



GRI INDICATORS:

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THE BRAZILIAN DEVELOPMENT BANK

WHAT IS A DEVELOPMENT BANK (DB)?

The first DBs appeared in Europe in the mid-19th century. Since then, they have been playing a relevant role for the socioeconomic development of the countries and regions where they act, according to the different phases in which they are, in scenarios of both stability and crisis.

The DBs may differ as to: capital structure; funding; variety of sectors supported; client size; financing models; credit conditions; regulation and supervision, and corporate governance. There are also several credit support instruments: financing offer, guarantees, insurance, equity participation, nonrefundable funds, and support for the elaboration of projects, among others.

In addition to Brazil, several countries (developed and developing) maintain strong DBs, such as Germany, China, Korea, Spain, Japan, Mexico, France and Russia. Each institution has its way of operating, but all help implement public policies, complement the offering of financial system financial support and help private and public sectors take risks and face challenges regarding strategic long-term investments. In general, they receive some form of government support: tax exemptions, Union guarantees, access to constitutional and parafiscal funds or subsidies for the implementation of public policies.

Among the recent DBs challenges, we can mention the promotion of the sustainable infrastructure agenda; promotion of innovation, project development and consulting services, and the agenda related to employment challenges and issues related to the growth of cities.

WHO ARE WE?

We are the Brazilian Development Bank (BNDES), a federal public company linked to the **Ministry of Economy**, and the main instrument of the Federal Government for long-term financing and investment in the various segments of the Brazilian economy. We have operated since 1952, and currently the institution is one of the largest DBs in the world.

The BNDES System is made up of three companies: BNDES and its subsidiaries – BNDES Participações S.A. (BNDESPAR), which operates in the capital market, and the Special Agency for Industrial Financing (FINAME), dedicated to the promotion of the production and marketing of machinery and equipment.

We operate through financing and credit for investments; participation in companies; development of projects; guarantee provisions; granting of nonreimbursable resources to social, cultural and technological projects, in addition to knowledge production. We provide products, programs and funds, according to the modality and the characteristics of the operations.

We evaluate the granting of each support with a focus on its potential for generating externalities, that is, the socioenvironmental and economic impact generated directly or indirectly for the country. Innovation, regional development and sustainability are priorities for us.

Our governance is composed of strict management rules and standards, and involves the relationship between internal instances, such as the Advisory Board, Board of Directors, Fiscal Council, and other committees; and external

Until 2018, we were linked to the Ministry of Planning, Development and Management, which in 2019 merged with the Ministry of Finance, the Ministry of Industry, Foreign Trade and Services, and the Ministry of Labor, to form the Ministry of Economy.

instances, as the National Congress, Ministry of Transparency, Supervision and Comptroller General of the Union (CGU), the Brazilian Central Bank (BCB), the Federal Court of Accounts (TCU), and the Brazilian Securities Commission (CVM).

COMPARISON BETWEEN BNDES AND INTERNATIONAL DBS (DATA FROM 6.30.2018)

	BNDES	International DBs average ¹
ROE (% p.a.) ²	14.0	6.5
ROA (% p.a.) ³	1.1	0.6
Defaulted loans/gross loan portfolio (%)	0.16	0.47
Basel Index (%)	29.0	20.2
Total of employees	2,711	6,364
Administrative and personnel expenses/average total assets (%)	0.3	0.3
Administrative and personnel expenses/operational result ⁴ (%)	15.3	41.1

¹ Inter-American Development Bank (IDB), World Bank, KfW, China Development Bank (CDB), and European Investment Bank (EIB). Data from CDB, KfW and EIB refer to the base date of 12.31.2017, the last available. Balance sheet values were converted into Brazilian reais by the exchange rate of the end of the period, and the result values by the average exchange rate. Subsidiaries not included.

² ROE (return on equity).

³ ROA (return on total assets).

⁴ Operational result, excluding administrative and personnel expenses and provision for credit risk.

WHERE DO WE OPERATE?

We operate throughout the national territory. Our official headquarters are in Brasília (DF). However, more than 95% of our employees are in Rio de Janeiro (RJ), in our own building – Edserj, and in rented floors in the Ventura Corporate Towers building. We also have representation offices in São Paulo (SP) and Recife (PE).

In order to be present in other locations and facilitate access to our financing lines, especially to micro, small and medium-sized enterprises (MSME), we also act **indirectly**, that is, through **partner banks** that offer our products. We have over 50 accredited agents, including private and public commercial banks, cooperative and assembler banks, DBs and development agencies.

REDUCED OFFICE EXPENSES

Continuing the expenses reduction planning, we vacated, in 2018, another floor in the Ventura building, with savings of R\$ 2.3 million in the year. In order to enable the change, we concluded Edserj layout changes, increasing the number of employees allocated per floor. The ongoing actions will allow the Ventura building to be totally vacated by December 2019, with return of the five floors still in use. In São Paulo, there was return of a leased floor, with prevision of R\$ 2.48 million in reduced expenses per year.

BNDES LIMITED

BNDES *PLC*, a London subsidiary, was transformed into BNDES Limited in 2017. The company is in the process of being dissolved, to be completed in 2019.

ECO-EFFICIENT HEADQUARTERS

Edserj has been modernizing every year, seeking efficiency in the use of resources. The building was awarded the LEED EB O&M (Existing Buildings – Operation and Maintenance) Silver category certification and the Inmetro PBE Edifica Label.

Learn more in the section *What we do* (page 18)

Energy consumption

The energy consumed in the building is not acquired from the local distributor but from the private energy market. Part of it is generated from incentivized sources, such as solar, wind, biomass and small hydroelectric plants (PCH). In 2018, energy consumption remained practically stable, increasing 0.15% compared to 2017.

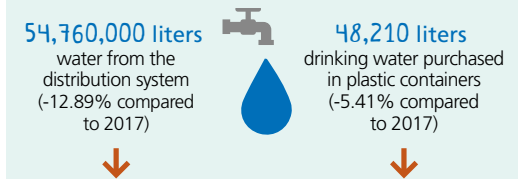


Drinking water consumption

The condominium's drinking water comes from a distributor and is used for air conditioning, irrigation, sanitation and purification systems. There was a reduction of almost 13% in water consumption in Edserj throughout 2018. Continuous operating or maintenance adjustments in water supply systems may have contributed to this decrease. In addition, the more favorable climatic conditions

See the complete list of partner banks at: www.bndes.gov.br/rede-credenciada-brasil

(temperature, humidity and rainfall) of 2018 in relation to the previous year may also have impacted the reduction.



Diesel fuel consumption

The consumption of nonrenewable sources by Edserj is basically limited to diesel fuel for powering emergency generators, which occurs the most part in tests carried out throughout the year. In 2018, we consumed 19,862 liters of diesel fuel, an increase of 78.13% over the consumption of 2017 due to the replacement of all the oil stored in the tank of the building for new oil, in order to guarantee the maintenance of appropriate conditions of the properties of the material for use in generators.

TOTAL WEIGHT OF RESIDUES (IN METRIC TONS) ASSORTED BY TYPE AND METHOD OF DISPOSAL (2018)

Landfill	Organic	117.26*	Disposal performed by contractor
	Debris	603.5**	Disposal performed by contractor
Recycling	General	117.27	Disposal by cooperatives and/or specialized companies, according to the characteristics of the materials/products
	Lamps	1.44	Disposal by company specialized in recovering the mercury and recycling of the remaining material
Reuse		0.42	Basically, electronic waste: disposal by specialized company for screening and posterior reuse
Others: infectious		0.16	Basically, waste from the ambulatory clinic: disposal by company specialized in decontamination and posterior dispatch to the landfill

* As of September 2017, organic waste has been weighed instead of having its weight estimated (default value per bag).

** We begin to consider in this amount not only the debris produced in the interventions carried out directly by our condominium, but also that produced in works contracted by it. We have also changed the way of calculating the estimated weight of the material without weighing.