

Banco do Brasil and its actions towards issues held as “Controversial”

Banco do Brasil embraces sustainability reference as the groundwork for its action, that is to say, sustainability pervades the whole organic structure of the bank. Social and environmental responsibility is taken into consideration in decision-making. This means designing processes, products and services in the light of its social and environmental impacts.

When realizing its sustainability strategy the bank has, since 2005, a Sustainability Plan – Agenda 21 do Banco do Brasil, a pioneering initiative within the Brazilian entrepreneurial environment.

The document comprises different actions and is revised from time to time. It is inspired on the main goals of the UN Earth Summit and encourages commitments from governments, businesses, NGOs and the civil society in the pursuit of solutions for social and environmental issues.

Banco do Brasil stresses the importance of considering the risks of social and environmental impacts emerging, either directly or otherwise, from its own managerial and business practices and those of other actors related to Banco do Brasil operations. Besides, it remains concerned with short-term aspects related to lack of social and environmental sustainability of means of production and current consumption standards.

Some themes/issues, for their specific features, are socially prominent, triggering debates and different, and at times divisive, opinions. These are the reasons for being held as “controversial” and mentioned in the schedule to this document as:

- 1) Non-Implemented Activities** – Acts that are against the law or Banco do Brasil principles and values, in which the bank doesn't invest and for which it declines to grant credit.
- 2) Restricted Activities** – Activities causing environmental impact and requiring, in their licensing process, an Environment Impact Assessment Study – EIA and an Environmental Impact Report – RIMA, in addition to an environmental license.
- 3) Alert List** – Activities that have a potential environmental impact and are subject to environmental licensing (Conama Resolution no. 237, of December 19, 1997), with updated requirements or release criteria performed by Brazilian Federation Units.

It shall be stressed that Banco do Brasil uses a specific flow involving its State Superintendencies to monitor environmental legislation in States in order to keep the Institution fully up-to-date.

Banco do Brazil recognizes the need to keep its guidelines up-to-date regarding controversial issues and pursues a constant alignment with current applicable standards, taking the expectations of its stakeholders and, especially of its customers, into consideration. In this context, emerges a challenge for the bank to articulate with its strategic units with a view to reflect those themes in the bank operating processes, an ultimate opportunity to provide greater adherence of these issues to the best market practices and to Agenda 21 Empresarial do Banco do Brasil.

In line with this strategy, the bank encourages its customers to adopt good practices turned to sustainability, exemplified by the animal welfare through availability of credit lines to improvement of rural properties, enabling acquisition of items and products in conformity with the criteria defined by applicable specific programs. The bank additionally recommends the farmers, through a booklet published on the Internet at the address www.bb.com.br, adoption of practices and basic principles dealing with animal welfare.

Banco do Brasil strives to “money laundering” and doesn’t assume credit risks with customers involved with this crime investing in the improvement of safety controls and qualification of its employees, holding specific and qualifying courses under the auspices of the National Strategy to Fight Corruption and Money Laundering – *ENCCLA*, granted by the Ministry of Justice.

In line with the above controversial issues, Banco do Brasil displays its commitment by adhering to voluntary pacts and agreements, including:

EQUATOR PRINCIPLES: The bank is a signatory of the Equator Principles, a set of social and environmental criteria voluntarily adopted by financial institutions at global level, referred to the Performance Standards on Environmental and Social Sustainability of the International Finance Corporation – IFC, and the World Bank Group Environmental, Health and Safety Guidelines (<http://www.equator-principles.com>).

THE GLOBAL COMPACT: aims at mobilizing the international business community towards promoting basic values in human rights, labor, environment and fighting corruption (www.unglobalcompact.org).

PACT TO ERADICATE SLAVE LABOR: Signatories of the Pact undertake to implement efforts towards dignifying and modernizing labor relations in supply chains of sectors mentioned in the Register of Employers whose employees have been submitted to conditions analogous to slavery (Brazilian Ministry of Labor Directive no. 540/2004).

(<http://www3.ethos.org.br/conteudo/projetos/em-andamento/pacto-nacional-pela-erradicacao-do-trabalho->

[escravo](#)).

CDP: A non-profit organization of independent international investors, holding the largest corporate database on climate change. It works with market forces to motivate companies and cities to disclose their impacts on the environment and the natural resources, and take action to reduce such impacts. The information generate insights that enable investors, companies and governments to mitigate energy and natural resource use risks as well as identifying opportunities of a more responsible approach regarding the environment (<http://www.cdp.net>; in Brazil <http://www.cdpla.net/pt-br>).

GHG PROTOCOL BRAZIL PROGRAM: The program intends to improve technical and institutional ability of businesses in managing their Green House Gas emissions (GHG). Banco do Brasil supports the initiative by preparing and disseminating the inventory and management of its GHG emissions (<http://www.ghgprotocolbrazil.com.br>).

With its adhesion to such pacts, Banco do Brasil displays and restates its concerns with the granting of credit to activities connected to controversial themes.

Non-Implemented Activities	Restricted Activities	Alert List
<p>Non-Implemented Activities – Activities in violation of the law or the principles and values of Banco do Brasil, and in which the bank doesn't invest and for which it denies credit:</p> <ol style="list-style-type: none"> 1) Companies that have legal restrictions or that may harm Banco do Brasil image. 2) Activities where there is proved practice of sexual exploration of minors or exploration of child labor. 3) Customers that submit laborers to degrading forms of work or maintains them in conditions analogous to slavery. 4) Companies linked to unregulated gambling or wagering. 5) Cultivation, renewal or funding of crops or industrialization of sugarcane for production of ethanol and other byproducts of sugarcane and sugar in: <ul style="list-style-type: none"> ✓ Areas not listed as appropriate by the Agricultural and Ecological Zoning of sugarcane; and ✓ New sugarcane areas, after 10.28.2009, within the Biomes of Amazonas, Pantanal and Bacia do Alto Paraguai. 	<p>Restricted Activities - Activities that cause an environmental impact and that, in their process of licensing, require Environmental Impact Assessment Study – EIA and Environmental Impact Report – RIMA, in addition to environmental license:</p> <ol style="list-style-type: none"> 1) Roadways featuring two or more lanes. 2) Railways. 3) Ports and terminals for ore, oil and chemicals. 4) Airports, as defined by Article 48(I) of Decree-Law no. 32, of 11.18.1966. 5) Oil, gas, and mineral pipelines, sewer trunk collectors and emissaries. 6) Electrical power transmission lines, over 230 kW. 7) Water works for exploitation of water resources such as hydroelectric barrages over 10 MW; sanitation and irrigation dams; opening of navigation, drainage and irrigation channels; rectification of watercourses; opening of river estuaries and mouths and basin transposition; ditches. 8) Extraction of fossil fuels (oil, schist, coal). 9) Extraction of ores, including those of Class II, as defined by the Mining Code. 10) Sanitary embankments, processing and disposal of toxic or harmful waste. 11) Power plants, notwithstanding their primary source of energy, over 10 MW. 12) Industrial and agro-industrial complexes and units (petrochemicals; steel mills; chloro chemicals; alcohol distilleries; coal; extraction and cultivation of water resources). 13) Industrial Districts and Strictly Industrial Zones – ZEI. 14) Economic exploitation of timber or firewood in an area over 100 hectares, or less – in case it affects areas that are percentually significant or environmentally important. 15) City planning projects over 100 hectares or located in an area held as environmentally important (at the discretion of Ibama and competent agencies of local and state governments). 16) Any activity using charcoal, its byproducts or similar products, at a rate over 10 tons per day. 17) Agricultural and livestock projects with areas over 1000 hectares or less – in case of areas that are percentually significant or environmentally important. 	<p>Alert List - Activities displaying potential environmental impact and subjected to environmental licensing (Conama Resolution no. 237, of December 19, 1997), with updating of requirement criteria or release by Federation Units. The list comprises the following activities:</p> <ol style="list-style-type: none"> 1) Ore extraction and processing. 2) Industry of non-metal mineral products. 3) Metallurgy/mechanical industry. 4) Industry of electrical, electronic and communication materials. 5) Industry of transportation materials. 6) Timber/paper and cellulose Industry. 7) Rubber/leather and furs industry. 8) Chemical industry 9) Industry of plastic products. 10) Textile, clothing, shoe, and fabric artifacts industry 11) Food and beverage industry. 12) Tobacco industry. 13) Concrete and asphalt plants/galvanoplasty services. 14) Civil works. 15) Public utilities. 16) Transportation, terminals and warehouses. 17) Tourism. 18) Other activities (land, district and industrial area developments). 19) Agriculture and livestock activities. 20) Use of natural resources (forestry/timber/exotic fauna/sylvan fauna/natural genetic heritage/live water organisms/exotic or genetically modified species/biological diversity through biotechnology). <p>Remarks: It is worth stressing that Federation Unit environment agencies, as well as Ibama, update the requirement criteria or release of environmental license in the context of their legal competences, and Banco do Brasil possesses a specific information flow involving its States Superintendencies to monitor environmental legislation of States in order to keep permanently up-to-date.</p>