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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Green economy</th>
<th>Social development</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>20.8</td>
<td>18.2</td>
</tr>
<tr>
<td>2013</td>
<td>24.7</td>
<td>21.9</td>
</tr>
<tr>
<td>2014</td>
<td>28.3</td>
<td>25.9</td>
</tr>
<tr>
<td>2015</td>
<td>31.3</td>
<td>18.6</td>
</tr>
<tr>
<td>2016</td>
<td>14.5</td>
<td>9.7</td>
</tr>
</tbody>
</table>

* The value of 2015 is divergent in relation to that divulged in the 2015 Annual Report due to indicator improvement, with retroactive impact.
we reinforced our championing in the articulation for developing biofuel production technologies with the launch of the Biofuels Returns for International Alliance of 20 countries, including the United States and China. This alliance, among other goals, sets 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 UN and 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 elements, such as mercury and lead and do not emit ultraviolet radiation. Potentially the replacement of technologies nowadays employed in public lighting 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 cities, with the aim of accelerating the process of 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-performance components in the country. Still in 2016 we supported the modeling of the first public-private partnership (PPP) 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.

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 itself or of the community. This last aspect answers for around 90% of investments made since the line’s creation in 2006, with emphasis to socially oriented 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 is based on 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 (EM Miner); 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 agriculture fertilizers 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 76 projects in the support 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 technology to a specific line of support for technologies 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 (MHDI).

SPORTS AND CULTURE

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 chains 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 caneling, initiated in 2011. For the first time, Brazil was rewarded with medals in this sport.

There were four medals in total, considering the Olympic Games: silver and bronze medals, in the 1,000 meters event and in the 200 meters event (C1), respectively, won by Thiago Queiroz and Eroll de Souza, in the Paralympics; and silver medal in the KL3 canoeing, won by Caio Mota and Rickão Ribiero in the 2,000 meters event (C2), won by Iasquias Queiroz and Eroll de Souza. In the Pan-American Games, Rickão Ribiero 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.

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 FUP Literary Encounter in Paraty, on big screens and on the internet;

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 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 realign our actions in this field, privileging more sponsored project profiles with our mission and strategic plan. Another effect will be a greater targeting of actions to privileged 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 Zezito Viana, the curator of the 32nd Biennial of São Paulo, Jochan Volt 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.
The Juvenal Osório Gomes Business Building (EDSERJ), in Rio de Janeiro, building in which BNDES has the greatest part of its activities, has been modernized every year, with a positive impact on the management and efficiency in the use of resources. In 2016, we emphasized the improvement of the building's lighting and air-conditioning systems, representing a new reduction in the annual consumption of energy (see table on the right). We are gradually replacing the fluorescent lighting to LED-based lighting and installing sensorless sensors in several areas of the building as well as modernizing the automation system. We are also implementing a lighting pilot project on the 20th floor of the building, congregating LED technology and task lighting. After the evaluation of the results, the project may be amplified to other floors. Nowadays, the EDSERJ condominium has the following seals and certifications: PBE Build label (Commercial, Services and Fabik Buildings) – Inmetro, ENEC General Level V – Frota1, and INMETRO in-class certification. We are in process of LEED EBOM certification.

**ENERGY CONSUMPTION – comparative series**

<table>
<thead>
<tr>
<th>Year</th>
<th>Debris (ton)</th>
<th>Organic (ton)</th>
<th>Lamps (ton)</th>
<th>Paper and Paperboard (ton)</th>
<th>Other waste (ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>70.42</td>
<td>156.81</td>
<td>0.42</td>
<td>0.01</td>
<td>1.65</td>
</tr>
<tr>
<td>2015</td>
<td>70.42</td>
<td>156.81</td>
<td>0.42</td>
<td>0.01</td>
<td>1.65</td>
</tr>
<tr>
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<td>70.42</td>
<td>156.81</td>
<td>0.42</td>
<td>0.01</td>
<td>1.65</td>
</tr>
</tbody>
</table>

The total electric energy consumption of EDSERJ between January and December 2016 was 15,632 MWh, representing a reduction of 1.26% in relation to the same period of 2015, when it consumed 15,831 MWh, despite the increase in the building’s fixed population since August. The consumption of diesel to supply generators and service vehicles was 13,908 liters, some 36% more than the 10,200 liters consumed in the same period of the previous year. Since January and December 2016 was 0.286 liters, 6.46% less than the 0.286 liters consumed in the same period in the previous year. The consumption of mineral water acquired in plastic recipients between January and December 2016 was 0.286 liters, 6.46% less than the 0.286 liters consumed in the same period in the previous year.

**WATER CONSUMPTION IN 2016**

<table>
<thead>
<tr>
<th>Source</th>
<th>Consumption of water in liters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Running water</td>
<td>64,180,000</td>
</tr>
<tr>
<td>Bottled water</td>
<td>60,286</td>
</tr>
<tr>
<td>Total</td>
<td>64,240,286</td>
</tr>
</tbody>
</table>

**New suppliers selected considering environmental criteria**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Number of suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable</td>
<td>55</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
</tr>
</tbody>
</table>

**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 (Entrepreneurship Bank) 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 funds actions may be more efficient and have even more impact regarding its mission of mitigating 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 regions in the scope of the Public Call-Submission for Projects aimed at Providing Support to 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 Manaus, 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+ Tackling 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.