

May 07, 2024  
002/2024-VPE

## CIRCULAR LETTER

Listed B3 Participants

Re.: **B3 Green Equities**

B3 hereby informs that it has been created the B3 Green Equities (BAV) designation to identify B3 listed companies whose activities are green, as well as the conditions for these companies to receive this designation, as set forth in the Annex hereto.

The BAV designation comes into effect as of the publication date of this Circular Letter.

We have developed the BAV designation so that the Brazilian capital market can remain at the vanguard of the international movement to encourage companies to work voluntarily aligned with best Environmental, Social and Governance (ESG) practices.

This initiative aims to provide transparency and assistance to investors so that they can direct their resources to financing a more sustainable economy, through a designation that standardizes listed companies' communication of their investment targeting and of the origin of their revenues.

B3 is basing these actions on the Green Equity Principles (WFE Principles), launched in 2023 by the World Federation of Exchanges (WFE) – a global federation that supports the development of capital markets through research, studies and statistics about best market practices, including sustainable finances and international norms.

The WFE Principles consist of guidelines for stock exchanges to follow when they draft the normative documents that will be the basis for companies' green designation, and are supported by five pillars:

- a)** revenue and investment: percentage of revenue, investment and/or expenses resulting from green activity.
- b)** taxonomy: publication of the taxonomy used to verify which activities are considered green.
- c)** governance: meeting the governance criteria of the exchange of the respective jurisdiction.
- d)** assessment: periodical, executed by certified assessment bodies.
- e)** publicity: appropriately published information on how to meet the criteria for green designation.

In this regard, B3 will grant the BAV designation on a voluntary basis to those listed companies that meet the criteria foreseen in the Annex hereto.

In regard to the taxonomy used for the designation, B3 supports the Finance Ministry of Brazil initiative, which has begun development of Brazilian Sustainability Taxonomy (BST).

002/2024-VPE

Until the BST comes into effect and following the WFE guidelines on drafting green equity normative documents based on a predefined taxonomy, B3 will base definitions exclusively on the European Union Taxonomy on Sectors and Activities (EU Taxonomy).

B3 will closely follow the development of the BST and as soon as it is duly adjusted and finalized will begin the transition process to it from the EU Taxonomy and announce it to the market via Circular Letter.

This Circular Letter will also be available in Portuguese at [www.b3.com.br](http://www.b3.com.br), *Regulação, Regulação de emissores, Atuação normativa, B3 Ações Verdes*.

Further information can be obtained from Issuer Support by telephone on +55 11 2565-5063 or by email at [emissores.empresas@b3.com.br](mailto:emissores.empresas@b3.com.br).

Viviane El Banate Basso  
Chief Operating Officer – Issuers,  
Depository and OTC

Ana Buchaim  
Chief People, Branding,  
Communication, Sustainability and  
Social Investment

## **Annex to CIRCULAR LETTER 002/2024-VPE**

### **B3 Green Equities (BAV) Designation Guidelines**

**Art. 1.** This Annex sets out the characteristics of the B3 Green Equities (BAV) designation and the conditions whereby companies listed at B3 may receive it.

**Paragraph 1.** BAV designation is optional and occurs after an Approved Reviewer has verified compliance with the requirements contained in this Annex.

**Paragraph 2.** For the purposes of this Annex, Assessment Bodies are institutions accredited by B3 that meet the criteria established in Section 1 – Accreditation of the Approved Reviewer.

#### **Section 1 – Accreditation of the Approved Reviewer**

**Art. 2.** To obtain B3 accreditation, the Approved Reviewer must:

- I.** be domiciled in Brazil, or have a legal representative in Brazil with express powers to receive any citations, intimations or notifications in the name of the Approved Reviewer;
- II.** constitute and maintain human and technology resources appropriate to its size and activity area;
- III.** publish a curriculum proving the professional experience of the technical department's members;

- IV.** have knowledge and experience in the sustainability area and in green taxonomy and have performed green equity assessment;
- V.** publish the rules, code of ethics, policies and procedures by which it abides, including governance structure and risk management;
- VI.** along with its partners, directors or officers, have an unblemished reputation with no convictions for bankruptcy crime, malfeasance, bribery, graft, embezzlement, money laundering, concealment of assets, whether in the scope of public fraud, antitrust violations, consumer relations or the national financial system, and not be prevented from administering its assets or from accessing them due to a legal or administrative decision;
- VII.** adopt mechanisms to identify, eliminate, manage and disclose conflict of interest situations that might affect the independence of its activities;
- VIII.** use the “Sectors” and “Activities” items in the EU Taxonomy for Sustainable Activities to define green activities to be considered in the calculation of revenues and investments, using annual financial statements and assessing the negative impacts of the listed company, stating whether the company meets the requirements for this designation;
- IX.** obtain B3 approval of the methodology used;
- X.** present to the public the methodology that it uses; and

**XI.** pay all outstanding rates and fees applicable to submission of the accreditation request, as set forth at <https://conteudo.b3.com.br/acoeverdes>.

**Paragraph 1.** The assessment in subparagraph VII of the main section will occur via self-declaration.

**Paragraph 2.** B3 may demand compliance with the requirements of this article, which will be necessary for accreditation as an Approved Reviewer.

**Paragraph 3.** The accreditation request must be supported by the documents available at <https://conteudo.b3.com.br/acoeverdes>.

**Art. 3.** B3 may de-accredit the Approved Reviewer if:

- I.** it becomes evident that the Approved Reviewer no longer meets a requirement or condition established in this Annex;
- II.** it becomes aware of inaccuracies in the documents or declarations submitted for accreditation; or
- III.** its image, and that of its directors or officers, is linked to any practices that prejudice the independence of the Approved Reviewer, or if there are any other irregularities that are incompatible with the activity performed.

**Paragraph 1:** The Approved Reviewer may request its de-accreditation by sending a request to B3 declaring that it will no longer perform its activities.

**Paragraph 2:** The companies that already have BAV designation but who were assessed by a subsequently de-accredited Approved Reviewer, will maintain

their designation up until the already-established deadline, after which a new assessment is required from a duly accredited Approved Reviewer.

**Art. 4.** The Approved Reviewer's supervision of companies' compliance with the provisions of this Annex and with the accreditation and de-accreditation procedures will, as possible, follow the timeframes and procedures of Chapters 3 and 9 of the Issuers' Regulation published by B3.

## **Section 2 – Companies with BAV designation**

**Art. 5.** For the company to obtain BAV designation, the Approved Reviewer must declare that it has:

- I. more than 50% of annual gross revenue from activities that contribute to the green economy
- II. more than 50% of annual investments and operating expenses contributing to the green economy
- III. less than 5% of annual gross revenue deriving from fossil fuel activities

**Paragraph 1.** In order to maintain the BAV designation, the Approved Reviewer must assess activities annually, with the first assessment being full and those of the following two years being either full or partial, at the company's discretion. However, a full assessment is mandatory every three years, regardless of the assessment choice of the immediately previous two years. All assessments must refer to annual financial reports, set out the methodology that is used and state whether the company meets the designation requirements.

**Paragraph 2.** The report containing the Approved Reviewer's technical opinion must be made available to the public by the company.

**Paragraph 3.** Any material changes to the organization that are relevant to this designation and/or to the methodology that B3 or the Approved Reviewer uses, or any substantial changes to this Annex, may necessitate a new full assessment.

**Paragraph 4.** The renewal request must be submitted to B3 with at least 30 calendar days' notice counted as of the end of the last effective designation.

**Art. 6.** The company must present the designation request, information regarding the assessment requirements, and the report of the Approved Reviewer, via the contacts given at <https://conteudo.b3.com.br/acoesverdes>.

**Art. 7.** The contracting and remuneration of the Approved Reviewer is the sole and exclusive responsibility of the listed company interested in designation as a BAV, with B3 exempt from any obligation involving this relationship, including the process and the result of the assessment of the activities to be performed.

**Art. 8.** B3 may suspend or not grant BAV designation if:

- I. the company has any compliance irregularities related to human rights or environmental practices;
- II. the image of the company, its shareholders, directors or officers is associated with events or incidents related to Environmental, Social and Governance (ESG) issues that risk the image of the BAV concept or of B3;



- III. the company fails to meet the levels established in subparagraphs I to III of Art. 5 of this Annex, for a period of more than one year;
- IV. the company has not had its activities assessed by an Approved Reviewer pursuant to the provisions of paragraph 3 of Art. 5 of this Annex
- V. the company submits documents or declarations that prove to be inaccurate, for the purposes obtaining or maintaining the designation
- VI. in the case of renewal, it becomes evident that the company no longer meets requirements and conditions established in this Annex.

**Paragraph 1.** B3 may suspend BAV designation based on its own assessment of subparagraphs I to VI of the main section.

**Paragraph 2.** B3 shall inform the company of the suspension of BAV designation, which must be published on the company's website.

**Paragraph 3.** The company that has had its BAV designation suspended may obtain it again by proving:

- I. the irregularity has been remedied and that there will be the adoption of mitigatory measures in the case set forth in subparagraph I of the main section;
- II. the event or incident that put image at risk has been resolved, and there will be the adoption of mitigatory measures, in the case set forth in subparagraph II of the main section; and

**III.** compliance with the requirement or condition within the timeframe of one year, if B3 understands that this noncompliance does not justify removing the designation, in the case set forth in subparagraph III of the main section

**Art. 9.** B3's Issuer Department is responsible for supervising and enforcing the BAV designated companies' compliance with this Annex's provisions, pursuant to the provisions of articles 87 and 88 of the Issuers' Regulation published by B3.

### **Section – General provisions**

**Art. 10.** Approved Reviewer accreditation and BAV designation by B3 are not to be considered B3 investment recommendations and do not indicate or entail B3 judgment or responsibility regarding the sufficiency, precision, consistency, topicality, quality or veracity of any information disclosed by the Approved Reviewer or by the listed company in regard to risks inherent to the activities that they develop, or to their economic-financial situation.