

## **Bolsa de Valores Socioambientais (BVSA)**

### ***BVSA – Socio-Environmental Investment Exchange***

#### **RULES**

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## 1. FOREWORD

BVSA is a social program set up by BM&FBOVESPA and operated by the BM&FBOVESPA Institute. It is also a pioneer initiative, whose format has been inspired by the operating model of a stock exchange. It is a venue for “socially responsible investors” - i.e. people interested in contributing to improving education and protecting the environment in Brazil - to find and invest in “socially and environmentally responsible shares”<sup>TN</sup> – i.e. good projects which need funding to become real.

BVSA was first set up on June 12, 2003, under the name *Bolsa de Valores Sociais* – BVS (Social Investment Exchange), as a program focused on advancing education in Brazil. Later, in 2007, it was restructured and its objectives were expanded to include environmentally responsible projects. It was then renamed *Bolsa de Valores Sociais e Ambientais* – BVSA (Environmental and Social Investment Exchange).

BVSA is officially sponsored by the United Nations Educational, Scientific and Cultural Organization (UNESCO), and has been recognized by the United Nations as a case study and a benchmark for other exchanges across the world. Additionally, in 2006, it inspired the Johannesburg Stock Exchange to set up the South African Social Investment Exchange, or SASIX.

With the same innovative mindset, after a review of the program accomplishments, in 2010 the BM&FBOVESPA Institute decided to enhance BVSA’s selection process and criteria in order to contribute to the achievement of the United Nations Millennium Development Goals (MDGs). Moreover, firm in the belief that social and environmental issues are closely correlated and that true development hinges on advances being made at both levels, the BM&FBOVESPA Institute reaffirmed its commitment to the initiative, which currently operates using the acronym BVSA.

### **BM&FBOVESPA, the United Nations Global Compact and the Millennium Development Goals**

BM&FBOVESPA is a participant member of the UN Global Compact, a United Nations initiative and principle-based framework to encourage businesses worldwide to collaborate with UN agencies, labor groups and civil society towards advancing sustainable and socially responsible corporate policies and practices to ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. It is also a participant member of the Global Compact Brazilian Committee. On April 8, 2004, BM&FBOVESPA was the first stock exchange worldwide to adhere to the UN Global Compact.

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<sup>TN</sup> In the original version in Portuguese this is a play on words, as the Portuguese word for *action*, i.e., “*ação*” is a homograph to the Portuguese word for *share*, as in ‘*share* of common stock.’

The United Nations Global Compact has two complementary objectives, one being to mainstream in business policies and practices its ten stated principles in the areas of human rights, labor, the environment and anti-corruption.

The second objective is to catalyze actions in support of broader UN goals, including the Millennium Development Goals (MDGs).

The MDGs originated in 2000, as the outcome of the Millennium Summit, when more than 150 world leaders gathered in the United Nations headquarters in New York to ponder the role of the Organization in the new millennium.

As a result, following the summit, the UN General Assembly adopted the Millennium Declaration, which reaffirmed the commitment of member countries to the purposes and principles of the UN Charter and their determination to establishing “a just and lasting peace” all over the world in accordance with such purposes and principles. It also established key objectives to be achieved by the year 2015, out of which the eight international development goals comprising the MDGs derived:

- Goal 1: Eradicate extreme poverty and hunger*
- Goal 2: Achieve universal primary education*
- Goal 3: Promote gender equality and empower women*
- Goal 4: Reduce child mortality*
- Goal 5: Improve maternal health*
- Goal 6: Combat HIV/AIDS, malaria, and other diseases*
- Goal 7: Ensure environmental sustainability*
- Goal 8: Develop a global partnership for development*

## **2. ON BVSA**

### **2.1. OBJECTIVES**

The primary objective of BVSA is to connect civil society organizations (CSOs) engaged in developing socially and/or environmentally responsible projects to investors interested in participating in socially or environmentally responsible activities by supporting and contributing to the implementation, maintenance or expansion of any these projects.

### **2.2. HOW BVSA OPERATES**

BVSA is a virtual environment which mimics a stock exchange in that civil society organizations may list on the BVSA website projects that they wish to implement, indicating their funding requirements, while prospective individual and institutional investors may access the BVSA website and select the projects in which they wish to invest.

While applications to have a project listed may be submitted all year round, applicant organizations undergo a stringent selection process, which includes a visit by specialists in their field of work.

Selected projects are listed on the BVSA website and become eligible to receive contributions. Prospective investors may search for eligible projects by theme, by geographic region or by beneficiary group, and may contribute to one or more projects. Contributions are deposited in a BVSA account and passed on to the recipient organization in its entirety as soon as the project is fully funded (i.e. the project receives donations equal to the full amount requested). Upon request from donors, and in accordance with the Brazilian Ministry of Justice's guidelines, the BM&FBOVESPA Institute may issue public-interest civil society organization (*organização da sociedade civil de interesse público - OSCIP*) donation receipts.

During the fundraising process, organizations are required to issue progress reports, which are published on the BVSA website.

After completion of the fundraising process, organizations are required to start implementing the project within six months of receiving the first tranche of contributed funds.

Once project implementation starts, organizations must submit quarterly technical reports which are published and made available to donors on the BVSA website. In addition, BVSA's experts monitor project implementation by conducting technical visits, inspections and audits. Any and all reports related to any funded project (i.e., the organization's progress reports, project quarterly reports, BVSA's experts reports etc.) are published on the BVSA website.

We recommend that you read these Rules in their entirety, in particular the selection process' criteria, given that failure to meet each and all of these standards and requirements makes a project ineligible for listing.

### **3. WHICH PROJECTS MAY BE LISTED ON BVSA'S WEBSITE**

#### **3.1. THEMES**

By supporting selected projects, BVSA seeks to advance the Millennium Development Goals (MDGs). Thus, on evaluating applications, BVSA shall consider whether or not the relevant projects contribute to the following goals (under each MDG, are listed the types of projects that BVSA may wish to support):

##### **① ERADICATE EXTREME POVERTY AND HUNGER**

- Income generation and poverty mitigation projects, such as professional education projects, projects that promote inclusive business solutions and solidarity economy (social safety nets), as well as Fairtrade training and certification projects;

- Projects combating forced labor, debt bondage and other slavery-like labor;
- Projects promoting food safety and hunger eradication;
- Projects that promote socially responsible finance practices, including microfinance projects (microcredit or solidarity lending and other financial services for low-income customers or groups, including savings, microinsurance and funds transfers, etc), community banks and credit unions;
- Humanitarian aid and emergency preparedness and response projects.

## **2 ACHIEVE UNIVERSAL PRIMARY EDUCATION**

- Projects promoting the right to education and access to education, in particular basic education;
- Projects to improve the quality of public education, including projects to train teachers, to develop/improve school management practices and those that promote more efficient public policies for education;
- Projects to support public schools;
- Projects promoting extracurricular educational activities for kids, teenagers and young adults, including school reinforcement programs, and activities to improve reading and language skills, either technology-based or arts or storytelling-based, as well as sports and physical activities or similar initiatives;
- Projects promoting indigenous education, including schooling and teacher training initiatives targeting the indigenous population;
- Projects oriented towards advancing education and training for persons with disabilities, such as projects promoting inclusive basic education and a fully inclusive school system.

## **3 PROMOTE GENDER EQUALITY AND EMPOWER WOMEN**

- Projects promoting gender equality, in particular equal access to education;
- Projects promoting equal opportunities and equal pay for women working in male-dominated professions and occupations, such as projects to boost the number of women in elective office;
- Projects addressing violence against women, including projects against domestic violence, projects to provide support to domestic violence victims, projects to combat sexual abuse, sexual exploitation and sexual trafficking, and projects to combat human trafficking;
- Projects advancing the status of women and girls;
- Projects advancing the cause of women's rights.

## **4 REDUCE CHILD MORTALITY**

- Projects to promote and improve the health of newborn infants, babies and children, including projects geared towards disease prevention (vaccination, food safety, health and care education, breastfeeding campaigns), access to healthcare (including regular health check-ups and prenatal visits) and medical treatment of diseases and conditions;

- Projects to train community health agents.

#### **5 IMPROVE MATERNAL HEALTH**

- Projects promoting women's health, in particular pregnant women's health, whether focusing on preventive practices (vaccination, food safety, health education) or on healthcare (including routine examinations and prenatal care) or on treatment of diseases;
- Projects promoting universal access to reproductive health;
- Projects oriented towards family planning, responsible parenthood or motherhood.

#### **6 COMBAT HIV/AIDS, MALARIA, AND OTHER DISEASES**

- Projects promoting universal access to public medical services, including prescription drugs and healthcare;
- Projects for prevention and treatment of STDs, including AIDS;
- Projects for prevention and treatment of infectious diseases, such as malaria, dengue fever, yellow fever etc;
- Projects promoting education for health and healthy practices.

#### **7 ENSURE ENVIRONMENTAL SUSTAINABILITY**

- Projects promoting sustainable development practices by both public and private sectors;
- Projects to protect the biodiversity, such as those that promote conservation and sustainable use of the local biodiversity associated with sustainable development of communities, or ones that promote forest appreciation, protection and recovery of forest resources on both government and private land, or that promote awareness of public conservation and environment protection policies, or that promote production system planning in line with aspirations such as conservation of nature and natural resources, local sustainable development, and responsible and sustainable handling of natural resources as an alternative to noxious agrochemicals, pesticides and chemical fertilizers;
- Projects to protect water resources, such as those that promote optimization of the use of water resources, or that promote initiatives for protection of water resources, water quality and aquatic ecosystems, combat water pollution and depletion of water sources, and those that promote access to safe drinking water, and to water supply and sewerage systems, or that promote awareness of public conservancy policies and payment for environmental services.
- Projects on climate change assessment, mitigation and adaptation planning, such as those that promote the reduction of greenhouse gas emissions and climate change adaptation planning, or promote awareness of public policies, forest conservation and adoption of clean technologies, and payments for environmental services and other environmentally sound practices;

- Projects to improve urban human settlements, particularly those focused on disadvantaged communities and sanitation issues, such as waste-related issues, air pollution and pollution of fresh water sources, the shortage of urban green spaces and urban forests, absence of transport and traffic policy and planning. Other related projects include those that promote better quality of life for people in human settlements and those that promote social inclusion and health through collective physical and cultural activities;
- Projects for sustainable consumption of renewable resources;
- Environmental education projects;
- Projects to protect animals, including to protect native species, and habitat conservation, or projects that promote responsible pet guardianship and animal sanctuaries, and animal sterilization campaigns.

### **8 DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT**

- South-south cooperation projects, including those that promote socially responsible transfer of technology, exchange of experiences among civil society organizations and replication of socially and environmentally responsible projects successfully implemented in Brazil and elsewhere in developing countries;
- Access to information and transparency projects;
- Projects promoting access to information and communications technology, including digital inclusion and broadband access, as well as access to new technologies as a means to educate and disseminate knowledge;
- Projects promoting citizen awareness and active participation in the democratic process;
- Projects advancing the role of third sector organizations.

### **3.2. BENEFICIARIES**

Applicant projects whose primary beneficiaries belong to any of the following groups shall take precedence over other comparable projects:

- Children and teenagers;
- Youth;
- Elderly citizens;
- Persons with disabilities;
- Afro-descendants;
- Indigenous peoples;
- Traditional peoples or communities;
- Women;
- GLBT (Gays, lesbians, bisexual and transgenders).

### **3.3. BUDGET**

Civil society organizations applying to be listed on BVSA's website may apply for funding of R\$ 30,000 up to R\$ 100,000 for one particular project. Projects which can be fully funded with funds from BVSA – i.e. projects whose total budgets do not exceed R\$ 100,000 - shall take precedence over those which would need additional funds to be implemented.

Organizations seeking additional funding to expand or repeat activities which are part of ongoing projects or programs may also apply for a BVSA listing. For example, an organization which has a project which consists of setting up mobile libraries could apply for an additional R\$ 30,000 to fund three additional libraries.

In exceptional cases, BVSA may agree to list a project partially funded with grants already obtained or obtainable elsewhere. In this event, the contributions obtained through BVSA shall be passed on to the organization only after evidence has been provided that the additional funds needed for project implementation have been secured and are available to the organization. For example, in the case of an organization requesting R\$ 100,000 to fund a project to set up of mobile libraries which costs R\$ 200,000 in total, BVSA will only pass on the R\$ 100,000 raised through its website after receiving verifiable evidence that the additional R\$ 100,000 have been obtained and are available to fund project implementation.

#### **4. ELIGIBILITY OF CIVIL SOCIETY ORGANIZATIONS**

In order to have a project listed on BVSA's website, civil society organizations must:

- Be constitute in Brazil, legal and legally, at least for three years;
- Be based in Brazil;
- Currently operate in Brazil;
- Be a not-for-profit association or foundation.

Priority shall be given to civil society organizations which are NOT:

- Foundations or associations sponsored and funded solely with public sector funds or operated by governmental bodies or departments.
- Foundations or associations sponsored and funded exclusively by a single company, conglomerate, as well as private company-sponsored foundations.
- Foundations sponsored by more than one company or conglomerate..

Civil society organizations may file applications for one single project per selection round. In addition, no civil society organization may have more than one project listed at any given time.

Upon completing implementation of a listed project, civil society organizations are required to observe a one-year waiting period before applying with other projects. Applications filed before the end of this period shall be dismissed. No project may be listed more than once on BVSA's website.

Entities (including different units or branches) sharing a single corporate taxpayer identity number (CNPJ) or using the same name shall be treated as one and the same civil society organization.

## **5. PROJECT SELECTION PROCESS**

### **5.1. SUBMISSION DEADLINES**

While organizations may apply all year round, applications are reviewed three times per year. In exceptional circumstances, BVSA may choose to conduct fewer or more selection rounds in a given year. BVSA's annual calendar, containing application submission deadlines and related information, can be accessed on BVSA's website.

### **5.2. SELECTION STAGES**

The project selection process is comprised of five stages:

#### 1<sup>st</sup> Stage: Project presentation

Civil society organizations (CSOs) wishing to submit a project to be considered for listing on BVSA's website must fill out and submit the Application Form which is available for download at <http://www.bvsa.org.br>.

The filled out application form must be sent through the BVSA website.

Submitting a filled out Listing Application form is the only way to apply for a project listing. BVSA will only accept solicited materials. Unsolicited materials will be disregarded.

#### 2<sup>nd</sup> Stage: Analysis and classification

On receiving a listing application, BVSA shall have a technical team analyze the project and determine whether it meets the eligibility requirements set forth in these Rules. On determining that such requirements have been met, the technical team shall proceed to the next stage of the process.

Prior to making a final decision on whether or not a project qualifies to pass to the next stage of the selection process, the Technical Team may request additional information on the project to the applicant organization.

Where BVSA requires additional information to be provided by an applicant organization, be it related to the project or the organization, such additional information is expected to be provided in ten (10) business days after the relevant request date, failing which the application will be dismissed.

#### 3<sup>rd</sup> Stage: Technical Visits

BVSA may decide to carry out technical visits to organizations with projects approved in the second stage of the selection process. In this case, prior notice shall be given to

the applicant organization. At the time of the visit, the following documents shall be presented to the BVSA team:

- Valid corporate taxpayer identification (CNPJ) card
- Statement of Cash Flows (*Demonstração de Fluxo de Caixa*), or DFC
- Statement of Changes in Net Assets (*Demonstração da Mutação do Patrimônio Líquido*), or DMPL
- Statement of Operations (*Demonstração do Resultado do Exercício*), or DRE
- Statement of financial position as at the end of the most recent full year and a comparative statement of financial position as at the end of the immediately preceding year.

Additional documents may be requested at the discretion of BVSA's technical team. The full list of required documents shall be sent to the organization before the visit.

#### 4<sup>th</sup> Stage: Project selection

After all organizations are visited, BVSA's Selection Committee shall meet to select which projects are to be listed on BVSA's website. The Selection Committee is composed of BM&FBOVESPA Institute's Chief Superintending Officer, one member of BM&FBOVESPA's staff and one external member.

#### 5<sup>th</sup> Stage: Documentation and supplementary material

Upon selecting eligible projects, BVSA may ask applicant organizations to provide additional documentation and materials. Failure to provide any required document or material may result in the organization's declassification.

### **5.3. CRITERIA FOR SELECTION**

The criteria by which projects shall be evaluated are the following:

- Does the project fit into one or more BVSA's categories?
- It is relevant to advance the Millennium Development Goals and BVSA's aims?
- Is it technically and financially feasible?
- Does its budget fit BVSA's limits (i.e. between R\$ 30,000 and R\$ 100,000)?
- Is it cost effective?
- Is it possible to disseminate and replicate it?
- Is it innovative?
- Is the applicant organization self-sustainable?
- Is the organization's staff qualified to carry out the project?
- Has the organization implemented or is it implementing successful projects, with measurable results?
- Does the organization have experience in the project's area?
- Does the organization sustain good relations with other groups whose cooperation may be important for the successful implementation of the project?
- Does the project have the potential to positively impact public policies?

There is no fixed number of projects to be listed under any of BVSA's theme categories. Thus, the distribution of projects among the theme categories shall be determined solely by the technical merits of each project.

However, at each selection round, BVSA may establish a maximum number of projects to be listed in that round. This number shall be determined based on a combination of factors, such as the number of projects currently listed, funding prospects or other circumstantial factors.

## **6. EXECUTION OF PARTNERSHIP CONTRACT**

Civil society organizations selected to have a project listed on BVSA must sign a partnership contract with BM&FBOVESPA Institute.

The organization's legal representatives who sign the contract must arrange to have their signatures certified by a notary public, then send the signed and certified copies of the contract to BM&FBOVESPA Institute at the following address:

***Rua XV de Novembro, 275 – Mezanino***  
***CEP 01013-001 – Centro, São Paulo, SP***

Projects will only be listed on BVSA's website after the copies of the contract are received by BM&FBOVESPA Institute.

## **7. PROJECT LISTING ON THE BVSA WEBSITE**

Organizations which have been approved in all selection stages and whose partnership contracts have been received by BM&FBOVESPA may list their projects in the BVSA website.

Before being listed, the applicant organization must send project information in accordance with instructions that the BVSA technical team shall provide.

The BVSA team shall be responsible for all decisions regarding the layout of web pages, choice of photos and edition of text about projects to be published on the program's website. BVSA is also the sole responsible for choosing projects to include in special fundraising campaigns.

BVSA shall be constantly help disseminate information about listed projects, but the bulk of the marketing work is expected to be conducted by the social organization. Moreover, while BM&FBOVESPA Institute shall provide guidelines and tools designed to assist organizations in this task, the success of any fundraising campaign hinges substantially on how hard and effectively each organization puts these guidelines and tools to good use.

Organizations are required to provide semi-annual reports concerning the activities, progress and status of their current programs and projects throughout the listing period. Such reports must be submitted in the form provided by BVSA upon signature

of the partnership contract. Failure to provide a semi-annual report may result in the project delisting.

## **8. FUNDRAISING**

Upon being listed on the BVSA website, a project shall be eligible to receive contributions. On contributing to a project, investors may identify themselves or remain anonymous. Contributions may be made via bank payment forms (*boleto bancário*) or credit cards, in a secure payment gateway especially designed for this purpose.

The minimum contribution amount by project is R\$ 20. Donors may give preset amounts (R\$ 20, R\$ 35, R\$ 50 and R\$ 100) or contribute with any other amount higher than R\$ 20.

The funds donated to any project shall be deposited in a special-purpose account that the BM&FBOVESPA Institute shall hold on behalf of BVSA and the projects (the “BVSA account”). The balance of funds attributable to each of the projects shall be adjusted as contributions are credited to the BVSA account (where payment is made by means of a bank payment form) and credit card transactions are authorized by the card issuers. The balances are published on the BVSA website, along with data on the amount of raised funds in relation to the total funding target.

Funds will only be released to the relevant organization after the full amount being asked by the organization is raised.

The BM&FBOVESPA Institute shall do its best to disseminate information about listed projects, emphasizing the quality of the organizations’ work and the degree of their commitment to a cause. BM&FBOVESPA Institute shall also offer guidelines and provide toolkits designed to assist organizations in their marketing campaigns, but the success of any fundraising campaign hinges substantially on how hard and effectively each organization puts these guidelines and tools to good use. Additionally, no assurances can be given as to whether a fundraising campaign will be successful or how long it may take, as the outcome of these campaigns hinges on the level of interest each project raises amongst investors.

### **8.1. FUNDRAISING PERIOD**

When, after 12 months listed on BVSA’s website, a project still has not received the full amount it has asked for, BVSA shall conduct a reassessment of the project. This means that a BVSA team shall review the project, the applicant organization and the context around the project making use of the same selection criteria adopted in the selection process, and may decide to unlist the project.

If a decision is made to unlist the project, BVSA shall consider whether to release to the organization the contributions made to that date. Where a decision is made to

withhold the raised funds, the amount shall be redistributed among other listed projects, according to the following rules on the use of funding resources:

- The total donated amount shall preferably be redistributed among other projects listed under the same theme category (Millennium Development Goal);
- In the absence of other projects under the same theme category, the funds shall be distributed between other listed projects located in the same region as the unsuccessful project (i.e., the Midwestern, Northeastern, Northern, Southeastern and Southern regions);
- In the absence of other listed projects in the same region, the funds will be distributed among projects benefitting the same beneficiary group as that of the unsuccessful project (i.e. children, women etc);
- In the absence of any of the above, BVSA shall be responsible for deciding on how to use the funding proceeds.

## **9. RELEASE OF FUNDING CONTRIBUTIONS**

The contributions received by BVSA will be allocated for each project by BM&FBOVESPA Institute when the total relevant funding target is achieved.

Applicant CSOs will be able to follow the progress of their funding campaign through the BVSA website and, as soon as the funding target is achieved, they must provide a Project Disbursement Schedule. The Disbursement Schedule must reflect the fact that funds shall not be deposit in their entirety as soon as they are raised in full, but shall be made available to the organization in a minimum of three installments. The Disbursement Schedule must be approved by BVSA. Before releasing the funds, the BVSA team shall also verify if any and all program requirements (such as, for example, reporting requirements) have been met.

Assuming all the conditions listed above have been complied with, and the Disbursement Schedule has been approved, the first tranche of funds may be passed on to the organization against a receipt issued to the BM&FBOVESPA Institute.

Subsequent tranches shall be released according with the approved Disbursement Schedule, provided that:

- The organization has submitted, and BVSA has approved, an accountability report related to the previously released tranche. Aiming to ensure that the deposit of any of the second and subsequent tranches is contingent to the disbursement schedule, the organization shall send the accountability report for the previous tranche no later than twenty (20) business days before the date scheduled for the next deposit. BVSA undertakes no responsibility for delays resulting from incorrect or inaccurate data supplied by the relevant organization in its report.
- The second and subsequent tranches will only be released and deposited into the organization's account when at least 70% of the funds previously released

have been used up and invested in project implementation.

- The release of each of the second and subsequent tranches will also be contingent on the conditions set forth in the partnership contract having been fully met. Funds shall only be released when the organization issues a receipt in the name of the BM&FBOVESPA Institute in the form provided when the organization signs the partnership contract.

All contributions will be fully allocated to the projects chosen by the donors, except as provided under section 11 of this Regulation, and shall not be subject to any deduction, be it in the form of taxes, fees or otherwise.

## **10. IMPLEMENTATION MONITORING**

The organization is required to start implementing the project within six (6) months of receiving the first tranche of contributed funds.

After the first tranche of funds is released, the organization must provide BVSA quarterly technical reports in the form provided by BVSA when the Partnership Contract is signed.

BVSA may carry out technical visits and inspections at any time, as well as audit the organizations with respect to project implementation. If this is the case, the organization shall be required to make any and all documentation and records related to the project available to the audit team. The organization must keep on file original copies of all documentation related to the project for at least five years after the implementation completion date.

## **11. PROJECT COMPLETION**

A project shall be deemed to be complete and delivered after donations have reached the total amount being asked by the organization, all funds have been transferred, the project has been fully implemented, a final accountability report has been submitted by the organization, and it has been reviewed and approved by BVSA.

Where a decision is made to unlist a project prior to the completion of the funding effort, BVSA shall reallocate any funds which have already been donated according to the following rules on use of funding resources:

- The total donated amount shall preferably be redistributed among other projects listed under the same theme category (Millennium Development Goal);
- In the absence of other projects under the same theme category, the funds shall be distributed between other listed projects located in the same region as the unsuccessful project (i.e., the Midwestern, Northeastern, Northern, Southeastern and Southern regions);

- In the absence of other listed projects in the same region, the funds will be distributed among projects benefitting the same beneficiary group as that of the unsuccessful project (i.e. children, women etc);
- In the absence of any of the above, BVSA shall be responsible for deciding on how to use the funding proceeds.

If, after having raised and received the funding resources, an organization decides to terminate the project prior to completion, it shall be required to submit a termination application and present due justification. It must also attach an accountability and a technical report accounting for any funds that might have been used towards project implementation. A project shall be considered terminated only after BVSA has approved the termination application, and any resources that have been used in the project must be returned to BVSA. Contributions that have not been transferred to the organization shall be added to any funds returned to BVSA and reallocated according to the rules on use of funding resources set forth hereinabove.

In addition, the BM&FBOVESPA Institute, at its own discretion, may decide to terminate a project upon occurrence of any of the following:

- The organization fails to submit financial or technical reports or to submit them in a timely fashion, such as prescribed herein and in the partnership contract;
- The organization fails to perform the activities it pledged to perform in the application form;
- The organization fails to comply with these rules or any other terms and conditions set forth in the partnership contract.

In any such event, BVSA may require the organization to repay the totality of the donations received until then. BVSA shall then reallocate these funds according to the rules on use of funding resources set forth hereinabove.

Moreover, upon occurrence of unanticipated events not contemplated in these Rules, the BM&FBOVESPA Institute, at its own sole discretion, after hearing the recommendations of the BVSA Board may decide to terminate any project.

## **12. RIGHTS AND OBLIGATIONS OF THE PARTIES**

### **12.1. BVSA**

The obligations of BVSA are as follows:

- To provide a secure payment gateway through which socially responsible investors may donate funds to civil society's projects.
- To conduct the selection of projects and organizations to be listed on the website, based on technical and transparent criteria.
- To use best efforts to disseminate information about listed projects and to provide guidelines and tools designed to assist organizations to disseminate information about their projects.
- To perform continuous monitoring of organizations and their listed projects.

- To keep donations in deposit and, upon completion of the funding effort, to pass these funds through to the organizations responsible for the projects, according to the expressed wishes of the donors, the rules set forth herein and the dates in the previously approved disbursement schedules.
- To issue receipts to donors, respecting the Brazilian Ministry of Justice's guidelines for public-interest civil society organizations (*organizações da sociedade civil de interesse público*), or OSCIPs.

The rights of BVSA are as follows:

- To suspend a fundraising campaign at any time in the event of violation of these Rules or the partnership contract;
- To suspend, at any time, the transfer of funds contributed to a project in the event that the organization responsible for it violates these Rules or the partnership contract;
- To modify operating processes or to interrupt operations at any time, fully or partially, provided that this does not result in the loss of funds already donated to listed projects.
  - In the event of interruption of BVSA's operations, any funds previously contributed to listed projects will be passed through to the organizations responsible for them, provided that the requirements set forth herein for release of these funds shall have been fulfilled.

## **12.2. ORGANIZATIONS APPLYING FOR PROJECT LISTING**

Civil society organizations that wish to apply for a project listing on the BVSA website are required to provide truthful and correct information in every form that they submit and in any other form of communication with the BVSA teams and/or the BM&FBOVESPA Institute.

## **12.3. ORGANIZATIONS WITH LISTED PROJECTS**

Civil society organizations with projects listed on BVSA's website have the following obligations:

- To provide truthful and correct information in any and all forms submitted and/or reports and/or communications with BVSA and/or the BM&FBOVESPA Institute.
- To provide the documents and information required by the BVSA team or the BM&FBOVESPA Institute within the deadlines set forth in the relevant partnership contract or in the relevant communication sent by BVSA, and to grant access to the organization's headquarters or the project implementation site to BVSA's technical staff.
- During the fundraising period, to provide semi-annual progress reports according to the model provided by BVSA, the first report being due six (6)

months after the execution date of the partnership contract entered into with the BM&FBOVESPA Institute.

- To prepare a disbursement schedule in the form provided by BVSA, submitting it to approval by BVSA.
- To start project implementation within six (6) months of the transfer of the first tranche of funds raised through the BVSA website.
- To communicate to BVSA's technical team any facts preventing execution of any of the activities contemplated in the application form or in the disbursement schedule, in addition to submitting to BVSA's approval any change that needs to be made in the project plan or the implementation schedule.
- To issue receipts for all funds transferred by BVSA, and prepare accountability reports according to the model provided by BVSA, forwarding them to BVSA on or before twenty (20) business days prior to the date scheduled for transfer of the subsequent tranche of funds.
- To receive BVSA's inspection or audit teams, whether they are internal or designated external teams, and fulfill any demands for documents or information that may be made at such times.
- To prepare quarterly technical reports in the form provided by BVSA and forward them to BVSA, starting from the end of the first three-month period after the transfer date of the first tranche of funds.
- Upon completion of implementation, to prepare the closing report in the form provided by BVSA, and forward it to BVSA within one (1) month of the date scheduled for completion of implementation.
- To receive BVSA's staff in charge of evaluating project implementation and its impact on the target community, and to fulfill any demands for documents or information that may be made at such time.
- To keep on file the original copies of all documentation related to the project for a minimum period of five (5) years after the implementation completion date.

#### **12.4. DONOR INVESTORS**

The obligation of donor investors is the following:

- To provide correct financial information upon making a contribution.

The rights of donor investors are as follows:

- To be granted access to the quarterly technical reports on the projects in which they invest;
- To be granted access through BVSA website to the semi-annual reports submitted by CSOs regarding the progress and status of their listed projects;
- Upon invitation, to take part in project inspection tours the BM&FBOVESPA Institute may arrange.

### **13. GENERAL PROVISIONS**

Any civil society organization whose listing is accepted will be entitled to announce the partnership with BVSA pursuant to marketing and advertising rules established in the related Partnership Contract.

On accepting a listing with BVSA, the BM&FBOVESPA Institute undertakes to use best efforts to make a fair presentation of the project to prospective donor investors, while giving no assurances that any such project will ultimately be fully or partially funded.

Noncompliance with the terms and conditions set forth in this Regulation shall be taken as default, whereupon the flow of contribution funds will promptly be interrupted and the project unlisted from BVSA.

Terms using words as “social investing,” “socially responsible investor,” “social-environmental profits” and similar other expressions are merely allegoric references to capital market activities and players, and should be construed to refer to actual investments in securities traded on a stock exchange.

Events about which this Regulation is silent shall be decided by the BM&FBOVESPA Institute in its sole discretion.