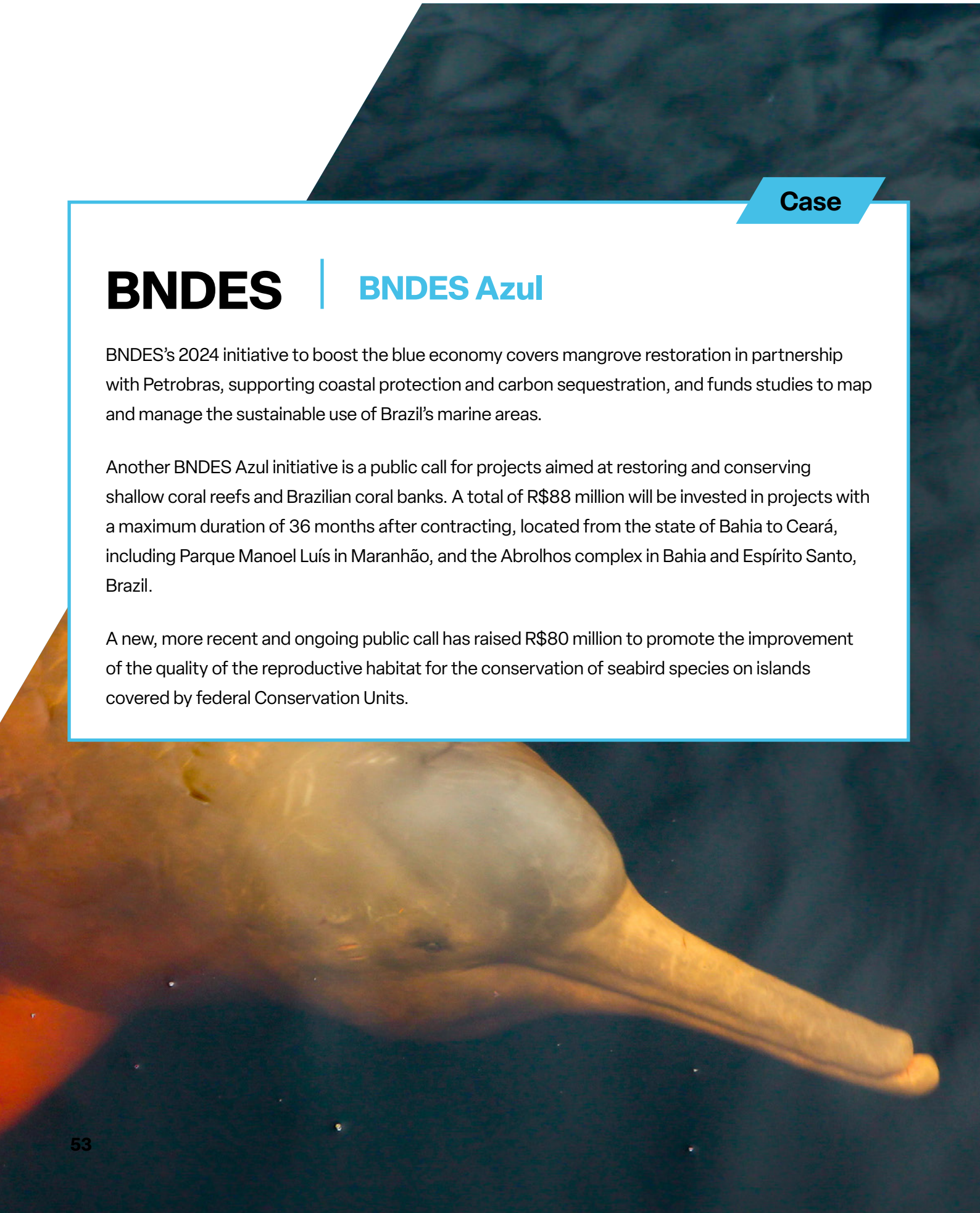
Ecological Transformation Plan and Climate Plan

The Ecological Transformation Plan (PTE), coordinated by the Ministry of Finance, and the Climate Plan, under the responsibility of the Interministerial Committee on Climate Change, chaired by the Ministry of the Environment, work in a complementary manner in Brazil's strategy to align economic growth and sustainability.

The PTE, launched in 2023, establishes economic guidelines and financial instruments to drive the transition to low carbon. It highlights the impact of the energy transition and other activities related to the climate agenda on GDP and employment in Brazil in the coming decades. It also contextualizes the Brazilian Emissions Trading System (SBCE) and provides the basis for the Sustainable Sovereign Bond Framework, which allows the country to issue green, social, and sustainable bonds backed by budget programs with positive environmental and social impact. In its debut, the country launched a US$2 billion sustainable sovereign bond, maturing in seven years, whose proceeds were allocated to finance climate and development actions by the BNDES at favorable rates.

The Climate Plan establishes mitigation and adaptation goals for climate change up to 2035. It enables national climate goals to be supported by concrete financing mechanisms and public policies capable of transforming environmental goals into effective results for the country's sustainable development. The plan also included society's participation in its development. Through the Participatory Brazil platform and in-person plenary sessions in all biomes, citizens and experts actively contributed, ensuring that the plan reflects the country's needs and realities.

The integration between the PTE and the Climate Plan aims to ensure that national climate goals are supported by concrete financing mechanisms and public policies capable of transforming environmental targets into effective results for the country's sustainable development.



Case

BNDES | BNDES Azul

BNDES's 2024 initiative to boost the blue economy covers mangrove restoration in partnership with Petrobras, supporting coastal protection and carbon sequestration, and funds studies to map and manage the sustainable use of Brazil's marine areas.

Another BNDES Azul initiative is a public call for projects aimed at restoring and conserving shallow coral reefs and Brazilian coral banks. A total of R$88 million will be invested in projects with a maximum duration of 36 months after contracting, located from the state of Bahia to Ceará, including Parque Manoel Luís in Maranhão, and the Abrolhos complex in Bahia and Espírito Santo, Brazil.

A new, more recent and ongoing public call has raised R$80 million to promote the improvement of the quality of the reproductive habitat for the conservation of seabird species on islands covered by federal Conservation Units.

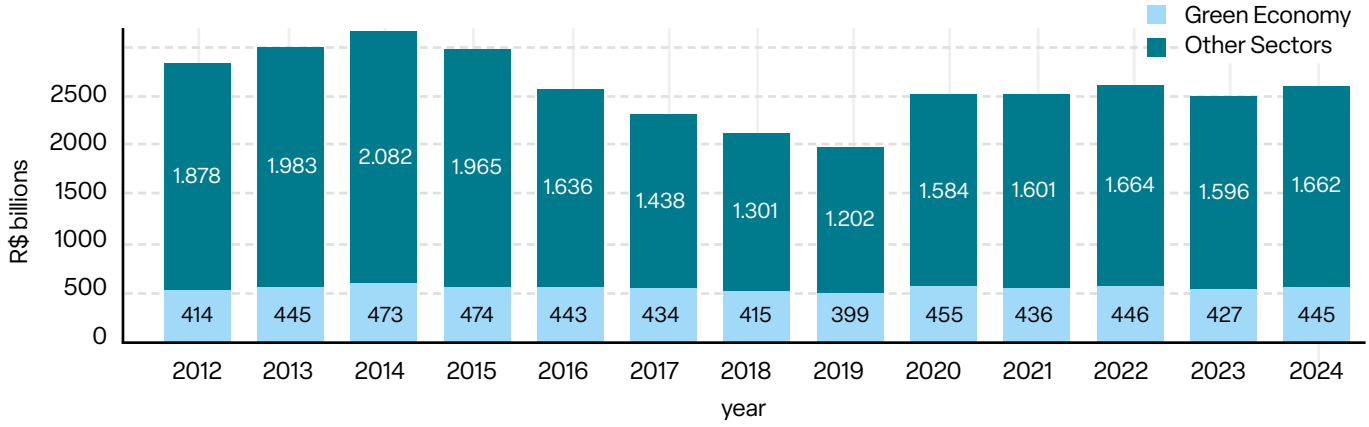
Febraban Green Taxonomy

In 2015, Febraban took an important step by conducting a study aimed at measuring credit flows to the green economy[39]. This work laid the foundation for the development of the Febraban Green Taxonomy, a pioneering system for identifying and categorizing economic and financial activities based on their socio-environmental impacts and degree of exposure to climate risks.

The Taxonomy set an easy-to-use standard for banks to determine what qualifies as green financing, helping track resources directed toward projects that support the low-carbon transition while fighting greenwashing. By 2018, major banks were voluntarily reporting the amounts of credit extended to companies.

In 2020, the methodology was updated to include data from the Central Bank's Credit Information System (SCR), covering all credit extended to legal entities in Brazil. With the support of the Central Bank and in partnership with PUC, the data became public and has been updated annually. In the same year, the classification evolved into three categories: "Green Economy," "Exposure to Climate Change," and "Exposure to Environmental Risk."

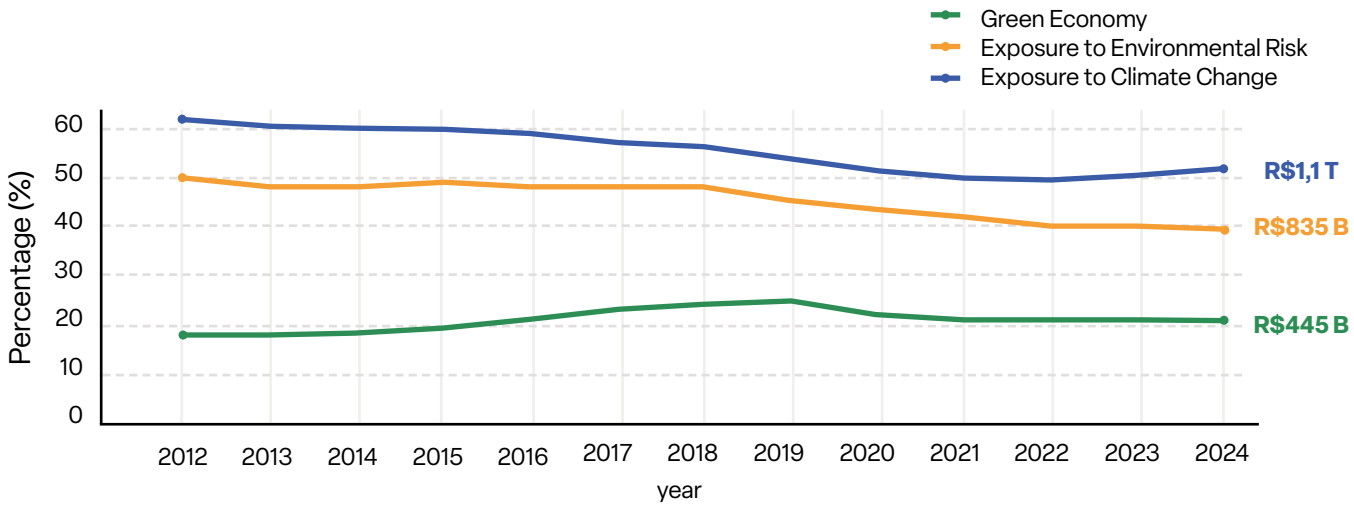
Classification of credit operations as green economy sectors - PJ (R$ billion)



Source: SCR/Central Bank (2012-2024) and Febraban Green Taxonomy (2021)

[39] Measuring Financial Resources Allocated to the Green Economy (Febraban/GVces, 2015).

Sectors exposed to environmental risk, green economy, and exposure to climate change - Febraban Green Taxonomy



Case

Banco Safra

Strategic partnerships and sustainable financing

Banco Safra has a business relationship with *Deutsche Investitions und Entwicklungsgesellschaft* (DEG), a financial development institution and subsidiary of the German Development Bank (KFW). This partnership has generated long-term funding for the institution to finance electric and hybrid vehicles. The partnership included the achievement of ESG requirements in Safra's management, as well as the implementation of new processes.

The bank operates by establishing long-term relationships with national and international financial institutions, allocating lines of credit directed at social, environmental, and climate issues.

Brazilian Sustainable Taxonomy

The Brazilian Sustainable Taxonomy (TSB) is a key instrument for expanding investments in sustainability. It establishes objective criteria for classifying economic activities according to their environmental, social, and climate impacts, offering greater security to investors and financial institutions when allocating their resources.

Febraban is one of the 18 members of the Advisory Committee of the Interinstitutional Committee on the Brazilian Sustainable Taxonomy (CITSB), responsible for developing and monitoring the implementation of the TSB. The process involved more than 350 people from 63 institutions, including government, the private sector, civil society, and academia. The publication is scheduled for 2025 and its implementation will be gradual, monitored by financial regulators.

The TSB will use the National Classification of Economic Activities (CNAE) to map sectors. It will also include specialized technical groups, and feature a dedicated platform to monitor sustainable investments. Additionally, it introduces internationally recognized innovations, like incorporating the extractive industry and new social goals — including gender and racial equality. "It is the first to include gender and race as an equality objective," says Cristina Fróes de Borja Reis, Undersecretary for Sustainable Economic Development at the Ministry of Finance.

Its central role is to direct capital flows toward initiatives that combat the climate crisis and strengthen a just transition. By clearly identifying sustainable activities, the taxonomy:

- Creates a unified system for identifying sustainable investments.
- Facilitates decision-making for investors, allowing them to allocate resources to projects with proven positive impact.
- Encourages innovation and new products and services aligned with sustainability.
- Promotes transparency and accountability, reducing the risk of greenwashing.
- Supports alignment with international commitments, such as the Paris Agreement and the Sustainable Development Goals (SDGs).
- Emphasizes socioeconomic objectives such as creating decent jobs, increasing income and reducing inequalities, helping drive a just transition.

The role of the banking sector in building the TSB

The banking sector has played an active role in developing the Brazilian Sustainable Taxonomy (TSB). Since the early stages, Febraban has worked to make the tool robust, practical, and in line with market practices. During the public consultation concluded in early 2025, the organization engaged its member banks to provide recommendations to the government, drawing on the 12 technical guides of the TSB.

The proposals sought to ensure regulatory consistency, sectoral feasibility, and integration with existing standards. The sector also pointed out critical issues in the Measurement, Reporting, and Verification (MRV) System, highlighting challenges such as compliance costs, access to standardized data, and the risk of regulatory overlap. It also recommended that the taxonomy should cover activities in transition, adopt a phased reporting flow — starting with non-financial companies — and include instruments such as bonds, guarantees, and sureties.

Case

BNDES | Sertão Vivo

Carried out by the BNDES in partnership with the International Fund for Agricultural Development (IFAD) and with support from the Green Climate Fund (GCF), Sertão Vivo works to increase the climate resilience of the rural population in the northeastern semi-arid region of Brazil. The goal is to cover 430,000 family farmers, agrarian reform settlers, and traditional communities in the region, such as those living on pasture land, Indigenous peoples, and quilombolas. Launched in 2023, the initiative made R$1.75 billion available to these communities by the end of the project's implementation.

In 2024, operations were approved in six states in the Northeast, with funds in the order of R$1.3 billion, benefiting approximately 326,000 families. The first of these took place in Ceará and totaled R$251.6 million, of which R$212 million came from repayable financing guaranteed by the federal government and R$39.6 million was non-repayable, allocated directly to 63,000 farming families in 72 municipalities with high social, climate, water, or food vulnerability.

Regulated carbon market

In December 2024, Brazil took an important step in its climate agenda with the approval of Law No. 15.042/2024, which established the Brazilian Emissions Trading System (SBCE). This is a major milestone in the national decarbonization strategy and in building a more sustainable economy, in line with the Ecological Transformation Plan, launched the previous year and inspired by international best practices.

Designed to stimulate innovation, economic efficiency, and investment in low-carbon technologies, the SBCE aims to achieve climate neutrality by 2050, in line with the global commitments made by Brazil.

To this end, the system establishes annual GHG emission limits for large-scale activities, creating a regulated market in which companies can trade their emission quotas. Those who manage to reduce their emissions below the limit will be able to trade the surplus. Those who exceed it will need to compensate by purchasing additional credits. Activities such as reforestation, carbon capture, and storage are also recognized as credit-generating instruments, strengthening the integration between environmental conservation and economic development.

The rollout will happen in stages. Initially, only emission sources exceeding 10,000 tons of GHG per year will fall under the rules, while the first National Allocation Plan for free allowances is prepared. The system is expected to be fully established by 2030, allowing the regulated market to operate in a stable, robust manner capable of driving the country's ecological transition.

The banking sector has been actively involved in the construction of this regulatory framework, supporting the integration of the National Financial System into the energy transition process. In partnership with FGVces, it has developed pioneering studies on the topic and published, in 2018, the *Guide to Risk Management Based on Carbon Pricing*[40], which identified risk trends associated with high emissions, mapped management practices in key sectors, and pointed out opportunities for financial institutions to improve their management of the issue.

More recently, Febraban has been following the implementation of Law No. 15.042/2024 and, starting in 2026, will begin specific discussions to assess the implications of the legislation and the demands of the financial sector through its Carbon Market Technical Group. In this way, it reaffirms its leadership by actively participating in public discussions and guiding its members in adapting to this new economic and regulatory landscape.

The creation of this market is not just a regulatory advance. It is an opportunity for large-scale economic, social, and environmental transformation, which has the potential to position Brazil as a global leader in the transition to a low-carbon economy. Below are some of the main expected impacts, according to Cristina Fróes de Borja Reis, from the Ministry of Finance.

[40] Guide to Risk Management Based on Carbon Pricing (Febraban/GVCES/FGV, 2018).

Positive impacts for the country

Economic growth and job creation

According to studies supported by the World Bank for the Ministry of Finance, carbon pricing could boost Brazil's GDP by up to 5.8% by 2040, while also reducing the unemployment rate by 0.3 percentage points, reinforcing the role of the environmental sector as an engine of development.

Revenue generation and cost reduction

The regulated market is expected to generate public revenues of around R$30 billion in 2040, in addition to bringing in additional gains from forest compensation, estimated at R$14 billion over the period. Simultaneously, improved system efficiency could lead to savings exceeding R$100 billion in mitigation costs, enhancing the competitiveness of Brazilian carbon internationally and boosting the country's appeal for sustainable investments.

Innovation and productive transformation

The SBCE is likely to stimulate scientific, technological, and productive innovation, promoting energy efficiency and shifting production chains toward greener activities. Brazil has a competitive advantage in the development of Nature-Based Solutions (NbS) and sustainable agriculture, with emphasis on integrated systems such as Crop-Livestock-Forest Integration (ILPF) and pasture recovery, which increase productivity and reduce emissions. Advanced agricultural practices, such as the use of waste for fertilizers and the production of biofuels, could also reduce emissions by tens of millions of tons.

Environmental restoration and biodiversity

The goal of restoring 12 million hectares of degraded areas by 2030 creates substantial economic and environmental opportunities. Initiatives such as the Federal Government's Caminho Verde Brasil (Green Path Brazil), which seeks to restore up to 40 million hectares of low-productivity pastures over the next ten years, support this agenda.

Brazil can transform forest carbon pricing into a strategic asset, supported by a single, reliable registry, allowing restoration and conservation to generate valuable offsets in the regulated system. In addition, the voluntary participation of the agricultural sector in conservation initiatives, such as the maintenance of Permanent Preservation Areas (APPs), reinforces the link between biodiversity, competitiveness, and credit generation.

Social inclusion and reduction of inequalities

Studies show that the poorest 20% of the population could see their real income grow between 1.8% and 2.2%, while their share of national income increases by about 4.6%. This impact on income distribution strengthens the role of the regulated market as an instrument of social justice. In addition, the legislation provides for the inclusion of Indigenous and traditional communities in the generation of carbon credits, ensuring direct benefits to groups that have historically contributed to the preservation of Brazilian biomes.

Global positioning

With an abundance of natural resources and a high capacity to generate verifiable reductions, Brazil has the potential to position itself among the ten largest emitters and traders of carbon credits in the world. Its regulatory credibility and the treatment of credits as securities enhance its capacity to be a reference in high-quality environmental asset provision.

Economic, social, and environmental potential of the carbon market for Brazil*

+5.8% GDP growth by 2040

R$14 billion+ from forest offsets (restoration and conservation)

R$100 billion+ saved on mitigation costs

1.5 million new jobs

-0.3 percentage points in the unemployment rate (8% to 7.7%)

+0.15 percentage points increase in average real income for the poorest 20%

+4.6% in national income

* Source: Ministry of Finance. Data consolidated by Cristina Fróes de Borja Reis

Carbon market x discount rate

Joaquim Levy, former Minister of Finance and current co-chair of the finance group at SB COP: Business Action for Sustainable Development, says there is increasing recognition that carbon markets around the world would benefit from more consistent accounting and better-aligned carbon credit information. He notes that this would make it easier for existing markets to interconnect and pave the way for a global market.

"When it comes to accounting, there are at least two interconnected areas where progress would be extremely valuable. The first is the question of how to define climate liabilities and assets and align stocks of avoided or captured carbon with flows, emphasizing the issue of permanence. The second is the question of the value of carbon avoided or captured today or in the future," he says.

This is because one of the main challenges in the carbon market is the lack of a time-based discount rate. He notes that, in finance, the discount rate is the basis of all operations: it defines the present value of a resource that will only generate results in the future. In the carbon market, though, the assumption is that carbon sequestration is permanent and absolute, as if capturing carbon today were worth the same as capturing it 50 years from now.

"This way of looking at it skews things: carbon avoided today — even if only temporary — can have a much greater climate impact than carbon mitigated far in the future, when key ecosystems may already be at risk," he explains. In this sense, the contribution of the financial sector can be decisive in overcoming this conceptual obstacle and structuring a more effective carbon market aligned with short-term global needs.

"The Brazilian financial sector, academics from various institutions, and climate-focused organizations have been working on this issue, which could be one of COP30's contributions by the end of 2026, with a significant effect on the acceptance of credits backed by nature-based solutions in forestry and agriculture," stresses Joaquim Levy.





Case

Itaú | Partnership with academia to promote the bioeconomy and energy transition

Itaú has partnerships with institutions such as the FGV's Observatory of Knowledge and Innovation in Bioeconomy and Unicamp's Center for Innovation in New Energies (CINE).

The Observatory serves as an interdisciplinary center dedicated to producing applied content, providing technical advice, and offering training on subjects like bioeconomy, sustainable land use, regenerative agriculture, biodiversity, and the carbon market. In 2024, it published 13 studies and reports, prepared technical notes, completed nine technical advisory projects for different sectors, and promoted events and courses that trained a total of 177 people.

CINE, on the other hand, is a center of scientific excellence that brings together universities and research centers around energy transition. With the bank's support, it promoted a series of workshops on topics such as sustainable urban mobility, renewable energy generation and storage, low-carbon fuels, and the use of artificial intelligence in clean energy.



The journey continues

The journey continues

The ESG agenda and the push toward a low-carbon economy will remain front and center in the years ahead, marked by stronger practices, greater transparency in data reporting and quality, and an active role from banks in mobilizing capital to speed up the transition. A number of actions planned for 2025 already reflect this path.

The banking sector is taking the lead in these advances. At Febraban, there are multiple permanent working groups focused on areas like managing social, environmental, and climate risks, developing sustainable finance, and promoting diversity and inclusion.

Over the last year, these groups have been active on several fronts. Recent contributions include recommendations for the Brazilian Sustainable Taxonomy and involvement in its pilot application, as well as improvements to Febraban's own Green Taxonomy, seeking greater alignment with national and international guidelines.

In the carbon market, the sector closely monitored the regulation of Law No. 15.042/2024 and, in 2025, began to analyze its implications and assess the specific demands of financial institutions.
At the same time, a Financed Emissions Calculation Tool for the banking sector is being developed, with periodic updates of emission factors, monitoring of methodological developments, and the creation of a sectoral database aligned with the PCAF.

> The next wave of evolution in sustainable finance is decision-making based on traceable and audited data. The IFRS S1 and S2 standards support this movement.
>
> **Annelise Vendramini, FGV**

Another highlight is the implementation of new international reporting standards. Febraban has been leading efforts to align the sector on how to interpret and apply the ISSB, IFRS S1, and S2 standards, while also supporting institutions in the consistent and high-quality adoption of BCB Resolution 5.185/2024.

In the years ahead, the banking sector will continue to strengthen its contribution, aligning with the best international standards, taking part in public policies, and developing support tools for managing risks and opportunities related to social, environmental, climate, and governance issues in its operations. To this end, it is essential to have an engaged and capable financial system.

Case

BNDES | New Climate Fund

The Climate Fund, operated by the BNDES, has six areas eligible for financing: resilient and sustainable urban development; green industry; green transport logistics, public transport, and mobility; energy transition; native forests and water resources; and green services and innovation.

Since March 2024, BNDES has allocated R$10.4 billion annually for the Climate Fund, almost all of which comes from fundraising through the issuance of sustainable sovereign bonds, with the objective of financing activities with positive environmental and social impacts, in order to promote the transition to an environmentally sustainable, equitable, and inclusive economy.

For operations approved in 2024 with resources from the Climate Fund, it is estimated that 52,196 jobs will be created during implementation and 15,921 jobs after implementation of the projects, which should prevent the emission of 86.6 million tons of CO_2.

Engaged financial sector

The Brazilian financial system's involvement in the climate agenda goes well beyond the actions of individual banks. Working together, the sector aims to expand its global influence and accelerate the transition to a low-carbon economy. Febraban, as an institutional representative, participates in forums and strategic alliances, such as SBFN, Climate Finance Hub, and GFANZ, which bring together financial institutions from around the world committed to carbon neutrality goals.

These partnerships play key roles:

- They give legitimacy and consistency to the discussion: international forums help strengthen the Brazilian financial sector's voice in the conversation of global sustainable finance.
- They prevent overlap: coordination between institutions makes training, education, and climate investment efforts more efficient, saving resources and maximizing impact.
- They inspire other markets: the Brazilian financial sector's openness to dialogue and cooperation can serve as a model of good practice for financial institutions in Latin America, Asia, and Europe.

For Joaquim Levy, this leadership role could be decisive at COP30. "Brazilian banks can play a strategic role in advancing methodologies in this area. Many sustainable practices carried out in Brazil, especially those based on nature — such as biofuel that does not compete with food production, agricultural techniques such as natural nitrogen fixation, and the recovery of biomethane from animal waste and agricultural residues — are not yet fully recognized in international markets. Banks can actively advocate in this context."

Similarly, Annelise Vendramini from FGV points out that the sector's input isn't just technical. "We have a lot of data, a lot of studies, but maybe our key contribution is to offer a country-level perspective in high-level discussions that indicate the path forward. What we need now is leadership and clarity about the future we want to build."

This collective effort involves not only financial institutions, but also the government and regulators. "At the implementation COP, the focus is on collaboration between the public and private sectors, between regulators and the regulated. This joint strengthening also reflects a change in the vision of the Brazilian financial sector itself, where the transformation has been taking place for some years now," points out Cristina Fróes de Borja Reis.

Along the same lines, Marcela Ponce, of the SBFN, reinforces the transformative potential of cooperation. "The synergy between the various players in the financial sector is fundamental. We are all working together," she says. "Through innovative partnerships and the mobilization of private capital, the financial sector can reduce

financing gaps, boost job creation, and expand solutions for climate resilience and sustainable development in Brazil and the Amazon."

An unprecedented development in this process is the Central Bank's more active participation in international negotiations. "This is the first time that the Central Bank has sought more active participation in the COP. This is a strategic issue for us and for central banks in general. The idea is to build bridges," says Isabela Damaso, Head of Sustainability at the Central Bank.

Case

Sicredi | Quantification of climate risks

In 2024, Sicredi developed a climate risk quantification model in accordance with TCFD and IFRS/ISSB recommendations. The model was designed to cover the entire portfolio of members and sectors served, assigning an individualized climate risk score. To this end, it integrates multiple variables, local-scale analyses, and projections of future scenarios based on global scientific guidelines. The results are used both for regulatory purposes, such as stress tests, assessing potential impacts on capital and liquidity, and in guiding the institution's climate strategy.

The model has been incorporated into other climate risk management processes, which include geoprocessing tools for the timely identification of the impacts of extreme weather events, continuous monitoring of exposure to droughts and their impact on credit, and the use of machine learning to predict productivity losses in the agricultural sector in different climate scenarios.

Training banking professionals and leaders in ESG issues

The challenges of today's world require banking and professional leaders who are prepared to identify social, environmental, and climate risks and opportunities in their day-to-day relationships with their customers. In this scenario, investment in education is essential. Between June and October 2025, the Journey to COP30 was held, a training program focused on engaging banking professionals in climate issues.

Developed by Febraban in partnership with Anbima and the National Confederation of Insurers (CNseg)[41], the Journey to COP30 was launched during the Regional Roundtable for Latin America and the Caribbean on Sustainable Finance, held in April by UNEP-FI, and attended by representatives from banks, insurance companies, and the capital market.

With online and in-person meetings, the Journey addressed the topics of Impact Analysis: Double Materiality; Climate and Biodiversity Risks; Portfolio Emissions; Governance for Decision Making; Climate Finance: Products and Services; and Transition Plans: Strategies and Direction — essential tools for expanding the resources allocated to the adaptation of economies and societies.

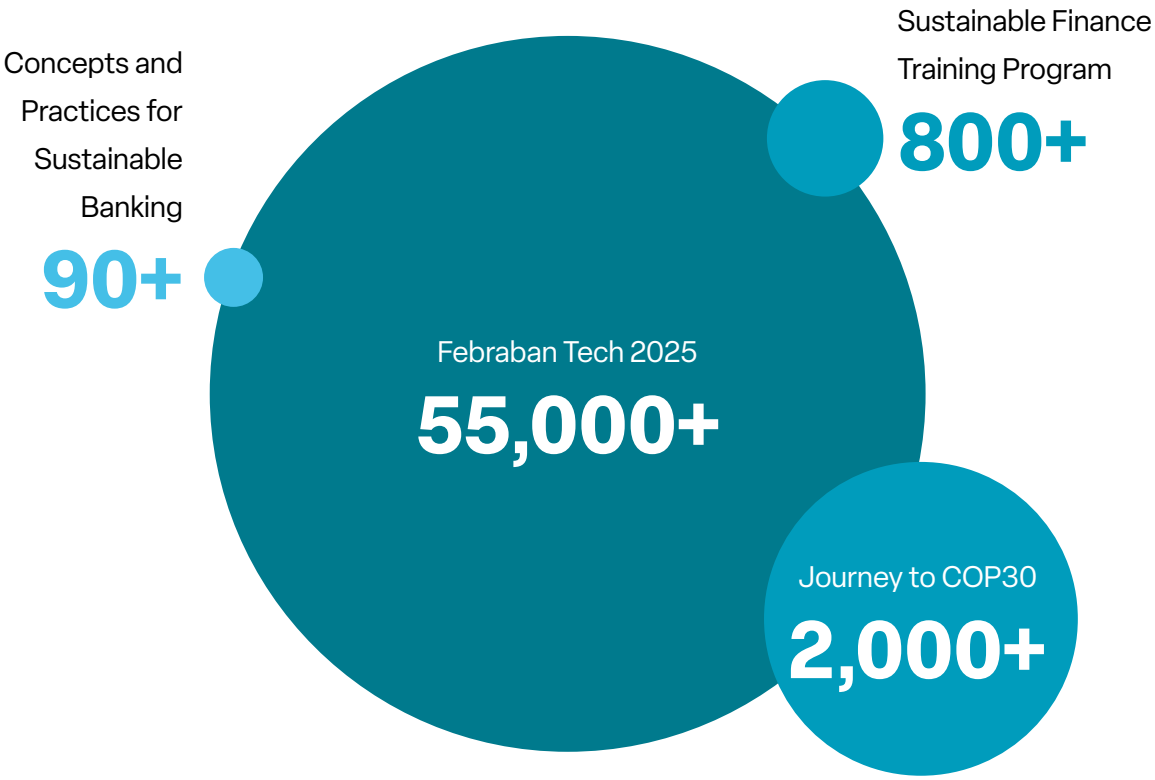
In the second half of 2025, the Concepts and Practices for Sustainable Banking program was also held, in partnership with PRB Academy, a global initiative of UNEP-FI, Chartered Banker Institute, and GIZ Sustainable Finance. The program focused on the role of banks and sustainable engagement with customers, climate risk management, and applying the concept of banking responsible for nature and biodiversity, contributing to the reduction of skills gaps and equipping professionals with practical tools to address climate risks, sustainable engagement with customers, and biodiversity-related strategies.

[41] Partners in the initiative: ABVCAP, Amec, IDB, B3, GFANZ, Global Compact, PRI, and UNEP-FI.

In collaboration with the Green Banking Academy (GBAC), IFC's advisory and training platform focused on sustainable finance for the financial sector in Latin America and the Caribbean, the Sustainable Finance Training Program was also launched. Structured around the demands identified by the member banks of Febraban's ESG Committee, the program offered five virtual meetings between June and October with national and international experts. The topics covered were Climate Risk Management; Sustainable Financial Instruments; Regulation and Taxonomies; Carbon Markets and the Circular Economy.

In addition to the courses, tools, and support materials widely accessed by banks, sustainability was part of the agenda of Febraban Tech 2025, the largest technology and innovation event in the financial sector in Latin America. This year, the event brought together more than 55,000 people and featured tracks dedicated to ESG and COP30 topics.

ESG tracks for 2025
Number of unique participants



Strengthening Private Social Investment

Social responsibility is one of the banking sector's priorities. Many institutions have their own agendas, foundations, and programs focused on social and economic development, with their own investments and incentive laws. At Febraban, the Somamos program provides professional training and the inclusion of young Black people and women in the labor market, especially in finance and technology.

Private social investment therefore plays an important role in supporting a just transition, generating long-term positive impacts for society and organizations. To bolster this work, Febraban, Anbima, B3, and CNseg have joined forces to launch the Private Social Investment Guide.

For the first time, this publication brings together guidelines for incorporating social practices into financial, insurance, and capital market strategies. It looks at how corporate philanthropy has evolved, from one-off donations to planned and transformative investment that generates value for businesses and communities. Private social investment stands out as a competitive edge, boosting reputation, community connections, and talent attraction and retention.

Case

Sicredi | Promotion of renewable energy

Since 2017, Sicredi has allocated more than R$13 billion in financing for micro and mini solar energy generation projects, directly benefiting more than 200,000 members throughout Brazil. These investments have promoted energy autonomy, cost reduction, and encouraged sustainability among individuals, companies, and rural producers.

Sicredi's active solar energy credit portfolio now amounts to R$5 billion, showing the ongoing growth in demand for renewable solutions and the institution's dedication to the energy transition. Beyond the economic advantages, these projects play an important role in mitigating climate change, avoiding around 260,000 tons of CO_2 equivalent emissions annually.

Case

BNDES | Forest Restoration

In partnership with Petrobras, BNDES is carrying out the ProFloresta+ project, which aims to restore up to 50,000 hectares of degraded areas in the Amazon, capturing around 15 million tons of carbon — roughly equal to the yearly emissions of almost 9 million gasoline cars. The program also buys carbon credits from the supported restoration projects, using long-term offtake agreements and financing via special lines such as the Climate Fund.

Another initiative is the Floresta Viva program, totaling R$440 million, half of which is mobilized from private and institutional partners to support ecological restoration projects with native species and agroforestry systems in various biomes, including the Amazon, Atlantic Forest, Cerrado, Pantanal, and Caatinga. Since 2022, ten calls for proposals have been launched, with the selection of 69 projects that have restored more than 9,000 hectares.

Launched in 2024 in partnership with the Ministries of the Environment and Agrarian Development, the Restore the Amazon initiative aims to restore native vegetation in the so-called Restoration Arc (from the state of Maranhão to Acre). Three partners were selected to manage R$450 million in non-reimbursable funds from the Amazon Fund, earmarked for ecological restoration projects with native species or agroforestry systems in seven states of the Legal Amazon.

Case

ABC Brasil

From data to solutions: supporting clients in their climate transition

ABC Brasil has been making steady progress in developing solutions to help clients adapt to evolving market and regulatory demands. The climate agenda is approached strategically, with governance directly overseen by the Board of Directors. In 2023, the bank made Climate Change a top priority and built its strategy around three pillars: data, solutions, and capacity building.

Under the data pillar, ABC Brasil automated the calculation of financed emissions using the PCAF methodology, allowing real-time access to emissions data by sector and client. Building on these insights, in 2024 the bank launched the Decarbonization Solutions Desk, designed as a hub for emissions calculation, financing, and carbon credit trading — offering tailored solutions to each client. The bank also invests in employee training and provides technical support to clients, strengthening their understanding of climate risks and opportunities. In doing so, ABC Brasil positions itself as a strategic partner in the transition to a low-carbon economy — integrating data and solutions to turn climate challenges into opportunities for sustainable growth.

Case

BNB

Positive Contribution Credit

Recognizing credit as a powerful driver of sustainable development, Banco do Nordeste launched its Sustainability Strategy, structured around 10 lines of action and 40 indicators. Among its flagship initiatives is the Positive Contribution Credit, which between 2022 and 2024 channeled R$119.9 billion into green economy sectors, in line with Febraban's Green Taxonomy.

Within this framework, the bank's urban (Crediamigo) and rural (Agroamigo) microcredit programs disbursed approximately R$33.3 billion and R$18.1 billion, respectively. Support for renewable energy generation totaled R$18.9 billion in investments. Additionally, R$15 million in non-reimbursable funds (from the Sustainability Fund) were directed to projects focused on restoring and sustainably managing the Caatinga biome, along with R$26.1 million for ecological restoration initiatives carried out in partnership with BNDES/FUNBIO.

Credits

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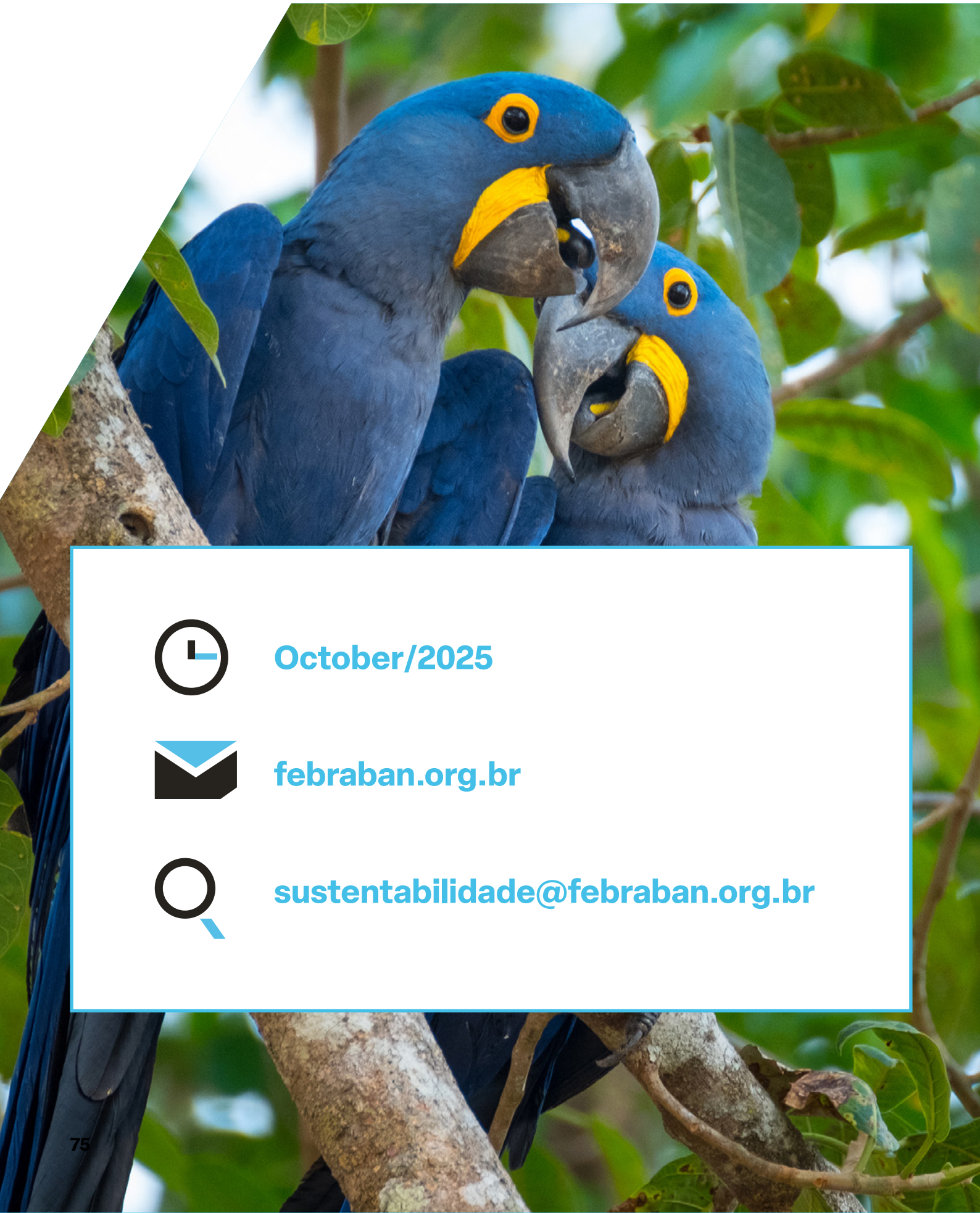
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