

Corporate Social Responsibility Action Plan

BNDES – 2018-2020

BNDES CORPORATE SOCIAL RESPONSIBILITY POLICY ACTION PLAN

2018-2020

I – Introduction

BNDES' guidelines and principles for a socially and environmentally responsible performance are expressed in its Corporate Social Responsibility Policy (CSR Policy), approved in 2010 and updated in 2014.


In order to promote continuous progress in the implementation of the CSR Policy, a first multi-year plan of actions was approved by the Board of Directors and the Advisory Board of BNDES in early 2015. This plan aimed to achieve improvements in BNDES' governance, social and environmental risk management system, dialogue processes and accountability to stakeholders.

The plan established a first work agenda for the period 2015-2017, enabling the consolidation of some initiatives, fostering the mobilization of efforts, and promoting advances in structuring the governance and management of the social and environmental issues at BNDES. The development of the plan also met obligations set forth in Resolution CMN 4.327/2014, dated April 25th, 2014, related to the social responsibility of financial institutions authorized to operate by the Brazilian Central Bank.

A Report on the progress of the plan was made public by BNDES, as a way of accounting for its social and environmental performance to stakeholders and to society in general.¹

For the 2018-2020 period, a new work agenda was approved, resulting in the second BNDES CSR Action Plan. In this document, some of the actions included in the first action plan are continued where applicable, and two new topics were introduced –

¹ The Report on the Implementation of BNDES' CSR Policy during 2015-2017 is available (in Portuguese only) at <https://www.bndes.gov.br/wps/portal/site/home/quem-somos/responsabilidade-social-e-ambiental/responsabilidade-social-ambiental/>.



climate change and the Sustainable Development Goals (SDGs) –, in order to align BNDES' activities with relevant issues in the national and international development agendas.

The 2018-2020 Action Plan is an important instrument for advancing BNDES social and environmental performance, which contributes to strengthen the banks's S&E risk management, to better meet requirements of international fundraising processes, to consolidate BNDES' proactive role in promoting sustainable development, as well as complying with obligations established by the aforementioned Resolution CMN 4.327/2014.

II – About BNDES CSR Policy Action Plan 2018-2020

BNDES CSR Policy Action Plan 2018-2020 was built on three premises:

❖ **Consistency, coherence and continuity**

The Plan for the next three years keeps consistency with the CSR Policy's progressive implementation process and coherence with the commitments assumed by BNDES in the 2015-2017 period. The document also continues, when pertinent, the implementation of actions agreed and not completed in the previous cycle.

❖ **Incorporation of new challenges: Climate Change and SDGs**

The CSR Action Plan 2018-2020 incorporates two new topics: (i) climate change; and (ii) the Sustainable Development Goals (SDGs), in line with the BNDES' Mission Statement of "transforming the lives of generations of Brazilians, promoting sustainable development."

In this way, it is possible to align the Bank's activities with relevant issues in the national and international development agendas, according to society expectations, public policies and trends observed in the financial sector, as well as to establish a clear strategic position of BNDES as the sustainable development Bank of Brazil.



❖ **Simplified and Integrated Communication**

The CSR Action Plan 2018-2022 communicates, in a simple way, what is planned to be achieved at the end of the period, along with the necessary actions to accomplish that. For this reason, the document was structured around three objectives, in order to integrate efforts and orientate the three-year long work agenda. The three objectives are:

1. sustainability as a strategic driver and a dimension in the evaluation of the effectiveness of the bank;
2. better structuring of BNDES' social environmental risk management system; and
3. transparency and stakeholder engagement.

In order to make progress on these three objectives, the Action Plan 2018-2020 also provides a cross-sectional set of actions related to governance for sustainability, which includes a review of the roles and responsibilities of key units and committees related to the social and environmental agenda.

III – STRUCTURE OF BNDES CSR POLICY ACTION PLAN 2018-2020

Based on the given premises, the Plan has the following objectives:

1 – Sustainability as a strategic driver and dimension of the bank’s effectiveness:

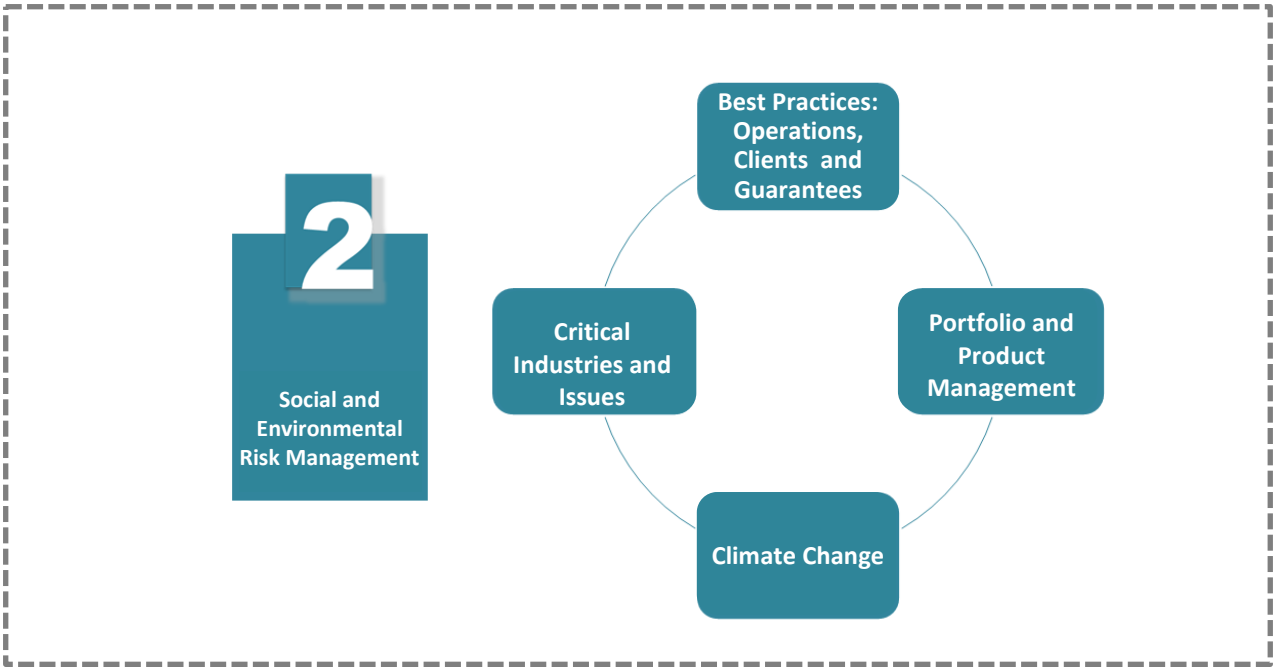
This objective concerns strengthening the Bank's actions for promoting the implementation of the SDGs and the Brazilian Nationally Determined Contribution (NDC) to achieve the Paris Agreement goals. It comprehends the formalization of public commitments and impact targets, the evaluation of the operations’ effectiveness, the internalization of this agenda in BNDES’ culture, and the development of financial products focused on sustainable development as well as mechanisms for attracting resources to green projects.

Figure 1 – Strategic Driver and Effectiveness



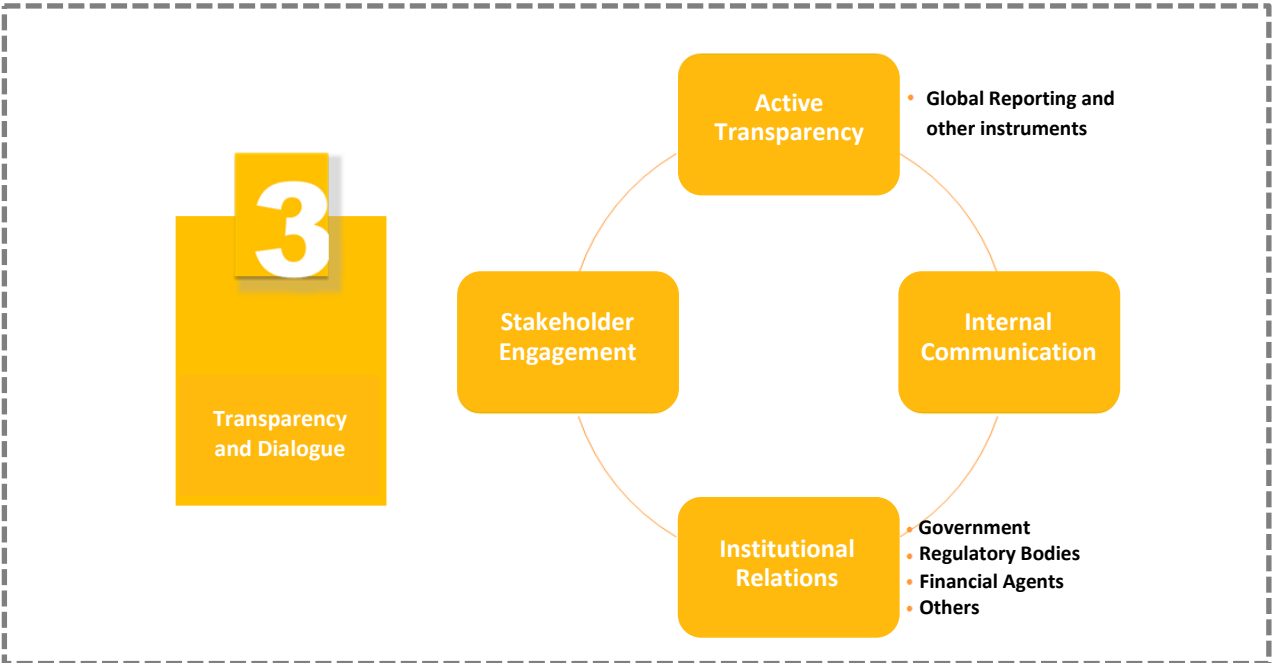
2 – Structuring of BNDES socio and environmental risk management: In the second objective, BNDES aims to improve its social and environmental management system in light of international benchmarks for the financial sector. This includes the improvement of S&E analysis and monitoring processes for critical sectors and issues; the adoption of best practice with regard to operations, clients and guarantees; improvements in the S&E risk management of BNDES´ portfolio; and preparation for integrating the climate dimension in the assessment of the bank´s operations and portfolio. These advances require better coordination in the use of current norms and instruments, and the development of internal policies and guidelines.

Figure 2 – Social and environmental risk management



3 – Transparency and stakeholder engagement: As a public bank and a promoter of sustainable development, BNDES seeks to widen its dialogue with society and to improve its disclosure and accountability mechanisms. To this end, the plan includes actions aimed at strengthening BNDES’ internal and external communication of its social and environmental performance, including preparation for disclosure of climate related information. There are also actions focused on the institutional relationship with stakeholders, with the aim of a greater role of BNDES in the sustainability agenda, and the review of its CSR Policy with the participation of interested parties, in line with obligations set by Resolution CMN 4 327/2014.

Figure 3 – Transparency and Dialogue



The three objectives of the BNDES CSR Action Plan 2018-2020 are supported by a governance dimension, as shown in Figure 4:


Figure 4 – Structure of BNDES’ CSR Action Plan 2018-2020



IV – Strategic Actions and Schedule:

The three objectives and the governance dimension consolidate 18 strategic actions required to achieve the implementation of the Plan 2018-2020, which are presented below, together with their respective schedules.

Objective 1: Strategic Driver and Effectiveness

		2018	2019	2020
<div style="text-align: center;">  <p>Strategic Driver and Effectiveness</p> </div>	Strategic Alignment	1. Strategic Alignment with SDGs and NDC		
	Performance Management and Effectiveness	2. Budget performance management		
		3. Monitoring and evaluation of effectiveness		
	Culture of Sustainability and Diversity	4. Sustainability and diversity in the organizational culture		
	Sustainable Products	5. Sustainable Products – Promotion of sustainable development and fundraising for green projects		

Objective 2: Social and Environmental Risk Management

2 Social Environmental Risk Management

Best Practices:
Operations,
Clients and
Guarantees

Portfolio and
Products
Management

Climate Change

Critical
Industries and
Issues

	2018	2019	2020
1. Management of social and environmental risks in operations assessment and monitoring, seeking alignment with international references	●	●	●
2. Management of social and environmental risks in clients assessment	●	●	●
3. Management of social and environmental risks in guarantees assessment	●	●	
4. Structuring of the social and environmental risk management of BNDES' portfolio	●	●	●
5. Evaluation of social and environmental impacts of financial products	●	●	
6. Preparation to integrate the climate dimension in the analysis of operations and in the portfolio risk management	●	●	●
7. Instruments to support operations in critical sectors and issues	●	●	●

Objective 3: Transparency and Dialogue

		2018	2019	2020
<div style="background-color: #f4a460; padding: 10px; text-align: center; width: 40px; margin: 0 auto;"> 3 </div> <div style="background-color: #f4a460; padding: 5px; text-align: center; margin-top: 5px;"> Transparency and Dialogue </div>	Active Transparency	1. External communication on BNDES' social and environmental performance		● ● ●
		2. Preparation for disclosure of climate change related information		● ●
	Internal Communication	3. Strengthening internal communication on the social and environmental performance of BNDES		● ● ●
	Institutional Relations	4. External Dialogue Agenda		● ● ●
	Stakeholder Engagement	5. Review of the CSR Policy with the participation of interested parties		● ●

Governance for Sustainability Dimension

		2018	2019	2020
Governance for Sustainability	Review of the social and environmental management system		● ●	

