



BANCO CENTRAL DO BRASIL

NOTICE OF PUBLIC CONSULTATION No. 82/2021, 11 MARCH 2021

BC# Sustainability Agenda - Announces normative proposals for the sustainability criteria applicable to rural credit and the characterization of projects with restrictions to rural credit due to regulation related to social and environmental issues.

The Banco Central do Brasil's Board of Directors opened a public consultation regarding both a National Monetary Council (CMN) resolution proposal that defines the sustainability criteria applicable to rural credit and a Banco Central do Brasil (BCB) resolution proposal that provides for the characterization of projects with restrictions to rural credit due to regulations related to social and environmental issues.

2. The normative proposals provide a set of criteria, obtained from an extensive technical survey, which can be applied to defining which rural credit operations will be classified as sustainable based on environmental and social parameters.

3. Regarding the guidelines that must be observed in the establishment and implementation of the Social and Environmental Responsibility Policy (PRSA) by financial institutions and other institutions authorized to operate by the BCB, Resolution CMN 4,327, of 25 April 2014, establishes, in its art. 3, § 1 item II, that the governance structure of financial institutions must provide conditions for monitoring the actions registered in their PRSA. The aforementioned resolution further determines, in its art. 6, item I, that social and environmental risks management must consider systems, routines, and procedures that make it possible to identify, classify, evaluate, monitor, mitigate and control the social and environmental risks in the institution's activities and operations. For this reason, given the potential impact of some rural credit operations on the financial institutions' compliance with their PRSA, financial institutions should be warned that the operation may pose social and environmental risks and may not be classified as a sustainable rural credit operation.

4. It should also be noted that certain characteristics of the project may prevent it from receiving rural credit due to non-compliance with existing regulation.

5. The information on sustainability criteria can be checked on databases internal or external to the BCB, and in the control and inspection procedures of financial institutions. The latter are responsible for enabling the verification of whether the financed project meets regulation requirements.



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6. Transparency regarding those credit operations qualified as socially and environmentally sustainable enables the financial system to offer better conditions to projects that meet the social and environmental sustainability parameters being established, due to the alignment with the social and environmental responsibility policies of the financial institutions that originate these rural credit operations and to the lower social and environmental risks intrinsic to these operations.

7. Thus, the application of sustainability criteria will result in the following project categorization:

a) projects that may not be financed with rural credit due to the existence of regulation that prevents the financing or development of any economic activity in the proposed area;

b) projects that may be financed with rural credit, but may not be classified as sustainable rural credit operations, with an indication to the financial institutions that the operation has social and environmental risks, because either the project area has restrictions established by environmental legislation, or they have characteristics that increase social and environmental risks;

c) projects financed with rural credit that may be qualified as sustainable rural credit operations, when they comply with social and environmental sustainability parameters.

8. The sustainability criteria will be part of the Rural Credit and Proagro Operations System (Sicor) and, provided the borrower's authorization, the financing information may be made available to any interested party within the principles of open banking.

9. The information about sustainable rural credit operations may be used by financial institutions, certifiers of sustainable credit securities, rating agencies specialized in ESG criteria, and service providers contracted to audit the adherence of projects to social and environmental requirements. Furthermore, this information might enable policymakers to grant additional incentives for sustainable rural projects.

10. By opening these normative proposals for public consultation, the BCB seeks to enable broad participation of all citizens and organizations interested in the matter. All interested parties are invited to submit suggestions for improving the normative drafts - filling in gaps, resolving doubts, eliminating ambiguities, clarifying understandings, correcting material mistakes, and exploring potentials not yet identified. Financial institutions that are part of the National Rural Credit System (SNCR), SNCR borrowers, and the society as a whole should benefit from the public debate.



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11. The draft is available at the BCB's website: "www.bcb.gov.br/en", under "Financial Stability" - "Supervision" - "Rural Credit", or directly through this link.

12. Interested parties may send suggestions and comments by 23 April 2021, through this email address: derop.consultapublica@bcb.gov.br.

13. According to the Statement 9,187 of January 16, 2002, the comments and suggestions received by the BCB will be available to the general public on the BCB's website.

Otávio Ribeiro Damaso
Deputy Governor for Regulation



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DEROP – Rural Credit Regulation - Latest update: 19 March 2020 - E-mail: derop.consultapublica@bcb.gov.br

RESOLUTION CMN Nº , [day month] 2021

Defines sustainability criteria relevant to granting rural credit.

The Banco Central do Brasil (BCB), through art. 9 of Law No. 4,595, of December 31, 1964, makes it public that the National Monetary Council (CMN), in a session held on [day month] 2021, in view of the provisions of art. 4, item VI, of said Law; of arts. 4 and 14 of Law No. 4,829, of 5 November 1965; of Law No. 6,001, of 19 December 1973; of Law No. 9,985, of 18 July 2000; of art. 78-A of Law No. 12,651, of 25 May 2012; and of Resolution No. 3,876, of 22 June 2010,

D E C I D E S:

Article 1 To approve the sustainability criteria relevant to rural credit operations.

Article 2 The information related to rural projects listed in the Annex to this Resolution CMN – regarding the subprograms, the production system, products and varieties, or other fields of the Rural Credit and Proagro Operations System (Sicor) – will be part of the information set that may be used to classify rural credit operations as sustainable or not, subject to the provisions of articles 3 and 4.

Sole paragraph. The rural credit operation shall lose its sustainable status as a result of monitoring and surveillance measures by financial institutions or supervisory actions by the BCB if:

I – it is included, at any time, in any of the hypotheses listed in articles 3 and 4 of this resolution;

II – it becomes non-compliant, at any time, with the sustainability criteria used to classify the operation as a sustainable rural credit operation.

Article 3 When financed with rural credit, the following projects shall be flagged as of social or environmental risk and shall not be classified as a sustainable rural credit operation:

I – when any of its plots of land are totally or partially located in embargoed areas, according to records made available by the Brazilian Institute of Environment and Renewable Natural Resources (Ibama) or by the Chico Mendes Institute for Biodiversity Conservation (ICMBio);



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II – when any of its plots of land are wholly or partially located in areas of permanent preservation, legal reserve, or private reserve of natural heritage, as established in Law No. 12,651, of 25 May 2012;

III – whose beneficiaries have been sanctioned for informal or child labor in the past three years, according to the list provided by the Special Secretariat for Social Security and Labor of the Ministry of Economy.

Article 4 The BCB will regulate the characterization of projects with restrictions on access to rural credit due to regulation provisions related to social and environmental issues.

Article 5 This resolution comes into effect on 1st July 2021.

Roberto de Oliveira Campos Neto
Governor - Banco Central do Brasil



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Annex – Sustainability criteria relevant to rural credit operations

Program	Eligible Subprograms
ABC Program - Program to reduce greenhouse gas emissions in agriculture	Pasture Recovery
	Organic Systems
	No-till
	Crop-Livestock-Forest Integration and Agroforestry Systems
	Forests
	Environmental Adequacy and / or Regularization
	Waste Treatment
	Palm oil
Pronaf - Programa Nacional de Fortalecimento da Agricultura Familiar (<i>National Program for Strengthening Family Farming</i>)	Biological Nitrogen Fixation
	Forest
	Agroecology
Moderagro - Programa de Modernização da Agricultura e Conservação de Recursos Naturais (<i>Program for the Modernization of Agriculture and Conservation of Natural Resources</i>)	Eco (Renewable energy and environmental sustainability)
	Soil recovery
Production System	Eligible codes
Type of agriculture	No-till
	Organic
	Agroecological
Integration / consortium	Crop-livestock integration
	Agroforestry systems
	Crop-livestock-forest integration / Agro-silvo-pastoral system
	Crop-forest integration
	Forest-livestock integration
Type of cultivation / exploration	Minimum cultivation
	Protected cultivation (greenhouses)
Irrigation	Dripping



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Modality	Product
Establishment of perennial crops	Açaí
	Andiroba
	Cocoa
	Sugar cane
	Brazil nuts
	Cedar
	Citronella (Cymbopogon nardus)
	Cupuaçu
	Palm oil
	Mate herb
	Jatoba
	Rosewood
	Wood
	Nuts
	Olive
Rubber tree	
Forestry and Reforestation	(except cultural treatments)
Financed product (except commercialization)	Variety
Intensive soil fertilization	
Organic/mineral fertilization, liming, inert substrates (stone, sand, vermiculite, silt, clay, etc.)	
Acquisition of systems for the traceability of cattle and buffaloes	
Biodigester, dung, biological oxidation tanks and water and sewage treatment	
Sugar cane	
Grass	(except the seed variety)
Construction/recovery of dam/tank, water collection systems	
Intensive soil correction	
Precision farming equipment and utensils	
Renewable energy generation equipment	
Greenhouses / nurseries (artificial lighting, seedlings, seeds, bags, buns, trays, vases)	



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Implementation of renewable energy, environmental technologies and small hydroenergetic applications	
Wood	
Pasture	
Rubber tree	(except seedlings)
Water collection, retention, and recovery systems	
Variety	
Alcohol for fuel purposes	
Protected cultivation (greenhouses)	
Environmental recovery	
New fields	
Organic or agroecological third party certification	
Traceability third party certification	
Water use grant code	
Percentage of rural property reserve with native vegetation cover above the minimum legal limits	
Percentage of renewable energy used (generated on the property)	
Adherence to the Labor Risk Management Program administered by the Special Secretariat for Social Security and Labor of the Ministry of Economy	(auto checking by Sidor)



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Further questions regarding this document's content may be forwarded to BCB: DEROP – Rural Credit Regulation - Latest update: 19 March 2020 - E-mail: derop.consultapublica@bcb.gov.br

RESOLUTION BCB , [day] [month] 2021

Provides for the characteristics of projects with restrictions on access to rural credit due to regulation provisions related to social and environmental issues.

The Banco Central do Brasil's Board, in a session held on [day month] 2021, based on art. 6 of Law No. 4,829, of 5 November 1965; of Law No. 6,001, of 19 December 1973; of Law No. 9,985, of 18 July 2000; of art. 78-A of Law No. 12,651, of 25 May 2012; of Resolution No. 3,876, of 22 June 2010; and on the *Rural Credit Manual (MCR) 2-1-12- "c"* - I and II,

D E C I D E S:

Article 1 The following projects shall not be financed with rural credit:

I – those referring to areas:

a) not registered or with a cancelled registration in the Rural Environmental Registry (CAR), as established in Law No. 12,651 of 25 May 2012;

b) entirely or partially located in a Nature Conservation Unit, as disposed in Law 9,985, of 18 July 2000; or on indigenous land, pursuant to Law No. 6,001, of 19 December 1973, except in the cases defined by law or applicable provisions;

II – in which the borrower is registered in the Employers' Registry as one who kept workers in slave-like conditions, as determined by the Ministry responsible for the registration mentioned above, due to a final administrative decision regarding the infraction notice;

III – located in the Amazon Biome and in which the land is entirely or partially inserted in embargoed areas due to the economic use of illegally deforested land, according to records made available by the Brazilian Institute of Environment and Renewable Natural Resources (Ibama) or by the Chico Mendes Institute for Biodiversity Conservation (ICMBio);

IV – whose borrower, in financing operations under the National Land Reform Program in the Amazon Biome, has restrictions in force for the practice of illegal deforestation, as registered by the National Institute for Colonization and Land Reform (Incra).



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Article 2 This resolution comes into effect on 1st July 2021.

Otávio Ribeiro Damaso
Deputy Governor for Regulation