

SOCIO-ENVIRONMENTAL RESPONSIBILITY

Social and environmental issues have always been present in our performance, whether in financing projects with mainly social and/or environmental objectives or in incorporating these dimensions into the set of products and instruments of support, including more attractive financial conditions as a function of the sustainability criterion. The theme is also considered in the activities and procedures of analysis inherent in the concession process of financial support, as well as in the treatment of our administrative activities.

The Social and Environmental Responsibility Policy (PRSA), approved by the **Advisory Board**, our highest governance body, designs guidelines and principles to orientate our socially and environmentally responsible performance. The Advisory Board is also assigned to approve the Multi-Year Plan, with actions to promote an effective implementation of the PRSA. Moreover, we have a director formally assigned as responsible for the PRSA management.

Also, we have a Social and Environmental Sustainability and Territorial Development Committee

(CSS), whose objective is to promote the integration of social, environmental and territorial dimensions in our policies, processes, practices and procedures. The committee is formed by deputy managing directors that meet monthly, and, among their duties, we emphasize the monitoring of the PRSA Multi-Year Plan execution.

The PRSA management has been enabling relevant discussions for the areas alignment regarding the theme and for the progress of the sustainability agenda at BNDES. A process of plan updating started at the end of 2016 – which undergoes approval by our decision bodies – mainly to reflect our new organizational structure.

In their turn, the practice orientations for the socio-environmental treatment in the operations of financial support are described in our Socio-environmental Policy. The environment transversal guideline also gives emphasis to alternative energies and environmental protection earmarked to support projects of high effectiveness, which ideally integrate the dimension of impact and social, environmental and economic sustainability. Moreover, in new operational policies, environment became a qualifier for better conditions of support. In relation to conventional energy sources (hydroelectric and thermal plants), we limited our participation to 50% of financeable items with cost in TJLP. Projects of thermal plants powered by coal and fuel oil will not be supported anymore.

Due to the relevance of the socio-environmental issues for our performance and for the sustainable development of the country, we are

promoting an improvement of our contractual conditions and clauses adopted by standard. The conclusion of this proposal is expected for 2017.

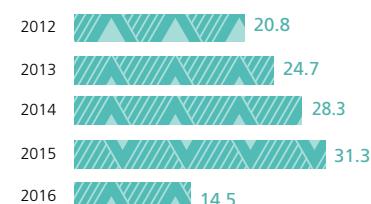
GREEN ECONOMY AND SOCIAL DEVELOPMENT

With the definition of indicators of support for social development and green economy, we focused our efforts and improved our socio-environmental performance.

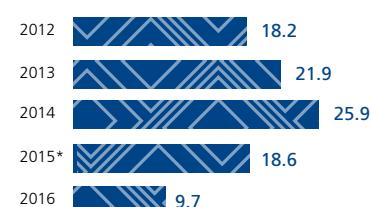
In 2016, even with fall of the investments in absolute values (see charts below), the percentage of disbursement in green economy (16.5%) was above the average for the last five years. Besides this, the percentage participation of the disbursements in social development (11%) returned to a pre-2014 level, strongly impacted by disbursements on transportation infrastructure.

SERIES OF DISBURSEMENTS TO THE GREEN ECONOMY AND SOCIAL DEVELOPMENT (R\$ billion)

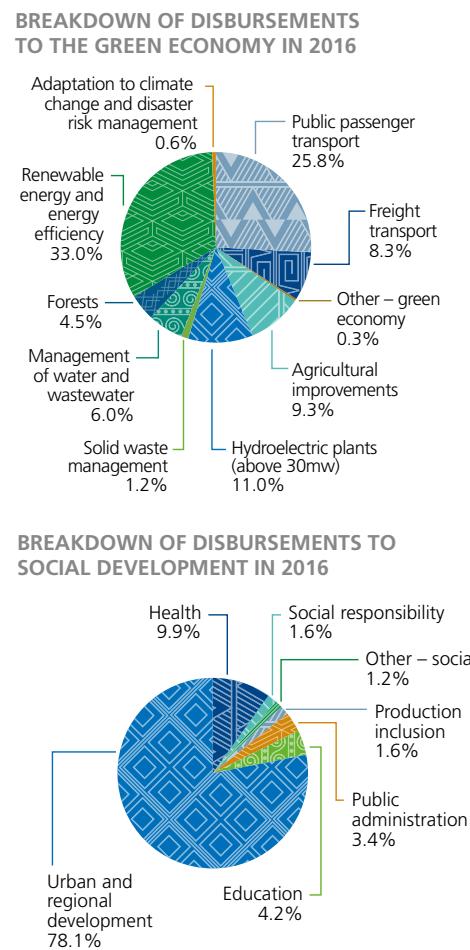
Green economy



Social development



* The value of 2015 is divergent in relation to that divulged in the 2015 Annual Report due to indicator improvement, with retroactive impact.



UN SUSTAINABLE DEVELOPMENT GOALS

In order to promote sustainable and competitive development, we have several funding mechanisms that directly or indirectly help achieve some of the United Nations (UN) Sustainable Development Goals (SDGs). We can highlight the support for investments in health (SDG 3), education and culture (SDG 4), sanitation (SDG 6), renewable energy and energetic efficiency (SDG 7), urban mobility (SDG 11) and forests (SDG 15).

PARTICIPATION IN THE COP 22

We participated in the 22nd Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 22), the Climate Summit, in Marrakesh, when

we reinforced our championing in the articulation for developing biofuel production technologies with the launch of the Biofuture Platform, an international alliance of 20 countries, including the United States and China. This alliance, among other goals, seeks to accelerate the technological development for production of second-generation ethanol (E2G) from any biomass, by means of an international cooperation. We took part in the conception, development and detailing of the platform in partnership with the Ministry of Foreign Affairs.

EFFICIENT PUBLIC LIGHTING: LED LIGHT FIXTURES

Continuing the proposals and agreements celebrated in previous years, we maintained alignment with goals agreed by Brazil at COP 21. In this sense, we structured our strategy of incentive to the sector of public lighting. The main focus is the greater energy efficiency provided by new technologies, notably the light emitting diode (LED), which reduces consumption and protects the environment.

Lamps produced with LED technology save between 50% and 80% energy, and are more durable if compared with traditional technologies. Also the light emitting diodes do not contain toxic substances, such as mercury and lead and do not emanate ultraviolet radiation.

Potentially the replacement of technologies nowadays employed in public lightning in the country by LED offers other benefits, such as significant improvement in the security level provided to the population, with direct effects on areas such as public security and quality of life.

In 2016, we started developing our methodology for the accreditation of high power LED light fixtures for several segments, with requirement of progressive nationalization for accredited manufacturers. This task represents an opportunity of concretion of public policy directed to local innovation, with focus on the development of products and high-tech components in the country.

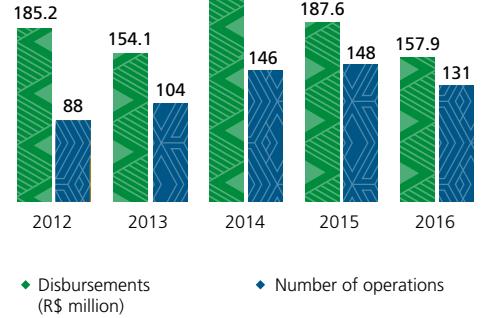
Still in 2016 we supported the modeling of the first **public-private partnership (PPP)** celebrated in the sector of public lighting by a country's capital, Belo Horizonte; then we initiated the structuring of a program that will take this support to the development of PPPs in the sector of public lighting for other cities in the country. This action will be an important tool so that the Brazilian municipalities can conjugate, through the PPPs, a more efficient management model with greater capacity of investment in the expansion and modernization of their public lighting park.

COMPANIES' SOCIAL INVESTMENTS

The Support for the Corporate Social Investments (ISE) Line finances projects and social programs performed by companies, associations and foundations of all sizes.

The resources of the ISE Line can be applied in the scope of the company

EVOLUTION OF THE ISE LINE



Learn more in the section
The Brazilian development bank – structuring of projects

itself or of the community. This last aspect answers for around 90% of investments made since the line's creation in 2006 and aims to support activities such as providing specialized training opportunities for the workforce in the communities, investments in local infrastructure and stimulus to new economic activities. We disbursed R\$ 157.9 million for the ISE Line and R\$ 56 million earmarked for 21 actions in the energy projects scope.

SUPPORT FOR SUSTAINABILITY IN THE MINING SECTOR

We have a socio-environmental policy for the mining sector, which formalizes the guidelines and criteria for granting financial support for projects in the sector.

In 2016, we launched a specific line of support for technologies directed to the reduction and mitigation of risks and environmental impacts, through the Development, Sustainability and Innovation Plan for the Mining and Mineral Transformation Sector – Inova Mineral.

The plan was structured in partnership with Finep and counted on the participation of the Secretariat of Geology, Mining and Mineral Transformation, of the Ministry of Mines and Energy (MME); of the Ministry of Science, Technology, Innovation and Communication (MCTIC); and of the Brazilian Industrial Development Agency (ABDI), among other public and private agents of research, development and innovation in the sector.

Through Inova Mineral, we selected and supported innovative business plans for developing high-performance materials and agricultural fertilizer rejects, among other investments that promote sustainability and productivity in the mining and mineral transformation industries.

Inova Mineral already promoted investments of some R\$ 1 billion in innovation projects, inserted into 41 business plans received for the first round of selection in 2016. The second round is expected for April 2017.

PRODUCTIVE INCLUSION INTO FAMILY FARMING

In 2016, we structured a partnership with the Brazilian Agricultural Research Corporation (EMBRAPA) through the Program of Support for Social Innovation and Sustainable Territorial Development – Inova Social. The program provides for R\$ 30 million in non-reimbursable support for the productive inclusion into family farming, with transference of EMBRAPA's knowledge on vegetal and animal production to the producers. A total of 5,530 families will be benefited in 203 municipalities covering eight states from the Northeast, Central-West and South regions, which in their vast majority have in common, a low or medium Municipal Human Development Index (MDHI).

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Considering culture and sports as educative actions, which promote personal, community or country development, we give sponsorship to activities in these segments annually.

Under the perspective of sustained economic and social development, the projects we support contribute to strengthen the productive chain of several economic sectors, for valuation and dissemination of the Brazilian culture and for developing sports in the country.

Support for sports

The year 2016 brought great results for our strategy of supporting

REGIONAL AND TERRITORIAL DIMENSION IN OUR PERFORMANCE

We look for understanding the territory where we operate and the local impacts that the projects we support may generate through a methodology of preliminary territorial evaluation (ATP), developed internally in 2015. The ATP started operating effectively in 2016, providing analyses on geodemographic, socioeconomic and institutional characteristics. With these studies, when performing the classification of projects we can identify possible impacts on the local dynamic and propose social investments more appropriate for the reality of a given territory. The document generated also gathers information on the other BNDES' projects existent in the region and on new opportunities of operation in the place.

To deepen the knowledge about determined regions, we still congregate technical nucleus, groups formed by professionals from different areas, which operate structurally in selected territories (projects surround), planning, proposing, promoting, coordinating and monitoring our actions and operations in the location.

In 2016, we performed the first monitoring of projects through satellite images. The tool is based on the communication between photographic records obtained during the phases of awarding, monitoring and conclusion of the project. The analysis of images allows dimensioning the project's total area and the alterations occurred in a determined period.

canoeing, initiated in 2011. For the first time, Brazil was awarded with medals in this sport.

There were four medals in total, considering the Olympics and Paralympics: silver and bronze medals, in the 1,000 meters event and in the 200 meters event (C1), respectively, won by Isaquias Queiroz, and silver in the 2,000 meters event (C2), won by Isaquias Queiroz and Erlon de Souza. In the Paralympics canoeing, Caio Ribeiro won bronze medal in the KL3

category. Brazil still participated for the first time in the Olympic final of the slalom modality (K1), with the canoeist Pedro Gonçalves, Pepê, who finished the competition in sixth place.

Last year, we invested around R\$ 27 million in supporting sports in Brazil, amount distributed into six great projects, all relative to canoeing: Canoeing Circuit 2016; permanent team of slalom modality; Brazil Canoeing Cups Circuit 2016; purchase of boats for the Brazilian Canoe Confederation; canoeing international competitions and speed canoeing training center.

Support for culture

We invested in structuring cultural projects via financial support (to the cinematographic industry, publishing industry, among others) or non-reimbursable funds (for instance actions of restoration of historical patrimony and maintenance of collections). In 2016, we included in our Cinema Notice a new category: animation short movies, which aims to promote innovation in the segment.



Isaquias Queiroz won two silver medals and one bronze medal in the Rio Olympics | Photography: Iran Schleder

Through this support we want to stimulate characters experimentation, new techniques, narratives and languages, aiming to develop own intellectual property and investments in research in a developing industry.

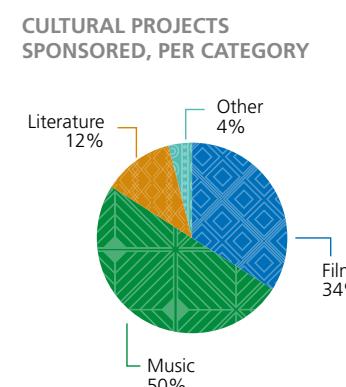
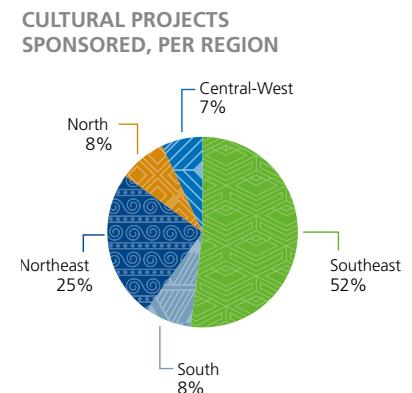
A highlight in maintenance of collections was the project *Rede de Arquivos do Iphan* (Iphan Archives Network), with the launch, in 2016, of the Papaya Platform, for access and integration of digital information of the collection of the National Historic and Artistic Heritage Institute (IPHAN). At first implemented in a pilot network, it may be extended to other units in the 27 Brazilian states. One estimates that the public directly and indirectly benefited is of around 100,000 users/year, which will not interrupt the physical access to documents.

We also gave cultural sponsorship looking for privileging initiatives that promote the expansion of the access to the various forms of artistic manifestation and to the qualification of audiences and professionals from different sectors. In this sense, in 2016 we had actions such as free broadcast of lectures of the FLIP Literary Encounter in Paraty, on big screens and on the internet;



11th CineOP – one of the film festivals sponsored by BNDES in 2016 | Photography: Leo Lara/CineOP Collection

Learn more in the section
Our performance – Industry



Agricultura da imagem (Image farming) exhibition, by Rodrigo Braga, considered one of the ten best exhibitions in Rio de Janeiro in 2016, according to reviewers of O Globo | Photography: Yan Telles/BNDES Collection

workshops at the 11th CineOP – Ouro Preto Film Festival and at the Tiradentes Film Festival, as well as the performance of master classes with renowned musicians, in the Mimo Festival and Piano Brazil project.

In 2016, we gave sponsorship to 50 projects, totaling R\$ 28.3 million.

By means of sponsored projects, we promoted the cultural sector in the five regions of the country and made products and cultural manifestations available in areas such as cinema, music and literature, among others.

In 2016 we started the review of our policy of sponsorship, aiming to reorient our actions in this field, aligning even more sponsored project profiles with our mission and strategic plan. Another effect will be a greater targeting of actions to privilege socio-educative projects.

Technical-scientific projects

Ninety-three percent of the projects supported last year dealt with themes

directly related to our principles and strategic guidelines. Most sponsored projects are related to the guidelines "industry" (emphasis on productivity, competitiveness, innovation and technology diffusion) and "recovery of the role of formulator and influencer of public policies". We sponsored 49 technical-scientific projects in 2016, amounting to R\$ 8.2 million.

BNDES Cultural Space

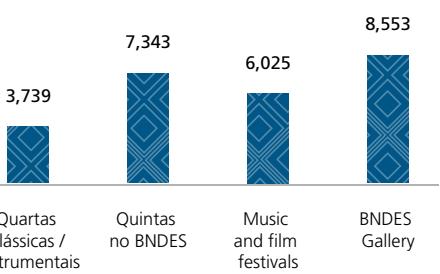
Throughout 2016 we continued to contribute to democratize the access to culture through receipt of projects and cultural events at the BNDES Cultural Space, which always has its doors open for the public in general, with free attractions.

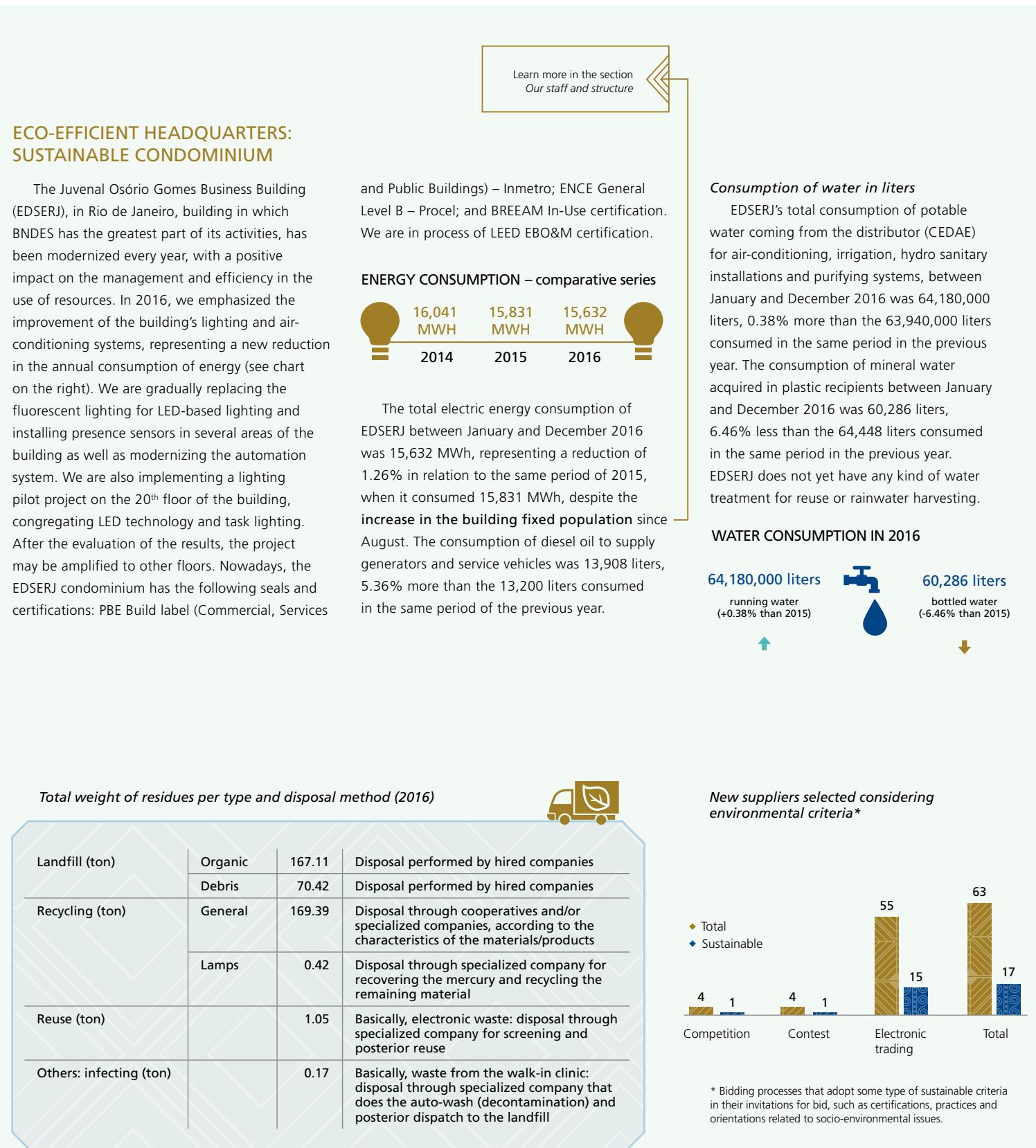
In 2016 The BNDES Cultural Space offered more than eighty attractions – 78 musical shows and five exhibitions – all selected by means of public notices. In addition to these attractions we received musical and movie festivals supported by us

in our theater, with a program of concerts, shows and special movie sessions. During the year we also offered our facilities for events such as lectures and chats, with emphasis on the presence of the poet Ferreira Goulart, the moviemaker Zelito Viana, the curator of the 32nd Biennial of São Paulo, Jochen Volz and representatives from the LGBTI movement, during the Rio Festival of Gender and Sexuality in Cinema.

The Cultural Space had more than 25,000 visits over 2016.

BNDES SPACE: FREQUENCY OF AUDIENCES PER PROJECTS OR ATTRACTIONS





AMAZON FUND

Created in 2008, the Amazon Fund purpose is to raise donations for non-reimbursable investments in actions of preventing, monitoring and combating deforestation, besides promoting conservation and sustainable forest and biodiversity use in the Legal Amazon.

Considered a pioneer activity for Reducing Emissions from Deforestation and Forest Degradation (REDD+), the Fund is managed by BNDES, which raises funds and awards and monitors the projects supported. Its governance structure involves a guiding committee, which counts on the participation of entities that represent the civil society, several ministries and agencies of the Federal Government from all states of the Amazon region.

From 2008 up to the end of 2016, BNDES raised R\$ 2.8 billion from the Norwegian Government (greatest donor), from the German development bank (KfW Entwicklungsbank), and Petrobras. In the same period, 86 projects were approved, amounting to some R\$ 1.4 billion in investments.

In October, we held the seminar "Amazon Fund: challenges and perspectives," which gathered representatives from BNDES, the

Federal Government, the ambassadors from Norway and Germany and private sector and civil society, aiming to hear and understand how the fund's actions may be more efficient and have even more impact regarding its mission of conciliating the reduction of deforestation with the sustainable development of the region.

In the same month, at the fund's annual meeting in Oslo, we received approval from Norway and Germany to extend the application of the resources up to 2030, with new donations expected, amounting to US\$ 500 million from Norway and € 100 million from Germany, through KfW.

Among the main actions of the Amazon Fund in 2016, we emphasize the strengthening of the support for indigenous peoples that live in the region. We approved three more projects in the scope of the Public Call-for-Submission for Projects aimed at Providing Support for Territorial and Environmental Management Plan on Indigenous Land, totaling six initiatives with the total amount of R\$ 63.3 million of support from the Fund.

Considering the support for activities that are part of other projects, the total

of resources earmarked for indigenous peoples from the Amazon region reaches R\$ 154.6 million in 22 projects. Regarding territorial dimension we have already reached more than 50% of indigenous lands of the region, which represents 23% of the Legal Amazon.

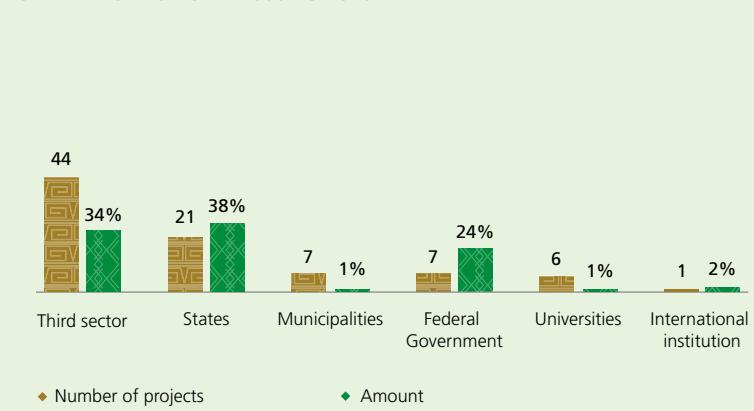
In Marrakesh, at the COP 22, we presented the results of the fund regarding the combat against deforestation and sustainable development, with emphasis on the event that we organized at the room earmarked for Brazil, called "The Amazon Fund as a financial instrument for REDD+: fostering sustainable development in tropical forests. The Amazon Fund was also theme of an exhibition at the Global Landscape Forum.

Another 2016 highlight was the Amazon Integrated Project. We directed R\$ 33.7 million to the initiative, aiming to invest in technologies and knowledge directed to recovering, conserving and the sustainable use of the biome.

The support is earmarked to perform projects of research and transference of technology from the various EMBRAPA's units, which act as regional offices.

SOME NUMBERS OF THE AMAZON FUND

SUPPORTED PROJECTS' DISTRIBUTION, PER LOCATION
2008 TO 2016



SUPPORTED PROJECTS' DISTRIBUTION, PER LEGAL NATURE
OF THE INSTITUTION – 2008 TO 2016

