MANAGEMENT REPORT BNDES

Fiscal Year of 2021

BNDES

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Dear shareholders and stakeholders,

In adherence to legal and statutory provisions and in line with best practices for corporate governance, we present the Management Report for the BNDES System for the year ended December 31st, 2021.

1. THE MACROECONOMIC SCENARIO

2021 was marked by the fight against the new coronavirus pandemic, with the recovery of economic dynamism occurring due to advances made in vaccination and measures put in place in different countries in order to counter the effects of the pandemic. The recovery of economic activity occurred in an irregular fashion and was subject to setbacks with the emergence of new variants and localized outbreaks, and uneven application across sectors and geographic regions.

The United States and China were the main driving forces in the world economy in 2021, experiencing growth of 6% and 8%, respectively. The two countries faced setbacks throughout the year: the US faced periods of resurgence of the pandemic with the arrival of the delta variant in the third quarter, and China faced domestic crises in the construction, logistics and energy sectors.

The recovery of economic activity was accompanied worldwide by an increase in producer and consumer prices. In addition to the resumption of activities, which brought with it an increase in demand for goods and services, global inflation was accentuated by the emergence of production bottlenecks, originating from the scarcity of inputs (including labor), difficulties in international logistics, and the disorganization of production chains, especially those that are more internationalized.

Given the implementation of various instruments to mitigate the effects of the pandemic on the disposable income of populations in several countries, there was also an increase in public debt worldwide. This aspect, along with the increasingly close perspective, due to high inflation, of rising international interest rates, translated into an increasingly challenging external environment for developing countries in 2021.

Brazil currently finds itself inserted into this general context. GDP growth in 2021 is estimated to have been around 4.5% (Focus Report from the Brazilian Central Bank – Bacen -, published on January 7th, 2022). At the same time, the hydroelectriccrisis and the heterogeneous pattern of the recovery of the Brazilian economy contributed to representative increases in the prices of certain groups of products, goods, and services in the country throughout 2021. Inflation, as measured by IPCA (the Broad Consumer Price Index) reached 10.06% in the year. In order to moderate the upward movement in prices, the Selic (Bacen's reference interest rate), which started 2021 at 2.0% per year, was progressively increased from March, ending 2021 at 9.25% per year. The Brazilian Real depreciated by about 7% in 2021.

The advancement of vaccination from the second quarter of 2021 on led to a drop in cases and deaths from Covid-19 in Brazil and, with the increase in mobility and the normalization of economic activities, the resulting positive impacts reached the labor market. The unemployment rate, which reached 14.9% in the first quarter of the year, started to follow a downward trend from April, reaching 12.1% in the quarter ended in October 2021, with 12.9 million people unemployed (data made available by IBGE - the Brazilian Institute for Geography and Statistics - on 12/28/2021).

Compared to the quarter ended in October 2020, the contingent of employed individuals in the country increased by 8.7 million workers. Employment rates rose to 54.6% in the quarter ended October 2021, the highest level since the beginning of the pandemic. The informal job market made a relevant contribution to the increase in the employed population: self-employed workers make up the category that has expanded the most in terms of variation in one year (over 3.5 million workers). This is followed by employees with a formal contract (2.6 million workers), and workers without a formal contract (2.0 million workers).

Despite the general scenario of economic recovery in Brazil in 2021, data on economic activity from the second half of the year indicate a slowdown in industry and trade. Part of this is due, in industry, to difficulties in normalizing production due to the aforementioned disorganization of global supply chains, which is expected to persist until mid-2022. In trade, the effect of the displacement of demand for goods to the service sector is being felt due to the reopening of the economy. There is also a deterioration in household consumption due to the low dynamism in real income, with a decrease of 1.9% when comparing the quarter ended in October 2021 with that ended in October 2020.

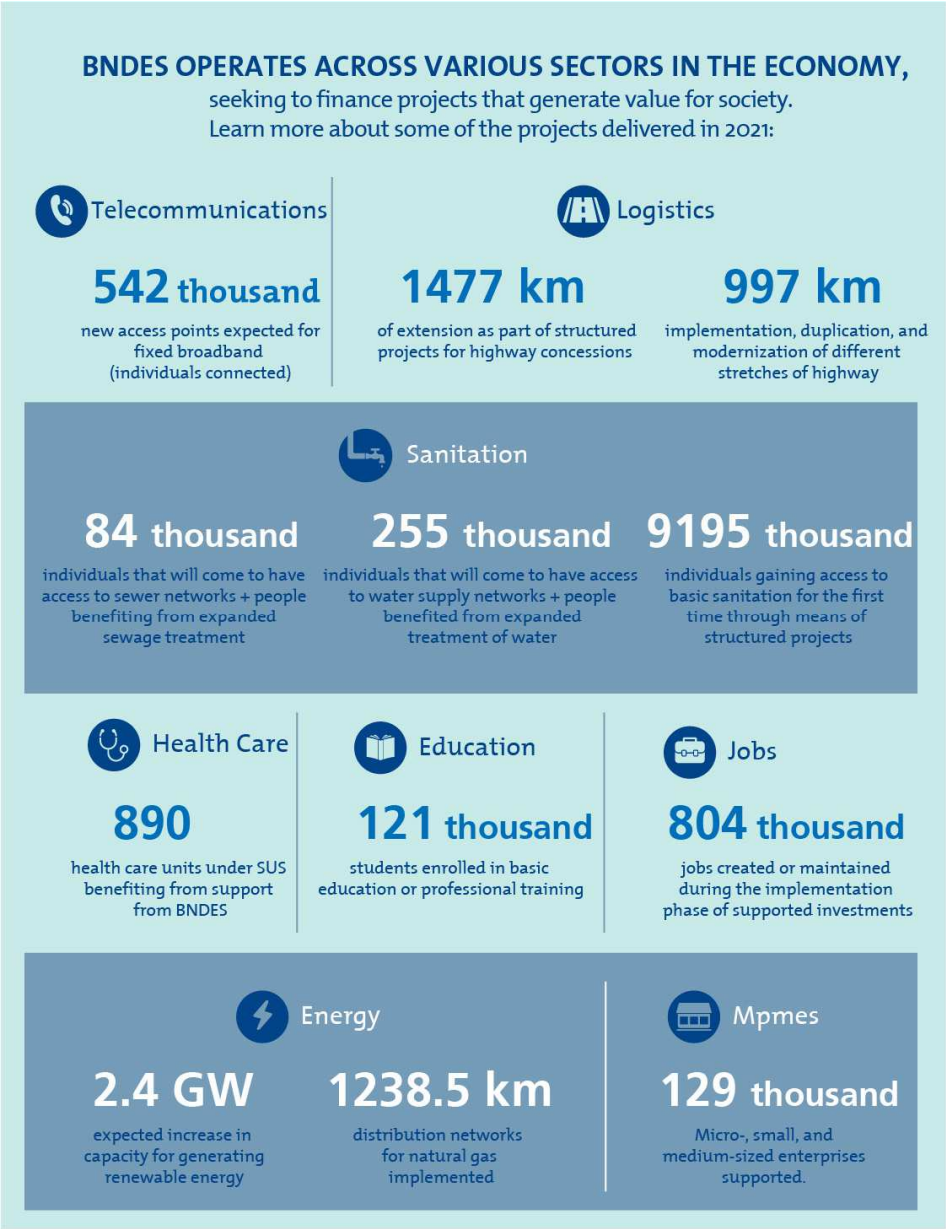
It is not yet clear what the pace of growth will be in 2022. On one hand, the normalization of activities and the gradual improvement in employments rates is expected to continue, with services continuing to be the main sector hiring labor. Conversely, uncertain factors have accumulated, including risk aversion in international markets influencing the dollar, inflation, and domestic financial policy. There is still some risk of new waves of contagion by the coronavirus with the appearance of new variants, as seen with the omicron variant. The median of market estimates for Brazil's GDP in 2022 is 0.28% (Focus Report, published on 01/07/2022).

Brazil needs to continue expanding its investment levels in order to implement a consistent process of economic growth. This is true for all segments, especially for the infrastructure sectors, which provide gains in systemic competitiveness in the country, and for the agricultural and industrial sectors, where investment brings technological gains, in addition to gains in production capacity. In light of the challenging scenario faced by emerging economies, with a higher international interest rate environment, the Federal Government's initiatives in concessions and privatizations and in favor of improvements in the business environment will be decisive to consolidating Brazil's economic recovery. BNDES will continue to improve its partnership with public and private institutions and Brazilian companies to promote sustainable development, generating jobs, and making

investments in the country. This general scenario indicates that the demand for BNDES's resources will remain high in 2022.

2. HIGHLIGHTS OF 2021

2.1. Generation of Public Value for the Company



2.2. Management

Focusing on BNDESPAR's divestment policy, the auditing of accounts in 2020 has been certified by CGU

In the context of the Annual Auditing of Accounts, the Office of the Federal Controller General (CGU) issued, in May, a certificate with an "unqualified opinion" on the Bank's accounts for the 2020 fiscal year, together with an evaluation report from the controlling

body. The unqualified certification of the accounts demonstrates that the BNDES management acts audited are in accordance with applicable laws and regulations and with the principles of good governance.

Conta-Covid ("the Covid Account") wins international prize for structured financing

In January, Conta-Covid won the international *Deals of the Year Award* from the group LatinFinance in the structured financing category. The mechanism is a R$ 15.3 billion loan from a group of public and private banks, under the leadership of BNDES, to preserve the accounts of the companies in the electricity sector and reduce the impact of the pandemic on the electricity bill paid by consumers.

Bank continues to lead social and environmental responsibility ranking

The BNDES was the best-rated Brazilian bank in the new edition of the Guide to Responsible Banking, released in February by the Brazilian Consumer Defense Institute (Idec), in partnership with Instituto Sou da Paz and the NGOs Conectas Human Rights and World Animal Protection.

The document evaluates the sustainability policies of the largest financial institutions in the country in relation to the companies to which they grant credit or in which they invest, using the *Fair Finance International* methodology, applied in 13 countries. With the performance, the BNDES maintained the leadership that it had achieved in the previous edition of the Guide, released in 2019.

Early settlement of liabilities with the National Treasury

Throughout 2021, R$ 63 billion related to BNDES's liabilities with the National Treasury were settled in advance. In addition, the terms of the agreement entered into with the Ministry of Economy for a plan for the early settlement of liabilities with the National Treasury were sent to TCU (the Federal Accounting Court) in accordance with in Judgment No. 56/2021-TCU-Full Bench.

The above amount includes the advance payment, made by BNDES on July 1st, 2021, of a portion of the Eligible Instrument for Primary Capital – IECP in the amount of R$ 13.5 billion.

Matchfunding Saving Lives Receives Alide Best Practice Award

The largest crowdfunding program ever carried out in Brazil, Matchfunding Saving Lives received an Alide Best Practices award in the category of Development Financial Institutions in May. Since its launch in April 2020, the program has already mobilized another R$ 100 million (one real from BNDES for each real donated by partners). The resources were converted into inputs for more than 600 philanthropic and charity hospitals and more than 50 million personal protective equipment (PPE) — such as masks, gloves, caps and aprons — for professionals working in these institutions, who provide care through SUS (the Brazilian public health care system) in almost 500 cities in all regions of the country. Also in the process of acquisition and delivery are 15 oxygen plants to serve the ICUs of regional hospitals.

Banco and Coca-Cola Brasil sign cooperation agreement on social and environmental impact projects

BNDES signed a technical cooperation agreement (ACT) with Coca-Cola Brasil with the objective of promoting, over the coming years, joint projects and initiatives for sustainable development that contribute to generating positive social and environmental impacts for Brazil on several fronts: access to water, protection and reforestation of water basin forests, recycling, sustainable agriculture, education and support for micro, small and medium-sized enterprises (MSMEs). The Act formalizes a pilot project for the environmental, social, and corporate governance (ASG) partnership agenda existing between BNDES and Coca-Cola Brasil.

With Natural Gas Açu (GNA), the Bank carried out its 1st structuring of infrastructure debentures

In August, the Bank carried out its first debenture structuring, participating in the total issuing of Gás Natural Açu (GNA), at an amount of R$ 1.8 billion. The operation included BTG Pactual as lead coordinator, in addition to BNP Paribas, Bradesco and ABC Brasil as coordinators in the union. The structuring is innovative in the history of BNDES and is part of the strategy to act in partnership with the capital market to encourage and leverage the potential impact of loans.

The Bank adhered to the UN Global Compact, strengthening the transparency of socio-environmental measures

The Bank formalized its adhesion to the Brazil Global Compact Network, an initiative of the United Nations (UN) for the promotion of ten principles in the areas of environment, human rights, labor and anti-corruption, and for the involvement of companies in the advancement of the Sustainable Development Goals (SDGs). The commitment to the Pact facilitates the communication of BNDES's performance in the sustainability agenda to the various audiences that monitor its performance, especially investors who are attentive to our activities and the impact that we have on the Brazilian economy.

BNDES included among the best-rated companies in the world ranking of sustainability

BNDES has been included among the best-assessed companies in the world by Vigeo Eiris (VE), a rating agency associated with Moody's Corporation that evaluates the performance of organizations according to environmental, social, and governance (ESG) criteria. Among the 4,913 companies participating in the world ranking, BNDES is currently in 86th position. In emerging markets, among the 848 organizations analyzed, the Bank is in 4th place.

The Bank adopts Impact Scoring tool to analyze investment projects

The Bank has adopted a tool to measure the impact of its operations. The SIM Tool — an acronym that corresponds to the abbreviation of Impact scoring in Brazilian Portuguese — seeks to identify, prior to the approval of BNDES financial support, the economic, social and environmental impacts of the supported projects, in order to assign a score that reflects the merit of the project in relation to its impacts on society. Such tools are used by international development banks, such as the IDB, the World Bank, and KfW. This constitutes a good practice for institutions serving a purpose analogous to that

of BNDES. It will be applied to all operations, reimbursable or not, that present investment projects and that are operationalized within the scope of the Corporate, Project Finance and Non-Refundable support structures.

The Bank's operation with Axis SP wins an international award

A R$ 3 billion operation released by the Bank in January, with the objective of enabling investments in the first seven years of the largest road concession ever granted in the country, was chosen as the "Infrastructure Financing of the Year in Brazil". This award was provided as part of the "*Project & Infrastructure Finance Awards*", promoted by Latin Finance magazine.

Partnership between the Bank and EMBRAPII will generate up to R$ 510 million in investment for innovation

The Bank and the Brazilian Industrial Research and Innovation Company (EMBRAPII) signed, in November, an agreement allocating R$ 170 million to Research, Development and Innovation (RD&I) projects implemented by national companies. Innovative solutions will be contemplated in the areas of digital transformation, defense, new materials, as well as four themes related to social and environmental sustainability: forest bioeconomy, biofuels, the circular economy, and strategic technologies for the Unified Health System (SUS). It is estimated that the initiative will promote up to R$ 510 million in total investments in innovation as EMBRAPII's operating model leverages private resources by requiring the co-financing of the business sector and economic participation of science and technology institutions (ICTs) in projects supported by the institution.

The Bank's Annual Report wins award from the Brazilian Association of Publicly-Held Companies

The Bank's 2020 Annual Report was awarded first place in the Closed Companies category of the 23rd Abrasca Award – Annual Report, promoted by the Brazilian Association of Publicly-Held Companies. The document is available on the institutional portal and can be accessed at www.bndes.gov.br/ra2020.

The Bank receives a seal for promoting the representativeness of women on the Board of Directors

In December, the Bank received the *Women on Board* (WOB) certificate, a seal whose objective is to value organizations that stimulate the existence of more diverse corporate environments and value the presence of women on their boards of directors or advisory boards. In partnership with UN Women, the seal raises awareness of the importance of diversity as a qualified investment and encourages developed through means of positive pressure among peers.

Currently, the Board of Directors of BNDES is 30% composed of women. Two-thirds of the Audit Committee's regular members are women, and BNDES also has two women on its Board.

With XP Asset, One7 and Acqio, the Bank will offer R$ 400 million in credit to MSMEs

The Bank will contribute up to R$320 million through another fund that will offer credit to micro and small companies: FIC FIDC XP Brasil MPME, launched in partnership with XP Asset, One7, and Acqio.

With a consolidated equity of R$ 400 million, the fund is expected to benefit companies located mainly in Brazil's Southeast and Northeast regions. The goal is to offer innovative capital to companies that lack access to credit and are still suffering the effects of the Covid-19 pandemic. This is XP Asset's first product in partnership with BNDES.

BNDES approves permanent credit to the bio-inputs sector

BNDES has strengthened support for sustainable development in the field. From now on it will possible to finance the production and marketing of bio inputs through Finem bank (product aimed at operations involving over R$ 20 million) and BNDES Crédito Rural Custeio ('Rural Credit Costing' -- accessible to smaller producers, including individuals). The initiative contributes to the environment by stimulating the use of waste in agricultural activities. In addition, it reduces external dependence on inputs used in the field.

3. SOCIOENVIRONMENTAL PERFORMANCE

To BNDES, thinking about development only makes sense if it is sustainable. Almost 40 years ago, when almost no one was talking about sustainability in Brazil, BNDES was already prioritizing a positive socio-environmental impact and began developing partnerships in pursuit of this goal.

Our focus is to integrate the economic, social and environmental agenda, so that the country can achieve the United Nations (UN) Sustainable Development Goals (SDGs), make a just transition to a carbon-neutral economy, and achieve economic prosperity. This translates into all our ways of acting, from the policies that govern our activities, through to our commitments, and on to achieving the results of these activities in favor of sustainable development.

2021 was a year of remarkable evolution in the structures – organizational and normative – used by BNDES to incorporate emerging themes into its environmental, social, and governance (ESG) agenda, as such discussions advance in society. Throughout the year, new regulations, financial solutions, partnerships and transparency instruments were implemented, expanding the range of social, transparency, relationship and, more recently, climatic factors that guide the Bank's strategy and operations, as can be seen in the table below with the highlights of the year in ESG:

Advances made by BNDES regarding ESG

Spending (2021)

- **R$ 9.98 B** in social development
- **R$ 7.8 B** in Green Economy
- **R$ 53.5 billion** (83% of total disbursements for the year)
  SDgs in general, without specifically focusing on a particular SDG
  - **R$ 29.7 B** on industry, innovation and infrastructure **(SDG 9)**
  - **R$ 26.3 B** on decent work and economic growth **(SDG 8)**
  - **R$ 15.9 B** on clear and accessible energy **(SDG 7)**
- **R$ 5.9 billion**
  Carbon neutral economy - NDCs

Individuals

- Workforce capacity building through means of courses in ESG and the prevention of money launder.

Market capital raising

- **US$ 500 million** raised through NDB

Financial solutions

- Climate Fund Program
- BNDES ESG Credits Program
- BNDES Garagem (Garage)
- Credit Funds for MSMEs
- Impact Investment Funds
- Criatec 4 ESG
- BNDES Parks and Forests Program
- Floresta Viva ('Living Forest') Matchfunding
- Program for Guarantees and Credits for Energy Efficiency -- FGEnergia

Governance and transparency

- Specific corporate project aimed at concentrating and accelerating advances in the areas of policy, processes and governance, investor relations, capacity building, and communications
- Review of Sustainability Committee Governance
- Optimization of tools for measuring impact and effectiveness in relation to ESG
- Review of operating procedures with a focus on socioenvironmental risks
- Review of procedures for operations benefiting from socioenvironmental funds
- BNDES's ESG Rating
- Implementation of a publicity campaign for initiatives taken by BNDES with regards to ESG

Agreements and partnerships

- International Finance Corporation (IFC)
- Brazilian Program for Green Financing (UK Pact/British government)
- Ratification of Global Compact
- TNFD Forum: Task Force on Nature-Related Financial Disclosure
- CDP (Carbon Disclosure Project)

Agenda for the future

- Climate and education agenda
- Diversification in capital raising and products
- Optimization of policies and tools
- Active listening and continuous alignment of demands from regulatory agencies, risk assessment, investors, and partners

In order to strengthen this purpose, we formalized the BNDES Sustainability Objectives and Commitments, linked to results for society, for the planet and for prosperity, and not to the values of financial support. The entire Sustainable Development section of BNDES's institutional website was renovated, providing greater transparency and ease of access to information. The content began to include, in addition to policies and results, how sustainability is addressed in the relationship between BNDES and its customers and

suppliers, and our partnerships and financial solutions for the promotion of sustainable development[1].

Another highlight was the completion of the 2021 stage of the specific corporate project created to concentrate and accelerate ESG advances in the axes of policies, processes, and governance, systems, investor relations, training and communication, with the main axes addressed in the fourth quarter including:

- the improvement of tools for measuring impact and effectiveness focused on ESG factors;
- the review of operational procedures focusing on socio-environmental risk;
- the review of the regulations and procedures for operations with the Social and Environmental Fund; and
- the implementation of an advertising campaign focused on BNDES performance in relation to ESG.

Developing the theme of sustainability also involves connecting with the network of institutions that lead efforts in this area. Reinforcing the role of BNDES as a catalyst for improving the quality of life for Brazilians, in 2021 we joined two of the largest global initiatives to promote sustainable development, the Global Compact and the CDP Investor's Club (Carbon Disclosure Project).

The Global Compact is one of the largest corporate sustainability initiatives in the world, and has more than 16,000 members, distributed across 69 local networks covering 160 countries. The adhesion represents another commitment made by BNDES to advance the ESG agenda, joining a program of great magnitude that will provide access to a vast repertoire of instruments and tools to facilitate the incorporation of best practices into the fields of human rights, environment, work, and anti-corruption.

By becoming a signatory investor of the CDP, BNDES aims to boost corporate environmental transparency through requests for annual reporting, becoming part of a network of more than 590 investors, which represent about US$ 110 trillion in assets under management.

Also in the field of partnerships, in 2021 BNDES became part of groups related to mitigation and adaptation to climate change and biodiversity, with an emphasis on the Taskforce on Nature-related Financial Disclosures (TNFD). Having started its participation in 2020 as a member of the Informal Working Group that supported the launch of the initiative in June/2021, BNDES subsequently became part of the TNFD Forum, a group of institutions around the world that continue to support the initiative.

Green Economy and Social Development

In 2021, R$ 7.8 billion were disbursed, R$ 2.1 billion of which were spent in the last quarter, for projects related to the Green Economy, which comprises sectors such as

[1]To learn more about BNDES's sustainability objectives and commitments and the associated targets, visit https://www.bndes.gov.br/wps/portal/site/home/desenvolvimento-sustentavel/compromisso/nossos-compromissos/

energy efficiency, renewable energy, forests, water and sewage management, and agricultural improvements.

Among these initiatives, the highlight remains the renewable energy segment, which received R$ 4.9 billion, approximately 62% of spending on the year, followed by agricultural improvements (R$ 1.2 billion), forests (R$ 577 million), and water and sewage management (R$ 466 million).

The education, public administration, urban and regional development, productive inclusion, social responsibility and health sectors make up the social development indicator, which received R$ 9.98 billion in disbursements in 2021, R$ 1.8 billion of which was spent in the fourth quarter.

In this segment, the main focus during this period were projects linked to urban and regional development, on which R$ 7.98 billion was spent, about 80% of the total indicator, followed by the health sector, with R$ 1.4 billion.

Together, the green and social development economy segments account for 53.5% of the balance of BNDES's direct and indirect non-automatic operations portfolio, demonstrating, once again, our commitment to sustainable development in Brazil.

More information on the Green Economy and Social Development indicators can be found at: https://www.bndes.gov.br/wps/portal/site/home/desenvolvimento-sustentavel/resultados/desembolsos-em-economia-verde-e-desenvolvimento-social/desembolsos-economia-verde-desenvolvimento-social/.

Sustainable Development Goals

Since 2019, BNDES has also monitored its operational performance in relation to contributions made towards achieving the Sustainable Development Goals (SDGs). In 2021, 178,700 operations received spending linked to at least one of the SDGs, which totaled R$ 53.5 billion – 83.1% of total disbursements on the period. Among the SDGs, the most prominent on the year were Industry, Innovation and Infrastructure (SDG 9, R $27.9 billion), Decent Work and Economic Growth (SDG 8, R$ 26.3 billion) and Clean and Affordable Energy (SDG 7, R$ 15.9 billion)[2].

These disbursements result in deliveries to society, which directly benefit the lives of Brazilians. Throughout 2021, new operations associated with the SDGs were contracted, which, for example, enabled the installation of 1,730 MW of wind generation, 1,258 MW of which was provided only in the last quarter of the year, the implementation of 3,197 km of natural gas distribution networks, the acquisition of 22 vehicles, construction of 15 stations, 15.3 km of track extension and service to 633 thousand users/day for Line 6 on the São Paulo subway, the implementation of social technologies for access to water in rural public schools, with the construction of 2,142 cisterns and the local development of 250 new hardwares and 150 new softwares.

Learn more about BNDES disbursements aimed at fulfilling SDGs at: https://www.bndes.gov.br/wps/portal/site/home/transparencia/estatisticas-desempenho/ods.

[2]The same operation may be linked to more than one SDG.

Learn more about deliveries made to society linked to the SDGs at: https://www.bndes.gov.br/wps/portal/site/home/transparencia/resultados-para-a-sociedade/efetividade/entregas-associados-ods.

Transition to a carbon-neutral economy

In November/2021, we launched the NDC Panel, a climate-focused SDG Panel initiative, constituting our contribution to Brazil's Nationally Determined Contribution (NDC), which set national greenhouse gas (GHG) emission reduction targets.

The launch of the BNDES NDC Panel was carried out during COP-26 with the objective of presenting the manner in which the Bank has been contributing to Brazil achieving its commitments under the Paris Agreement. In 2021, disbursements that supported the transition to a carbon-neutral economy reached R$ 5.9 billion for the energy, forestry and urban mobility sectors.

In addition to the communication of our disbursements and result indicators, we also present the GHG emissions that were prevented through the projects supported by BNDES in the Energy, Forestry, and Urban Mobility sectors. Together, the projects implemented in these sectors prevented the emission of 74.7 million tons of CO_2eq[3]. The calculation takes into account the entire useful life of the projects approved from 2015, in a direct modality, and the disbursements associated with them enabled, among others, the planting of 1.8 million seedlings and 830 thousand ha of forests, a 31 km expansion of the subway grid and 17 km of BRT (rapid transit), and the installation of 1,899 MW of solar power generation capacity.

Learn more about BNDES disbursements for the transition to a carbon-neutral economy at: https://www.bndes.gov.br/wps/portal/site/home/desenvolvimento-sustentavel/resultados/emissoes-evitados/painel-desembolsos-ndc/.

Learn more about our contribution to Brazil's emissions reduction goals at: https://www.bndes.gov.br/wps/portal/site/home/desenvolvimento-sustentavel/resultados/emissoes-evitas/emissoes-evitas/.

4. OPERATIONAL PERFORMANCE

4.1. Operational Policy

In 2021, a series of improvement actions were approved in the Bank's portfolio of financial solutions and services, with an emphasis on instruments to support the Socio-environmental Agenda, Infrastructure, Agricultural Sector, and Project Structuring Services.

In relation to the Socio-environmental agenda, we would like to highlight the following initiatives:

Climate Fund Program: Review of the Climate Fund Program with expansion of the scope of supported projects, such as R&D for components and systems dedicated to aircraft and vessels powered by renewable sources and systems dedicated to electric or

[3]Carbon dioxide equivalent, unit of measurement used to measure GHG emissions.

hydrogen recharging, technological development of energy from urban solid waste and energy storage, inclusion of forest planting with native species for agroforestry systems, and inclusion of support for investments in public conservation units or private areas with the purpose of conserving ecosystems.

Socioenvironmental Fund: Review of the Social Fund with adjustments in the objectives, expansion of the scope to support education projects in the continuing support modality and change of name to BNDES Socio-Environmental Fund.

BNDES Finem Product: Changes in the lines and sublines for BNDES's Finem Product related to the natural gas chain to reinforce support to the sector and include the possibility of financing electric trucks, hybrids or other models with electric traction and vehicles (buses and trucks) powered by natural gas or biomethane as part of the Incentivized Line.

Floresta Viva Matchfunding: crowdfunding initiative to restore forests and watersheds in the Amazon, Pantanal and Atlantic Forest biomes. For every R$ 1 donated by partner companies, BNDES provides an additional R$ 1, which is projected to generate up to R$500 million within 7 years.

BNDES ESG Credits Program: Creation of a new program with the objective of promoting the improvement of companies' environmental and social indicators. The Program provides support to five sectors/segments: (i) wood chain focused on reforestation, (ii) manufacturers of equipment for the renewable energy chain, (iii) connectivity, (iv) mining, and (v) steel. The idea is that these sectors, selected because they are clearly linked to the ESG agenda or because they need support in the transition to cleaner technologies, are pilots for a possible future expansion of the program.

BNDES Parks and Forests Program: Creation of a program aimed at supporting Public Concessions for Parks and Forests, with the objective of supporting investments in the scope of Public Concessions for National, State or Municipal Parks, whether natural or urban, and Forest Concessions, contributing to the reduction of deforestation, environmental conservation, environmental education and/or tourism development in municipalities that house or are located around these assets.

BNDES Blended Finance Fund: Creation of a fund with the objective of developing new models and financial instruments using hybrid or combined designs ("*Blended Finance*") to meet the demand of the agents of the socio-environmental investment ecosystem and the financial market for solutions of structures and financial products that contain attributes with high standards of governance, transparency, effectiveness and efficiency.

BNDES's Finame and Direct Finame Products: Change in BNDES Finame and Direct Finame Products to better reflect the list of supportable items within the scope of low-carbon products.

In relation to the Infrastructure agenda, the following improvements are highlighted:

BNDES Coordination Services in Public Offerings Product: creation of a normative framework for the provision of coordination services in fixed income public offerings by BNDES, with the possibility of offering a firm guarantee.

BNDES Debentures in Public Offerings Product: review of the portfolio of instruments with the consolidation of support via debentures in a single product, called BNDES Debentures in Public Offerings Product, with greater adherence to market practices and the simplification of rules and processes.

BNDES Grain Producers Credit Program: created with the objective of supporting grain-producing companies through financing for investment in civil works and for the acquisition of machinery and equipment necessary for the construction of warehouses and the expansion of grain storage capacity.

BNDES Finem product: change to the inclusion of support for the production of bio-inputs and connectivity in the field, inclusion of support for the renewal and expansion of sugarcane fields with the possibility of operationalization through the Simplified Support Structure, and inclusion of the forecast of the use of the BNDES Fixed Rate (TFB) in Food and Biofuel Production.

We also wish to highlight the renewal of the **Federal Government's Agricultural Programs – INOVAGRO, MODERAGRO, MODERFROTA, PCA, PROCAP-AGRO, PRODECOOP, ABC PROGRAM, PROIRRIGA, PRONAMP AND PRONAMP** – with fees equalized by the Federal Government and intended to finance the 2021/2022 Crop Year .

Regarding the support instruments for the provision of Project Structuring services, the following initiatives are highlighted:

BNDES Product Project Structuring: Changes in remuneration that will allow a value that is more adjusted to the market perception of successful projects to be obtained that mobilize higher amounts of private capital. In addition, elements related to the Structuring of Real Estate Projects for the creation of its own instrument were excluded.

BNDES Product Structuring of Real Estate Projects: Creation of an instrument specifically aimed at the segment and aligned with real estate market practices, with the objective of promoting greater efficiency in contracting negotiation processes and the execution of contractual terms.

Project Structuring Fund – BNDES FEP: Changes to the creation of the Structuring modality, which makes it possible to support the structuring of ESG Projects of a relevant social interest, as well as the structuring of Pilot Projects with a high potential for scalability, generation of new business for the Bank, and attraction of private resources.

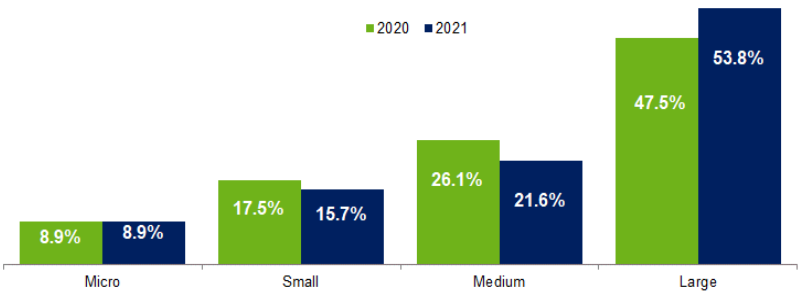
It is also important to mention the improvement in the Automatic Exim Line from the **BNDES Exim Post-Shipment Product,** with the increase in the maximum financing term and the possibility of a financial institution in Brazil acting as a debtor in the capacity of confirmer of the letter of credit, allowing BNDES Exim Automatic to serve a greater number of operations.

Finally, we would like to highlight the improvement of the Operational Policies through the Review of Basic Guidelines, with the inclusion of new parameters, standardizations, simplifications, and updates of rules, in addition to a review of activities that can be supported and the introduction of the Exclusion List, an annex that consolidates all activities, enterprises, and items that cannot be supported by BNDES in a single document.

4.2. Disbursement Profile

Disbursements by Size (R$ million)

Disbursements by size are presented below, the classification of which allows BNDES to act adequately to the characteristics of each segment, through the offer of specific lines, programs, and conditions. Support for micro, small, and medium-sized companies, considered a priority by the Bank, provides special conditions to facilitate these companies' access to credit.



Classification by size*:

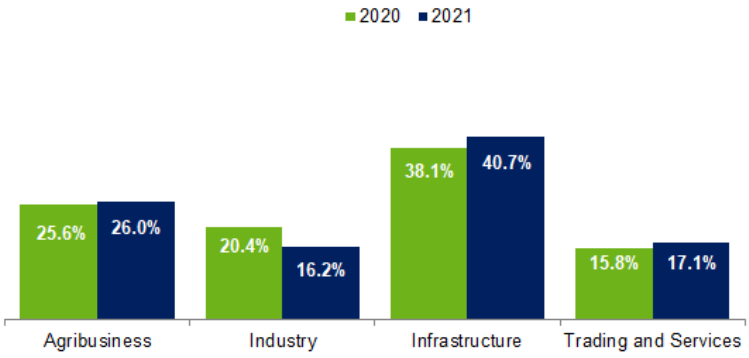
- ✓ Micro: less than or equal to R$ 360 thousand
- ✓ Small: greater than R$ 360,000 and less than or equal to R$ 4.8 million
- ✓ Medium: greater than R$ 4.8 million and less than or equal to R$ 300 million
- ✓ Large: greater than R$ 300 million

*Classification according to the annual gross operating revenue of corporate customers or the annual income of individual customers.

The Bank's disbursements in 2021 accumulated R$ 64.3 billion, a performance at the same level of 2020.

The number of operations reached 191,093 in 2021, a reduction of 14.6% compared to 223,774 operations in 2020. The number of operations with large companies grew 44.3% between the periods, compared to a decrease of 26.8% in operations with small companies, 20.7% in operations with medium-sized companies, and 4.8% of operations with micro-enterprises.

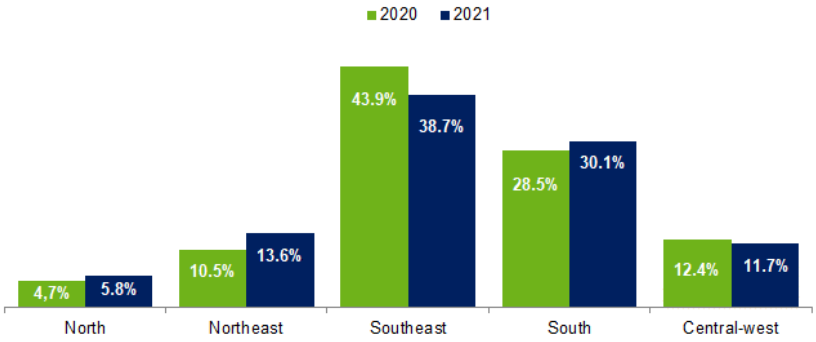
Disbursements by Sector (R$ million)



In the 2021 fiscal year, disbursement in the materials transport sector (27.9%) are highlighted in the industrial sector, electricity (60.4%) and transport segments* (33.7%), in the infrastructure sector.

*Includes road (land freight and passenger), waterway, air, subway and rail transport, and concessions for highways, railways, ports, and airports.

Disbursements by Region (R$ million)



For the 2021 fiscal year, we wish to highlight an increase in disbursements for the North, Northeast, and South Regions. In their respective regions, the increase in disbursements is most prominent in the States of São Paulo (60.5%), Pará (55.1%), Mato Grosso (53.1%), Paraná (39.7%) and Bahia (35.1%).

5. FINANCING AND JOB CREATION

Investment projects financed by BNDES are directly related to the generation of employment and income in the economy, either because they stimulate dynamism in the real economy, or because of the size of the resources involved.

Estimates of the number of workers required (employment generated or maintained) in the implementation phase of the investments supported by the Bank are obtained using the BNDES Employment Generation Model (MGE), an input-output model for the Brazilian economy, which uses official data from the System of National Accounts and the 2015 Input-Output Matrix released by IBGE. It is important to note that the number of jobs resulting from the MGE does not correspond to the net generation of jobs in the economy, but rather to the average volume of employment necessary to make investments viable.

The estimated volume of employment can be broken down into two types:

- direct employment – employment that occurs in the sector that provides products of gross fixed capital formation for projects supported by the Bank, that is, mainly in civil construction, in the manufacture of machinery and equipment, and in commerce; and
- indirect employment – corresponds to the jobs in production chains that serve the sectors directly affected by the supported investments.

Employment Generated or Maintained in the Implementation of Investments Supported by BNDES

(disbursements and increase in final demand by R$ million and employment in thousands of jobs)

Period	Disbursement	Increase in final demand[1]	Employment		
			Direct	Indirect	Total
2020	64,921	57,421	502	343	845
2021	64,303	58,320	476	327	803

Sources: BNDES and IBGE
Author: BNDES, RJ, 2022
[1] Consists of an estimate of the share of disbursed resources that represent an increase in demand from sectors for implementing investments. Volume of resources feeding the MGE.

In 2021, disbursements through the BNDES System totaled approximately R$ 64.3 billion in current values and represented around a R$ 58.4 billion increase in final demand during the implementation of investment projects. The number of jobs needed to make this amount of investments feasible, according to estimates made through the MGE, was about 803 thousand. The 5% decrease in this indicator compared to the 2020 result

(845 thousand) reflects the combination of the 2% growth in final demand in the same period of comparison with the increase of about 7.6% in the average of sector price indices in 2021[4].

Regarding the composition by type of employment, 2021 presented results very similar to those obtained in 2020, with 59% consisting of direct jobs and 41% of indirect jobs. The average jobs generated or maintained per million invested in the economy fell slightly, from 13 in 2020 to 12.5 in 2021, which means that the distribution of sectors impacted by supported projects has become relatively less concentrated in sectors that generate or maintain more jobs when investing.

The sectors that concentrate employment estimates during the implementation phase of investments supported by BNDES are: (i) civil construction, (ii) services provided to companies and families and maintenance services, (iii) agriculture, forestry, silviculture, livestock and fishing; (iv) trade, and (v) machinery and equipment, and personal property and products from various industries. Additionally, in 2021, jobs in these sectors corresponded to around 83% of the total estimated for BNDES resources.

6. SERVICE BANK

Within the scope of consolidating BNDES's performance as the service bank for the Brazilian state, we are promoting the integration between the Directorates for Privatization and Infrastructure, Concessions and PPPs into a new Directorate of Concessions and Privatization, strengthening the coordination of agendas for structuring privatization projects and thereby optimizing the management of the "Project Factory".

Our role as a “Project Factory” involves structuring projects and providing advisory services to public entities, participating in the various stages of the project structuring process at the federal, state and municipal levels, from planning to the execution of the public entity's contract with the private partner, including support in attracting national and international investors.

We ended 2021 with 159 projects mandated across different sectors, with capital mobilized, including investments and grants estimated at R$ 382 billion and reaching 22 state-owned companies.

[4]The value of the final demand for fixed investments deflated to 2015 prices, the model's reference year, in order to provide estimates. Thus, the greater the price advance in the period, the lower the value feeding the model.

As a Project Factory, we play a strategic role in coordinating efforts and resources (public and private) to enable projects in different segments, allowing for a reduction in bottlenecks and the generation of investment opportunities.

The main highlights in 2021 included:

- **Rio de Janeiro Sanitation Auction (Blocks 1, 2, 3 and 4):** resulted in the largest concession in the country's history and will allow access to water and sewage collection and treatment for 14.2 million people in 49 municipalities in the state of Rio de Janeiro, with a transformative impact on the current reality in which only half of the population has access to sanitation. The project raised R$ 24.9 billion in grants and also provides for the implementation of R$ 32 billion in investments;

- **Auction of Companhia de Estado de Gás do Rio Grande do Sul (Rio Grande do Sul's State Gas Company) –** Sulgás: Sulgás's auction was the first in the sector after the establishment of the Novo Mercado de Gás ('New Gas Market') - Federal Law 14.134 (published in April 2021), reinitiating a practice that had not been exercised for more than 20 years. In addition, in an unprecedented manner, the negotiation of participation in a company outside the Rio-São Paulo axis was negotiated as part of the auction;

- **Auction of Companhia Estadual de Distribuição de Energia Elétrica - CEEE-D (State Electricity Distribution Company) :** new investments of about R$ 1.6 billion are expected for the next five years, which will benefit about 1.8 million customers in 72 municipalities, including the Metropolitan Region of Porto Alegre. The exchange of control was necessary to avoid the continued development of the expiration process for the concession contract currently in progress at the Brazilian National Electric Energy Agency (ANEEL) Upon completion of the sale, CEEE-D will continue to be responsible for bank debts, taxes, and social security obligations in excess of R$3.5 billion; and

- **Auction of Companhia de Eletricidade do Amapá - CEA (Amapá Electricity Company):** represents an important milestone since it is the tenth electricity distribution company with a privatization process successfully structured by BNDES over the last five years, resulting in a structural change in the energy distribution sector in Brazil. Together, also taking the CEEE-T auction into account, these 11 projects total investments estimated at R$13 billion only in the first five years after the auctions and the transfer of debts of R$ 19 billion to the private sector.

Other results delivered in 2021 include:

- 31 new privatization agreements were executed, 50 studies were delivered to customers, 12 public notices were published, and 11 auctions were held;
- Sanitation: throughout 2021, 7 sanitation blocks were auctioned, with a population of approximately 34 million people and a total of R$ 72 billion in capital mobilized as part of operations. In addition to these auctions, BNDES continues to structure 6 more concession projects and provide support in the privatization of CORSAN (Rio Grande do Sul Sanitation Company);
- Sale of R$ 11.47 billion in Vale's participatory debentures that previously belonged to the bank and the Federal Government; and
- Electricity: (i) publication of the CEEE-G public notice in December 2021 completing the sale of the remaining CEEE group company and (ii) signing of the purchase and sale agreement for the companies CEB Distribuição, CEA, CEEE-T, and CEEE-D.

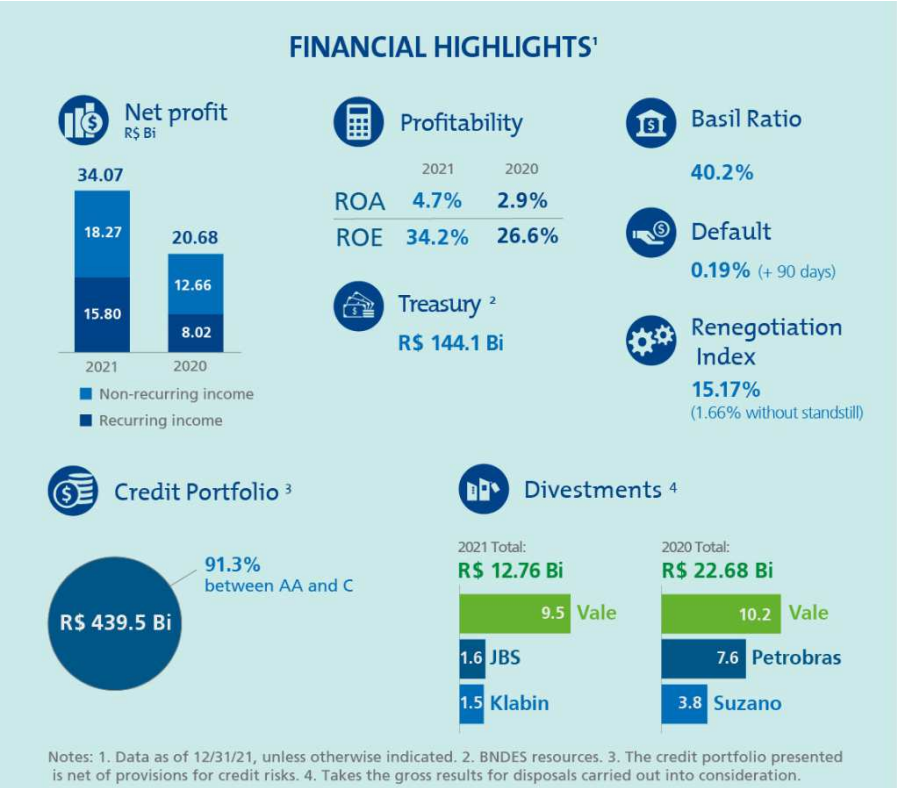
Another important advance was the consolidation of the Parks and Forests concessions agenda, reinforcing the BNDES's role in structuring partnerships in socio-environmental infrastructure. BNDES currently has a portfolio of 52 projects in federal and state conservation units. The following items are highlighted from among the expected results:

- ✓ Preservation of 2.2 million hectares of National Forests in the Amazon;
- ✓ Tripling of the number of parks granted in Brazil until 2022, with benefits for environmental preservation and regional development.

The development of the BNDES Project Hub platform (https://hubdeprojetos.bndes.gov.br), which completed its first year in November 2021, is also noteworthy. The objective of the Hub is to allow investors to monitor the evolution of the Project Factory's portfolio, increasing the visibility of projects conducted by BNDES and providing useful information, such as, for example, sector profiles. It is therefore expected to reduce information asymmetries and increase competition for privatization projects.

7. ECONOMIC AND FINANCIAL PERFORMANCE

The BNDES System recorded a net income of R$ 34.069 billion in 2021, an increase of R$ 13.388 billion (64.7%) when compared to 2020. Below are the main financial highlights for the period:



Profit growth between the periods is due to higher product of financial intermediation and higher result of equity interests.

In terms of recurring income, recurring profit was R$ 15.797 billion in 2021, higher than the R$ 8.022 billion recorded in 2020, mainly due to the higher result with equity interests,

especially revenue from dividends/interest on equity, which was R$ 5.6 billion higher than revenue from 2020.

Total assets reached R$ 737.2 billion on 12/31/21, a reduction of R$ 41.164 billion (5.3%) in the year, which is mainly explained by the early settlement of R$ 63 billion in National Treasury resources, which includes the R$ 13.5 billion from the IECP.

In relation to BNDES` funding, FAT (Workers Support Fund) and the National Treasury account for 47.1% and 16.9% of the total liabilities as of 12/31/21, respectively, with an emphasis on the inflow of R$ 22.2 billion in FAT funds and the aforementioned early return of funds to the National Treasury.

The growth of R$ 13.994 billion (12.4%) in shareholders' equity on the year was mainly due to the net profit of R$34.069 billion achieved, which was mitigated by a negative equity valuation adjustment on the period (R$ 11.387 billion) and the payment of interim dividends of R$ 8.616 million.

7.1 Main economic and financial indicators

(in R$, except percentages)

	2021	2020	Δ(%)	2H21	2H20	Δ(%)
Results						
Product of Financial Intermediation	19,883	12,814	55.2	8,846	5,759	53.6
Provisions for Credit Risks	2,719	-946	387.4	1,675	1,325	26,4
Equity Investments	30,556	25,041	22.0	16,515	17,673	-6.6
Tax Expenses[1]	-15,783	-12,548	25.8	-6.078	–7,150	-15.0
Other Expenses, net	-3.306	-3.680	-10.2	-2,005	-1,887	6.3
Net Profit	**34,069**	**20,681**	**64.7**	**18,953**	**15,720**	**20.6**

[1] Includes taxes on profit.

	12/31/2021	12/31/2020	Δ(%)	12/31/2021	06/30/2021	Δ(%)
Financial Position						
Total Assets	**737,178**	**778,342**	**(5.3)**	**737,178**	**728,460**	**1.2**
Loan Portfolio, net	439,539	446,946	(1.7)	439,539	428,514	2.6
Bonds and Securities[2]	105,670	121,429	(13.0)	105,670	101,215	4.4
Equity Investments	66,593	77,946	(14.6)	66,593	69,260	(3.9)
Non-Associated Companies	51,512	64,785	(20.5)	51,512	54,544	(5.6)
Associated Companies	11,793	10,869	8.5	11,793	11,335	4.0
Other	3,288	2,292	43.5	3,288	3,381	(2.8)
Cash and Cash Equivalents	95,299	97,121	(1.9)	95,299	96,352	(1.1)
Other Assets	30,077	34,900	(13.8)	30,077	(33,119)	(9.2)
Total Liabilities	**737,178**	**778,342**	**(5.3)**	**737,178**	**728,460**	**1.2**
Third-Party Funds	**610,181**	**665,339**	**(8.3)**	**610,181**	**606,154**	**0.7**
FAT	347,355	314,989	10.3	347,355	326,443	6.4
National Treasury[3]	124,415	195,259	(36.3)	124,415	151,246	(17.7)
International Funding	33,398	35,398	(5.7)	33,398	32,717	2.1
Other Governmental Sources	32,163	34,679	(7.3)	32,163	32,570	(1.3)
Repurchase Operations	39,825	40,522	(1.7)	39,825	29,392	35.5

Other Liabilities	33,025	44,492	(25.8)	33,025	33,786	(2.3)
Shareholders` Equity (SE)	**126,997**	**113,003**	**12.4**	**126,997**	**122,306**	**3.8**
SE/TA	17.2%	14.5%		17.2%	16.8%	

[2] Does not include investments in unrelated companies and equity investment funds classified under "Equity Investments".
[3] Includes transfers and eligible instruments for core capital.

	12/31/2021	12/31/2020	12/31/2021	06/30/2021
Credit				
Default Ratio (30 days) [4]	0.31%	0.03%	0.31%	0.39%
Default Ratio (90 days) [4]	0.19%	0.01%	0.19%	0.19%
Provision / Portfolio of Credits and Transfers	4.30%	4.29%	4.30%	4.52%
Coverage Ratio (30 days) [5]	14.08	126.83	14.08	11.70
Coverage Ratio (90 days) [5]	22.89	690.34	22.89	23.96
Renegotiation Ratio[6]	15.17%	51.26%	15.17%	19.66%

[4] Non-performing loans/total portfolio.
[5] Provision/Non-performing loans.
[6] Credits renegotiated in the last 12 months /total portfolio. Takes renegotiations within the scope of the Covid-19 standstill into consideration. If these effects were disregarded, the renegotiation rate would be 1.66% as of December 2021.

	2021	2020
Profitability7		
Return on Assets (Net Profit/averageTA)	4.69%	2.93%
Return on SE (Net Profit/averageSE)	34.23%	26.55%

[7] The calculation of returns considers the average of assets and shareholders' equity to be the sum of the initial and final balances of the respective periods divided by 2, excluding adjustments to the fair value of equity interested in non-affiliated companies, net of tax effects.

7.2. Financial Position

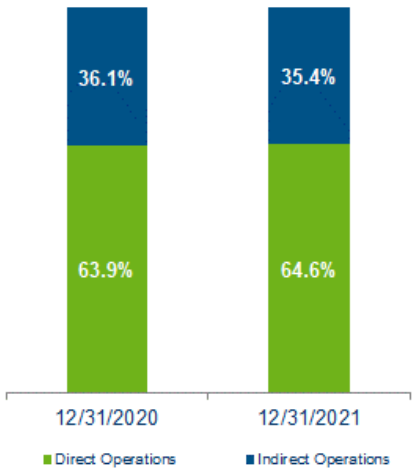
Credit and onlending operations

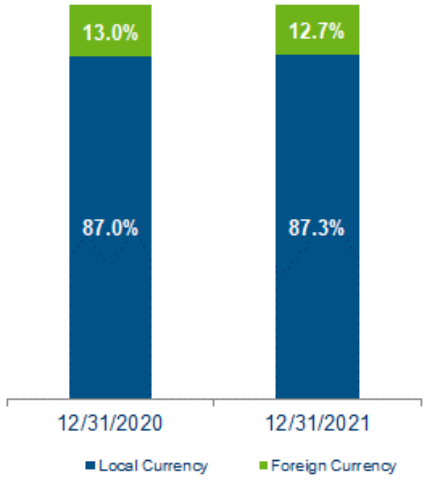
Consists of financing directly or indirectly granted by the BNDES (through an accredited financial institution), known as loan transactions and onlending, respectively.

The gross portfolio of loan transactions and transfers totaled R$ 459.274 billion as of 12/31/21, which, net of provisions for credit risk in the amount of R$ 19.735 billion, accounted for 59.6 % of total assets as of the same date.

The reduction of R$ 7.407 billion (1.7%) in the net portfolio for the fiscal year was mainly influenced by transaction settlements, which exceeded disbursements for the year by R$ 47.0 billion, offset by the appropriation of interest (R$ 34.6 billion) and the effect of exchange variation during the period (R$ 4.2 billion).

Profile of the Gross Credit and Onlending Portfolios





Transfers are not charged with risk *spread*, but rather with a minimum financial intermediation rate of 0.15% per year (for operations contracted after the 9th of May 2018).
In these operations, the risk lies with the financial institution that transfers BNDES's funds.

TJLP/TLP (long-term interest rates) and the US dollar are the main indices used in the loan portfolio. They account, respectively, for 68.3% of the portfolio in local currency* and 97.8% of the portfolio in foreign currency as of 12/31/21.

*Includes transactions equalized by the

Credit and Onlending Portfolios Quality

The BNDES continuously monitors the quality of its credit portfolio, with the strategic purpose of improving its risk and return management. Funding grants are subject to permanent monitoring and require guarantees to cover the debtor position over the contracts' effective period.

The risk classification of the Bank's credit and onlending portfolios follows CMN (National Monetary Council) Resolution no. 2,682/99, which determines the classification of credits ranging from AA, the lowest risk level, to H, the highest risk level. The resolution also determines the risk provision percentages for each level. As of 12/31/21, provisions for credit risk reached R$19.735 billion, representing a slight reduction of 1.4% compared to the end of 2020, which was mainly due to an improvement in the pandemic scenario. Loans classified between levels AA and C, which are considered low risk, accounted for 91.3% of the total portfolio as of 12/31/21. This position is slightly lower than the average of 91.9% provided by the SFN on 09/30/21, as can be seen in the table below:

Risk Classification for the Credit and Onlending Portfolio as of December 31, 2021

Risk Levels	BNDES system	SFN[1 2 3]	Private Financial Institutions [2 3]	Public Financial Institutions [2 3]
AA-C	91.3%	91.9%	92.3%	91.5%
D-G	6.1%	5.5%	5.4%	5.6%
H	2.7%	2.6%	2.4%	2.9%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

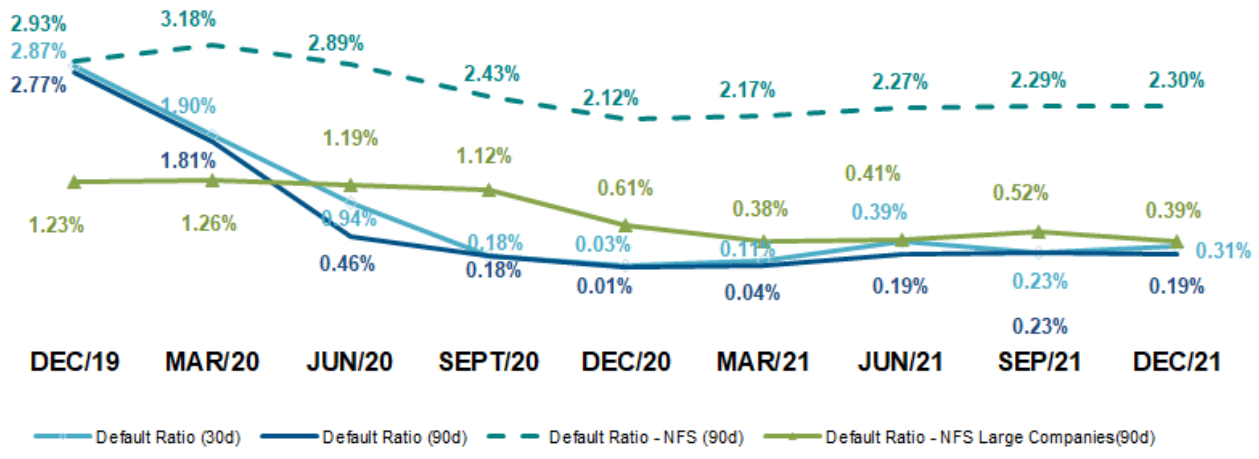
[1] National Financial System.

[2] Source: BACEN.

[3] As of September 30th, 2021 Most recent available information.

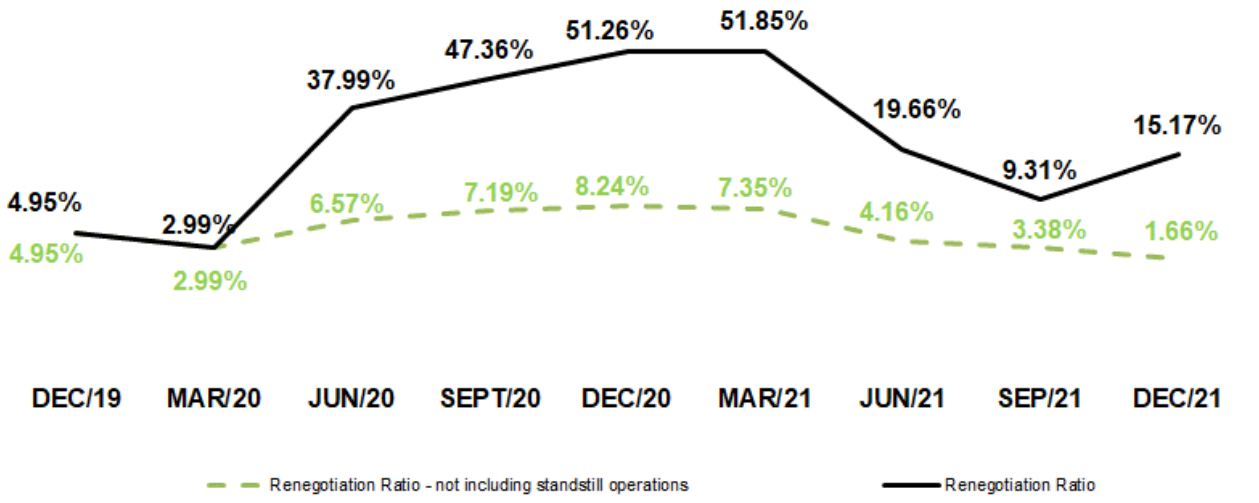
The coverage ratio, a ratio that represents the number of times the provision for credit risk covers defaulted credits (30 days), remains at comfortable level, despite experiencing a drop during the fiscal year.

The following graph shows the evolution of the default rate to 0.31% on 12/31/21, as can be observed below:



Non-Payment and Renegotiation (%)

The BNDES System renegotiation indicator remains impacted by the *Standstill* - Covid19 product. Despite the drop in Jun/21 and Sep/21, the indicator increased in Dec/21 due to the *Standstill* program – Electric Sector. Loans renegotiated in the last 12 months total R$ 69.6 billion, reaching 15.17% of the gross portfolio for loans and onlending as of Dec/21. Disregarding transactions carried out within the scope of *Standstill*, the rate as of Dec/21 would be 1.66%.



Bonds and Securities (TVM)

This essentially consists of federal government bonds and debentures, which represented 82.9% and 6.8%, respectively, of the portfolio of R$ 105.670 billion on 12/31/21.

The federal government securities portfolio decreased by R$ 18.651 billion (17.5%) during the fiscal year, mainly due to the sale of securities. There was a significant decrease in the debenture portfolio in the amount of R$ 4.458 billion (38.3%), mainly due to the sale of Vale's equity debentures contained in the portfolio in their entirety in a R$ 3.8 billion transaction, in addition to the maturity and conversion of some investments.

Shares

The equity portfolio consists of investments in affiliated and non-affiliated companies. Of the total portfolio as of 12/31/21, 77.4% represented investments in non-affiliated companies, 17.7% in affiliated companies, and the remaining 4.9% investments in mutual funds for equity investments.

The equity portfolio, net of provisions for losses, reached R$ 66.593 billion as of 12/31/21, a reduction in R$ 11.353 billion (14.6%) on the year, mainly due to the sale of Vale and Klabin shares. These divestments are intended to reallocate resources to other activities, as well as reduce the degree of exposure to market volatility.

Equity funds increased[5] by 43.5% in the year, mainly due to the flow of net investments and the appreciation of shares during the period.

Cash and Cash Equivalents

With a balance of R$ 95.299 billion, cash and cash equivalents remained at the same level as the previous year (reduction of R$ 1.822 billion - 1.9%).

Other Assets

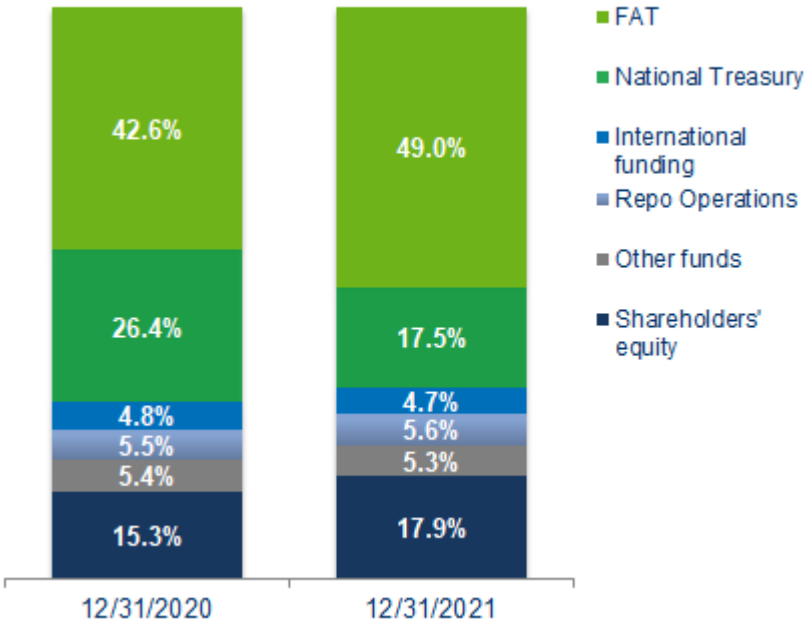
With a balance of R$ 30.077 billion as of 12/31/21, mainly consisting of tax credits/taxes recoverable (R$ 19.280 billion) and Itaipu receivables (R$ 5.046 billion), the reduction of 13.8% seen on the year was mainly influenced by the amortization of Itaipu receivables.

Funding

Government sources, such as FAT and the National Treasury, represent a significant portion of the BNDES funding[6] structure, accounting for 66.5% of the sources of funds as of December 31st, 2021 (69.0% as of December 31st, 2020), not including operating liabilities in this calculation, which represent 3.8% of BNDES's total liabilities as of the end of the fiscal year.

[5] Investment funds in which the BNDES is a stakeholder via the BNDESPAR are presented in Explanatory Note 6.3, to BNDES's Financial Statements for the accounting period ending on 12/31/2021.

[6] More information on BNDES's funding sources can be found at https://www.bndes.gov.br/wps/portal/site/home/transparencia/prestacao-de-contas/fontes-de-recursos.



It is important to highlight from the period the advance payment of R$ 63 billion to the National Treasury, which resulted in the decreased importance of this source in BNDES's funding structure.

7.3. Results

Results of Financial Intermediation

Results of financial intermediation after discounting credit-risk provisions.

The R$ 10.733 billion (90.4%) increase in the result of financial intermediation compared to 2020 was mainly due to the revenue of R$ 2.719 billion achieved with a reversal of the provision for credit risk in 2021, compared to expenses of R$ 946 million recorded in 2020, and an improvement in the financial intermediation product.

Financial Intermediation Product

The results of investments in cash and cash equivalents, loan and onlending portfolios, and bonds and securities.

The financial intermediation product reached R$ 19.883 billion in 2021, an increase of R$ 7.068 billion (55.2%) compared to 2020, impacted by the R$3.8 billion gain from the sale of Vale's equity debentures and increased income from Bonds and Securities, which was influenced by an increase in the Selic rate used to remunerate public assets and securities.

Provisions for Credit Risks

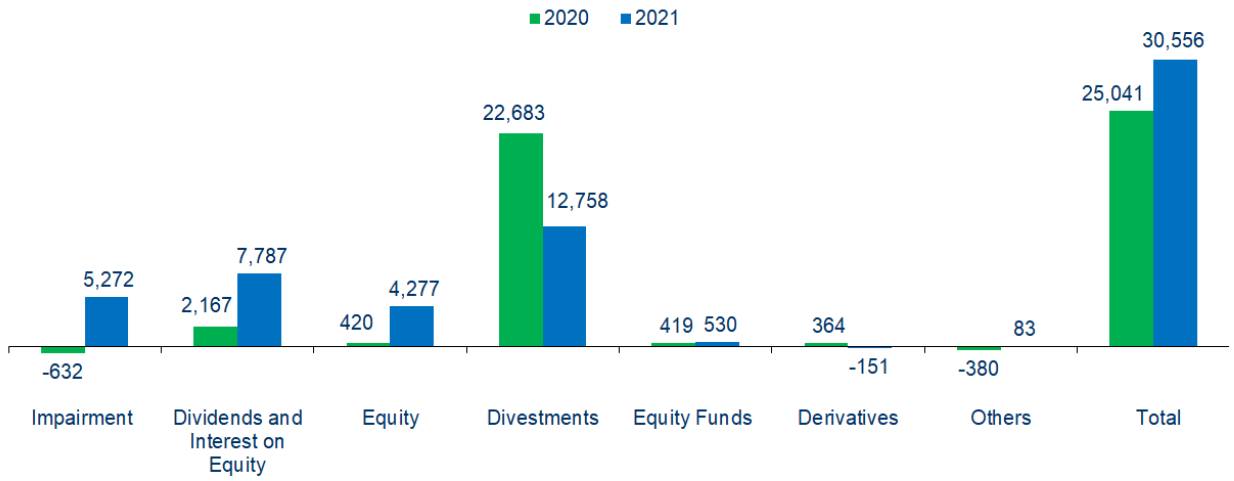
The BNDES' provisions for credit risk are formed according to the criteria provided for under CMN Resolution No. 2.682/99. When the need for hedging additional risks is identified, a supplementary provision is added to the minimum required under the Resolution.

The provision for credit risk went from an expense of R$ 946 million in 2020 to a revenue of R$ 2.719 billion in 2021. This revenue is significantly impacted by the recoupment of credits written off in previous periods, especially those from foreign government entities honored by the Export Guarantee Fund – FGE and energy companies.

Result with shares in other companies

This result consists of income from dividends and interest on the stockholder's equity, equity income, dispositions, derivatives and equity interest investment funds, provision for investment losses (*impairment*), and other income stemming mainly from the BNDESPAR portfolio.

The increase of R$ 5.515 billion (22.0%) in income from equity interest in relation to 2020 was mainly caused by an increase in equity income, reversal of *impairment*, and gains with dividends and interest on the stockholder's equity, mitigated by a reduction in income from the alienation of investments.



Divestments

Income from disposition of investments reached R$ 12.758 billion during the 2021 fiscal year, a decrease of R$ 9.925 billion (43.8%) compared to 2020.

The main divestments made in the period were Vale and Klabin, in which there was a total sale of the investment, in addition to partial sale of JBS, which generated income of R$ 12.623 billion, equivalent to 98.9% of the total divested.

Impairment

The recognition of impairment losses is based on an economic-financial evaluation model and motivated by the fact that the respective shares have reached parameters indicative of permanent losses.

In 2020, it was necessary to establish a provision for losses in the amount of R$ 632 million. In 2021, this effect constituted a revenue of R$ 5.272 billion, essentially due to the reversal of the provision for *impairment* losses on investment in Petrobras, in the gross amount of R$ 5.449 billion, due, among other reasons, to the improvement of the company's governance, compliance with its strategic plan, reduction of indebtedness and

cost of capital, and an increase in the EBITDA margin. The reduction of uncertainties and the recovery of the company's market value on the stock exchange made it possible to fully reverse the losses that had been recorded between 2014 and 2016.

Equity

The equity income went from R$ 420 million in 2020 to R$ 4.277 billion in 2021, due to increased income from an affiliate in the Food sector on the year.

Dividends and interest on the equity

The growth of R$ 5.620 billion (259.3%) in dividend and interest on equity revenue between the fiscal years is mainly explained by the increase in revenue from Petrobras, Eletrobras, and COPEL.

Income from equity funds

Results from variable income funds reflect the valuations or devaluations of the fund's shares. In 2021, income totaled R$ 530 million against R$ 419 million in 2020, a 26.5% variation between the periods, mainly due to valuations of shares and divestments in some funds during the period.

Results from derivatives

Results from variable equity derivatives reflect the variation in the fair value of isolated derivative financial instruments linked to equity interests and embedded in convertible or exchangeable debentures.

In 2020 there was a gain of R$ 364 million, while in 2021 there was a loss of R$ 151 million, which was due to reduced income from derivatives linked to equity interests, mainly due to the recognition of the value of an asset in the logistics sector in 2020, which was not repeated in 2021.

Tax Expenses

Tax expenses for the fiscal year are almost entirely represented by federal taxes such as PIS (Social Integration Program), COFINS (Contribution for Social Security Financing), Income Tax and Social Contributions levied upon taxable income.

The growth of R$ 3.235 billion (25.8%) in 2021 reflects the increase in taxable income, mainly due to an increase of R$ 10.733 billion in income from financial intermediation.

Other Expenses, net

Other expenses included adjustments for inflation for assets and liabilities, management and personnel expenses, labor and civil provisions, among others.

The reduction of R$ 374 million (10.2%) between the fiscal years was mainly due to the fact that in 2020 an expense related to the provision for impairment of rights related to judicial and administrative litigation was recognized, in the amount of R$ 436 million, without equivalence in 2021.

8. RATING

During the 2021 fiscal year, BNDES maintained the same rating as of year ended 2020, as can be seen in the figure below:

Rating Agency	Global scale rating	
	Foreign Currency – Long Term	National Currency – Long Term
Moody's	Ba2 (Stable)	Ba2 (Stable)
S&P	BB- (Stable)	BB- (Stable)

Moody's Highlights

- ✓ Strong brand value as the main source of long-term financing and capital investment for Brazilian companies and for government infrastructure projects;
- ✓ Access to stable and reasonably inexpensive *funding*; and,
- ✓ Asset quality superior to the market.

S&P's Highlights

- ✓ Strong guarantee policy and flexibility to restructure loans and mitigate potential losses arising from higher risks in the economy;
- ✓ Long-term *funding* with government support gives the bank a competitive advantage; and,
- ✓ BNDES 'prominent position in the economy and in the execution of public policy implied equalizing ratings and *default* risk with sovereign indicators.

9. BACEN CIRCULAR LETTER No. 3.068/2001

BNDES declares that it has the financial capacity and intends to hold the securities classified as “Held to Maturity” in the amount of R$ 6.291 billion as of 12/31/21, equivalent to 5.9% of the Bank's net portfolio of bonds and securities.

10. SHAREHOLDER REMUNERATION

BNDES's Articles of Incorporation and Dividend Policy limit the payment of compensation (dividends and interest on the stockholder's equity - JSCP) to the National Treasury (TN) to 60% of the adjusted net income, with the minimum mandatory dividends of 25% provided for under the Brazilian Corporate Law already included.

The policy also determines that the payment of supplementary dividends, limited to 35% of the adjusted net income, is subject to internal projections attesting to the fact that the payment will not compromise compliance with the prudential limits to which the Bank is subject, bringing greater security to its operations.

Of the net income of R$ 34.069 billion for the 2021 fiscal year, R$ 8.092 billion will be paid in the form of mandatory minimum dividends, R$ 596 million in complementary dividends and there is also a dividend equalization reserve of R$ 10.732 billion that may be paid as complementary dividends provided that the projections for the subsequent three years indicate that such payment will not result in non-compliance with prudential limits.

11. RISK MANAGEMENT, INTERNAL CONTROLS AND COMPLIANCE

Within the scope of activities to support the improvement of risk[7] management of the BNDES System in 2021, the following items were highlighted:

Integrated Management

- ✓ Review of the Declaration of Risk Appetite (RAS), adapting it to BNDES's strategic objectives;
- ✓ Issuing of the report on the Internal Capital Adequacy Assessment Program (ICAAP) for the three-year period between 2021-2023; and,
- ✓ Creation of the Integrated Risk and Capital Management Policy (PGIRC), which unifies BNDES integrated risk policies and the Capital Management Policy.

Compliance

- ✓ Implementation of a system for monitoring, selection, analysis, and communication to COAF (the financial control council);
- ✓ Preparation of standards for Procedures for Monitoring and Identification of Persons Sanctioned by the United Nations Security Council – UNSC;
- ✓ Adherence to the National Corruption Prevention Program (PNCP) with sending of information and evidence through the e-Prevention platform;
- ✓ Review and approval of *background check* standards for statutory members of the BNDES System, a procedure that focuses on the verification of legal impediments, situations of conflict of interest (links with other organizations, for example), and integrity risk (administrative, judicial, negative media, and sanctions list).
- ✓ Implementation of monitoring of employees of the BNDES System to identify cases of potential conflict of interest in equity interests.
- ✓ Review and approval of the application standards for Compliance Checklists that evaluate points that must be observed by the Departments in proposing new operations or changes in operations already approved.
- ✓ Expansion of the number of bases monitored in the external standards management process, with the monitoring of 32 bases of regulatory bodies and sector entities;
- ✓ Entering into effect of the new Regulation of Normative Acts, approved by the Executive Board during the previous half of the year;
- ✓ Approval by the Board of Directors of BNDES System's Corporate Personal Data Protection Policy (PCPD);
- ✓ Disclosure of the Privacy Notice to BNDES employees, according to the guidelines of the Brazilian General Personal Data Protection Law;
- ✓ Review of the Corporate Compliance Policy;
- ✓ Celebration of 10 years of the Compliance Agents Methodology; and,
- ✓ Implementation of initiatives to expand the dissemination of compliance culture, with an emphasis on training on PLDFT (prevention of money laundering and financing of terrorism -- advanced module) and the BNDES Integrity Culture Survey.

[7]Additional information is disclosed in the Pillar 3 Report, available at: https://www.bndes.gov.br/wps/portal/site/home/relacoes-com-investidores/governanca-corporativa/relatorios-de-governanca/relatorio-pilar33

Information Security

- ✓ Intensification of the study, monitoring, and actions to correct critical vulnerabilities in information technology assets;
- ✓ Execution of periodic invasion tests and exercises to simulate cyber attacks;
- ✓ Assessment and monitoring of cyber risks, especially in initiatives for the development of systems and contracting of information technology solutions based on the cloud computing model;
- ✓ Expansion of the network for sharing information on cybersecurity and joining the *"Cybersecurity Knowledge Network";* and
- ✓ Implementation of measures to strengthen the culture of information security and data protection, including the use of gamification techniques.

Operational Risk and Internal Controls

- ✓ Monitoring of operational risks related to emergency actions promoted under the BNDES System in the fight against the economic crisis resulting from COVID-19;
- ✓ Carrying out the actions planned under the Business Continuity Management System, in order to maintain the continuity of the processes and enable the safe work of all employees of the Institution in the context of COVID-19;
- ✓ Carrying out a biennial corporate cycle to update the operational risk matrix across all branches;
- ✓ Use of the calculation of economic operational risk capital as an input in ICAAP and capital budget;
- ✓ Improvement of response protocols and processes related to operational risk scenarios;
- ✓ Optimization of systems and processes for sending the operational risk database to BACEN (CADOC 5050);
- ✓ Modernization of the IT system that supports the process of operational risk management, internal controls, and business continuity management; and
- ✓ Implementation of measures to strengthen the risk management culture, including internal training for employees focused on business continuity and for interns focused on operational risk and information security.

Market and Liquidity Risk

- ✓ Development of part of the scope of the new pricing and market risk system;
- ✓ Redefinition of the Market Risk Management Portfolios, grouping the banking portfolio exposed to the interest rate in a sub-portfolio and including equity funds in the Capital Markets management portfolio;
- ✓ Implementation of changes in short-term liquidity risk indicators;
- ✓ Calculation of the market risk for the BNDES Assistance and Social Security Foundation - FAPES; and,
- ✓ Formalization of market risk assessment governance in variable income operations.

Credit Risk

- ✓ Development of a methodology for calculating the contribution of the sector concentration risk to the Economic credit risk Capital;
- ✓ Capital requirement self-assessments carried out as part of the ICAAP report;
- ✓ Development of new databases to meet requirements for new regulatory documents required by BACEN; and,

- ✓ Implementation of improvements in the generation of information for BACEN's Credit Information System (SCR).

Socioenvironmental Risks

- ✓ Mapping out and calculation of the impact of ESG aspects on credit risk classification methodologies with determination of the maximum credit risk appetite limits for aspects of ESG;
- ✓ Development of analogous mapping with climate-related initiatives within the same credit risk classification methodologies.

On 12/31/21, BNDES met the minimum capital requirements required by the Central Bank of Brazil: the Basel Ratio was 40.17%, while the Common Equity and Tier I Capital Ratios were 31.28%, all above the minimum values required by the regulator.

R$ million

	Basel III	
	12/31/2021	12/31/2020
Regulatory Capital		
= Tier 1 Capital (N1)	148,140	147,082
(+) Common Equity (CE)	148,140	147,082
(+) Additional Tier 1 (CCP)	-	-
(+) Tier 2 Capital	42,143	47,411
(-) Deductions from RC	-	-
Regulatory Capital - RC	190,284	194,493

R$ million

	Basel III	
	12/31/2021	12/31/2020
Risk-Weighted Assets		
= Credit Risk (RWA_{CPAD})	392,982	404,084
(+) Market Risk (RWA_{MPAD})	21,479	30,298
(+) Operating Risk (RWA_{OPAD})	59,208	37,815
Bank Portfolio Interest Risk ($_{Rban}$)	1,503	2,175
Risk-Weighted Assets (RWA)	473,670	472,197

Percentage

	Basel III	
	12/31/2021	12/31/2020
Indices for RE, CE and N1		
Basel Index/RE Index (RE/RWA)	40.17%	41.19%
Common Equity Ratio (CE/RWA)	31.28%	31.15%
Tier 1 Capital Ratio (N1/RWA)	31.28%	31.15%

The decrease in the Basel Index is explained by a R$ 4 billion (2.2%) reduction in Regulatory Capital (RC), when compared to December 2020.

12. PROCESS MANAGEMENT

In May 2021, the Department of Process Management and Corporate Projects was created as part of the Strategic Planning Area. This department focuses on advancing BNDES's digital transformation agenda, seeking to optimize and digitize its processes in order to increase the efficiency of the Bank's processes and better serve its clients. The process management department, referred to as the Process Office, supports all BNDES departments in defining their processes, as well as in relation to their management.

In December 2021, the Board of Directors approved the first BNDES System Process Management Regulation, a significant milestone for the development of the theme at the Bank. The regulation establishes the guidelines, main activities, governance structure, as well as roles and responsibilities. Subsequently, the Process Management Manual was updated and made available on Colabore, on the Intranet, for consultation by all employees.

Also noteworthy is the hiring of a specialized company to provide services to support the management of organizational processes, focusing on improvement, transformation, innovation, and automation of the processes used by companies that are part of the BNDES System. The winning bidder (PE 33/2021), Bridge & Co, signed a 12-month contract with BNDES, with an extension up to the legal limit of 60 (sixty) months.

Among efforts to improve processes, the following items are highlighted:

- ✓ Adaptations in the flow of direct operations in order to fulfill requirements set forth under the new Social and Environmental Regulation;
- ✓ Adaptations in the flow of direct operations in order to establish the rule of financial evidence by statistical sampling and to systematize co-financing efforts;
- ✓ Development of operational flow regulation for the BNDES product s Subscription of Debentures in Public Offerings;
- ✓ Preparation of the flow regulation for operations of the *Blended Finance Fund,* which aims to leverage resources to enable projects and socio-environmental programs of high relevance in addition to diversifying the spectrum of partners;
- ✓ Review of the operational flow for the Project Structuring Fund; and,
- ✓ Processing of BNDES RenovaBio, BNDES ESG Credit, and BNDES FINEM products, a line focused on investments in the renewal and expansion of sugarcane fields (Prorenova), by credit support structures considered to be "light" (Automatic and Simplified), which provide a better customer experience and lower operating cost.

13. ETHICS MANAGEMENT

Ethics management at BNDES is conducted by the BNDES System Ethics Committee (CET/BNDES) and its Executive Secretariat (SECET/BNDES).

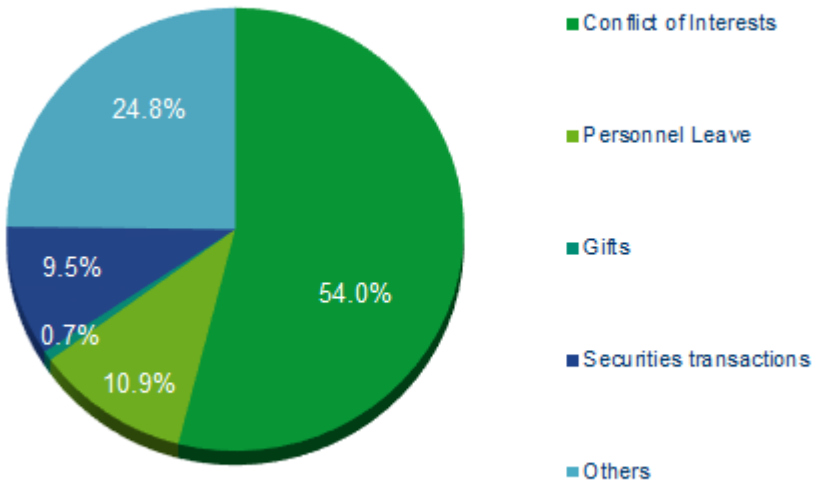
In 2021, BNDES actively participated as coordinator of the National Forum for Ethics Management in State-Owned Companies, and it is worth highlighting (i) the sending of the letter to the state-owned companies participating in this Forum in order to adhere to the Best Practices Guide for Ethics Management (available on the website https://eticanasestatais.bndes.gov.br) which includes principles, practices and guidelines to contribute to the development and strengthening of ethics management, having been highlighted by the Public Ethics Committee of the Presidency of Brazil (CEP), in its

Newsletter No. 21 and (ii) the holding of the XVII Seminar of the Forum of State-Owned Companies, in November this year, an event whose central theme was “Ethics in a Digital Transformation environment” (access the following link for more information about the lectures: https://bit.ly/3maeYV1).

It is also important to note the contributions made by CET/BNDES to (i) the holding of the Ethics and Integrity Week (SEI 2021), with the preparation of explanatory content and structuring of mandatory training for the entire staff, as well as (ii) the work of the GT-Ética working group that prepared proposals for the revision of the Code of Conduct of the Federal Senior Management and the Code of Ethics for Civil Servants from the Federal Executive Branch (information available at https://bit.ly/3lVQT4d).

In 2021, CET/BNDES received 155 (one hundred and fifty-five) mandatory communications for relevant transactions with securities (as provided for under art. 22 of the Code of Ethics) and opened 137 (one hundred and thirty-seven) Preliminary Procedures, which were distributed as follows:

Profile of Preliminary Procedures



14. OMBUDSMAN`S OFFICE

The Ombudsman`s office provides the public with an active communication channel with the BNDES Administration. In order to assist in the improvement of the Institution's practices, the Ombudsman quantitatively and qualitatively analyzes the notifications that it receives, providing mediation between the parties aiming to suggest corrective measures or improvement of procedures, routines, standards, and the performance of companies that are part of the BNDES System.

It is, therefore, an important instrument for strengthening and supporting the Institution's internal strategic debate from a privileged point of view, built through the analysis of the services provided to society in general and to the specific public served by BNDES.

The year 2021, as well as 2020, was strongly marked by demands related directly or indirectly to the COVID-19 pandemic, with complaints from Brazilian society regarding counterproductive actions taken by BNDES and the search for a greater understanding of the important measures developed by the Bank to try to mitigate the effects of the economic crisis resulting from the pandemic.

The Ombudsman's channel was extremely important in demonstrating BNDES's efforts to support workers and the entrepreneur directly and indirectly to society, which helped to maintain millions of jobs with increased financial capacity and the preservation of thousands of companies. With this, BNDES made it clear to society that it values, more than any other person or entity, entrepreneurship and Brazilians who seek every day, despite the difficulties faced, to carry out their business activities that are vital to the country's economy.

The period was marked by a relevant increase in the receiving of complaints. In 2021, the Ombudsman received a total of 1,804 notifications, of which 927 were complaints. When compared to 2020, there was an increase of 207 % in the requests classified as reporting. This was followed by complaints, with 441 incidences recorded.

It is worth mentioning that the BNDES has been taking measures in recent years to ensure its reporting hotline adheres to legislation and best practices for participatory democracy institutes, having made a constant effort to disseminate it among its internal public and the external public.

It is also worth mentioning the approval in the 2nd half of 2021 of the new Ombudsman Regulation, which, among other measures, instituted the policy of non-retaliation to whistleblowers acting in good faith. Through such actions, it was demonstrated and institutionalized that BNDES ensures that all individuals or legal entities are free to make any type of complaints to BNDES's Ombudsman without fear of retaliation by employees and administrators of the Bank, and that whistleblowers acting in good faith are assured full protection against retaliation and exemption from civil or criminal liability in relation to the incidences brought to the attention of BNDES's Ombudsman.

15. BNDES TRANSPARENT

In seeking to maintain its firm commitment to the transparency of its operations, BNDES is moving towards strengthening its relationship with its various audiences through the following initiatives:

15.1. Service Channels

Service Center

Service provided to the external public regarding matters related to products, services, and other issues involving the activities of the BNDES System through the following channels: telephone, through 0800 702-6337, correspondence and the completion of an electronic form available at www.bndes.gov.br\faleconosco.

We provided 106 thousand different incidences of service throughout the year: 80% by telephone (evaluated as being great or good by 95.5% of respondents in a satisfaction survey), 17% via web form, and the remaining 3% by other means of service, including

approximately 4,000 active contacts mainly aimed at supporting operations related the BNDES Card and accreditation processes.

At the Service Center, the main issues regarding both operations and information are related to the BNDES card, BNDES FINAME, and access to working capital. There is also a specific register for complaints from financial agents, which are inputs for continuous improvement of relationships with our clients and potential clients in indirect operations.

In 2021, approximately 3,000 customers (30% of the service) answered the satisfaction survey after receiving service by telephone each month. Even during the pandemic, scores remained at a high level, registering excellent or good results from 95.5% of respondents.

Citizen Information Service (SIC)

Responsible for processing requests received under the Access to Information Act (Federal Law No. 12.527/11), SIC (www.bndes.gov.br/sic) offers services by telephone (0800-887-6000), mail, email (sic@bndes.gov.br) or particularly through the FalaBR Platform, developed by the Office of the Controller General (CGU), on the website https://falabr.cgu.gov.br/.

In 2021, BNDES's SIC received 464 requests for information, all of which were answered within the legal deadlines. Of these requests, only 6% (28) were resubmitted as appeals in the lower court, 1% (5) in the higher court, 0.4% (2) with the CGU and 0.2% (1) with the CMRI (Interagency Commission for Information Reassessment).

The most frequent topics questioned by citizens in 2021 are related to the following topics: information on privatization information on specific financing operations and statistics and information on BNDES Products, Programs, and Funds.

Newsletters and email marketing

In 2021, we began using BNDES's CRM to disseminate the Bank's various newsletters, with an emphasis on: the Knowledge Blog, Cultural Space, Garage, Partnerships, and the Project Hub, among others.

In addition to the communication provided through newsletters, marketing e-mails were sent, including market communications and dissemination of BNDES research and events, which totaled about 210 relationship actions.

Face-to-Face Services (Call Center and Citizen Information Service (SIC)

Face-to-face services have been suspended since March 13, 2020, when BNDES invoked its contingency planning and remain suspended due to the extension of the pandemic.

Investor Relations Website

BNDES provides the interested public with the website http://www.bndes.gov.br/wps/portal/site/home/relacoes-com-investidores/, on which financial, managerial, risk and rating information is disclosed, among other information, from the BNDES System, and the email ri@bndes.gov.br to forward questions/suggestions on these topics.

It also maintains a register of those interested in receiving, by e-mail, financial information from the BNDES System such as financial statements, economic and financial reports,

institutional presentations, among others. At the end of the 2021 fiscal year, 2,353 subscribers had been registered.

15.2. BNDES Website and Social Media Presence

BNDES's website received 7,202,570 visits in 2021, a decrease of 12.4% in relation to the total accesses from the previous year (8,224,355), when searches for BNDES performance information at the beginning of the Coronavirus pandemic caused the site's traffic to be above average.

The main advances made to BNDES's website in 2021 were aimed at expanding the company's access to information about the Bank's performance and its results. We can therefore highlight new consultation panels that lend visibility to important information, such as the viewing of contracts with consultants within the scope of privatization projects[8]. It is also worth mentioning the launch of the "Accountability" section[9], to meet new standards for the disclosure of certain transparency actions required by the TCU.

In relation to loan transactions, it is important to mention the Operational Performance panel of Rural Credit[10] and BNDES Finame[11], providing aggregated data that allow the Bank's results in these areas to be understood through portraits such as customer profile and geographic distribution.

Another improvement made was the remodeling of the Social and Environmental Responsibility section of the website, which was renamed "Sustainable Development"[12], providing easier navigation and expansion of information, in order to better communicate to the public the Bank's priorities and commitments in relation to the theme.

BNDES's official social media, in turn, served as a channel for disseminating messages about the Bank, its new initiatives, partnerships, projects, support instruments, results, and actions. Additionally, they played an important role in reinforcing key messages and information that the Bank considers fundamental to association with the brand, announcing events organized by BNDES and providing services, such as transparency initiatives and fraud alerts.

In relation to the number of followers, there was an increase of approximately 10.5%, taking the Bank's 5 main profiles/pages on the networks (Twitter, Facebook, LinkedIn, Instagram and YouTube) into consideration, reaching a total of 608,730 followers.

16. PEOPLE MANAGEMENT

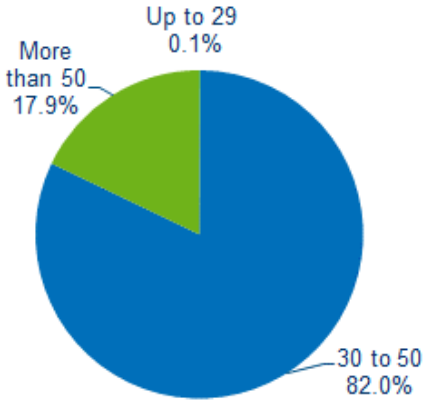
BNDES ended 2021 with 2,471[13] employees and, due to its policies of providing benefits and personnel development, continued to present low turnover rates. Of the 42 dismissals that occurred in the year, 17 occurred due to retirement and 4 were due to the Retirement

[8] https://www.bndes.gov.br/wps/portal/site/home/transparencia/desestatizacao/contratos-desestatizacao
[9] https://www.bndes.gov.br/wps/portal/site/home/transparencia/prestacao-de-contas
[10] https://www.bndes.gov.br/wps/portal/site/home/where-atuamos/agropecuaria/credito-rural-desempenho-operacional
[11] https://www.bndes.gov.br/wps/portal/site/home/financiamento/finame/finame-desempenho-operacional/finame-desempenho-operacional
[12] https://www.bndes.gov.br/wps/portal/site/home/desenvolvimento-sustentavel
[13] Consists of 2,450 career employees, 20 transitional employees, and 1 assigned to BNDES.

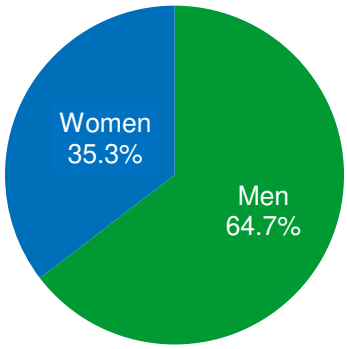
Stimulus Plan implemented by BNDES's Board of Directors. This plan, launched in 2020, had 137 incidences of adhesion. The remaining dismissals occurred in 2021.

16.1. Staff Profile

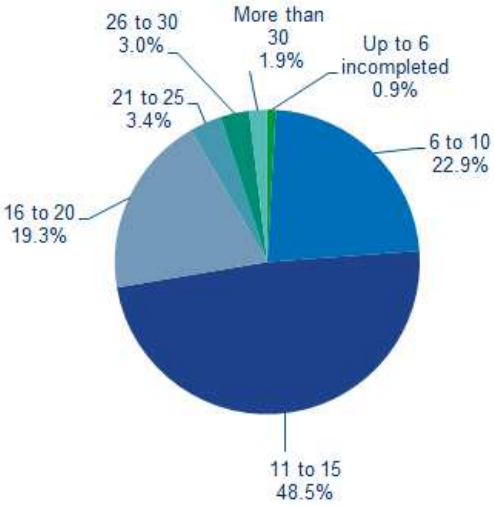
Age Group (In years)



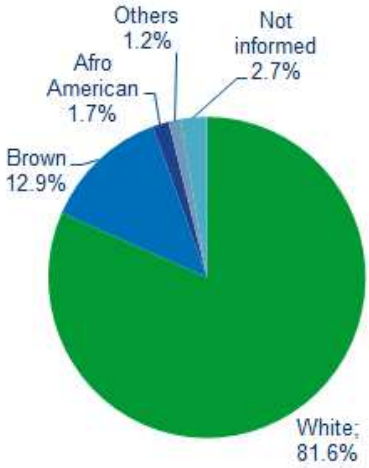
Gender



Service Time (In years)



Race



16.2. Learning and Knowledge

In 2021, BNDES continued employee personal and professional development actions. Although measures restricting social interaction due to the COVID-19 pandemic have impacted the external training agenda, development programs have been implemented with both *in-company* and *online courses.*

Throughout this period, the Bank invested approximately R$ 2.5 million in short-term external training and certification programs, totaling 1367 enrolments and 28,075 hours of training and an average of 20.5 hours per employee trained in these modalities.

There were 52 new employees participating in graduate courses, with R$ 1.2 million invested in this modality, from which 16 incidences of support for MBAs in the area of PPPs and Concessions can be highlighted.

In the context of customized internal training, there were 29 synchronous face-to-face and online classes, with a total cost of approximately R$ 1.2 million. In all, 10,775 hours of training were calculated in this sector, with 1968 enrolments and an average of 5.4 hours of training per employee in customized internal training. In addition, internal training was carried out at no cost, such as, for example, Introduction to Public Budgets and Design of Development PPPs.

In order to remedy knowledge gaps identified through actively carried out by the Boards, the Employee Development Program and the Leader Development Program were implemented, which will provide development initiatives to employees over a 36-month period, with an expected investment of approximately R$2.2 million.

In the language program, there were 932 enrolments and a disbursement of R$ 800 thousand for development in the English language.

We continue to invest in various external platforms of online courses, such as EF English First, Alura, and Pluralsight, and enrolling learners in our internal platform, BNDES EAD, with courses and tutorials adapted to our needs and available to all employees, of which courses on the theme of ESG (Environmental, Social and Governance) and Open Banking in particular can be highlighted this year.

Incentives for distance learning (EAD) remain a driver of corporate learning at BNDES allowing broader access, greater economy, and meeting guidelines for social distancing.

16.3. Internship Program and Youth Apprentice Program

The BNDES Internship Program provides an opportunity for development and professional development to postsecondary students from a variety of backgrounds. The selection of trainees is carried out by the requesting Departments after pre-selection carried out by the integration agent, which is partner in the administration of the Program. As of 12/31/2021, BNDES had 324 interns in its staff.

In 2021, 237 interns were hired, 25 of them PwDs. Additionally, it should be noted that 43% of the interns hired met the following objective criteria for the development log:

(i) family registered with the National Social Assistance Network (Cadastro Único), as a beneficiary of a certain government social assistance program;
(ii) benefiting from the quota system;
(iii) beneficiaries of PROUNI and FIES (programs aimed at inclusion in education);
(iv) Beneficiaries of social projects (such as community entrance exams)
(v) Secondary education completed in the public or private network, but with proof of full scholarship

This fact demonstrates BNDES's commitment to promoting diversity and social inclusion in Human Resources policies and processes. In relation to the development of interns, in

2021 2 new initiatives were implemented: the Intern Development Program and the Orientation Workshop for new interns, both developed by the Coordination of the Traineeship Program in partnership with the CIEE Integration Agent and the BNDES Training team.

In addition to the Internship Program, BNDES also promotes the Youth Apprentice Program, which offers method-based technical and professional training to adolescents aimed at their insertion in the formal labor market and thus contributing to the reduction of the main cause of youth unemployment: the lack of professional experience. It is a mandatory condition for joining this Program, which currently has 25 youth apprentices, to be registered with the National Social Assistance Program, as a way to provide opportunity to young people from families with some degree of economic vulnerability. Two youth PwDs were hired, an unprecedented initiative in the BNDES Youth Apprentice Program.

The new class of apprentices started a contract on 01/11/2021 and has received biweekly classes in financial education and other topics that can add to the personal and professional development of young people as a result of a voluntary project conducted by Bank employees. At the beginning of the face-to-face activities, the apprentices participated in a welcome event and an orientation developed and taught by the management responsible for the Learning Program. This is an initiative aimed at absorbing knowledge about the mission, vision, values, culture, and structure of BNDES, in addition to motivating young people to develop through reports of former apprentices currently employed by BNDES.

16.4. Valuing Diversity

The BNDES System has a corporate policy for Gender Equality and the Valuing of Diversity in place that reaffirms its ongoing commitment to the elimination of all forms of inequality and discrimination in its workplace environment and the institutions in its relationship chain. BNDES's first Policy on Equality and the Valuing of Diversity dates back to 2015. In August 2020, a new Policy was approved under Board of Directors Resolution No. 08/2020 of 08/12/2020.

As a next step, as provided for by the aforementioned Resolution, the Work Plan was approved in June 2021 to implement the guidelines of BNDES's Equality and the Valuing of Diversity Policy. The plan provides, in addition to a set of external actions related to operational, credit, and *stakeholder* policies, internal initiatives aimed at encouraging diversity, equality, and inclusion within the scope of people management at the Bank. The plan presents a three-year schedule, from 2021 to 2023, and seeks alignment with the new cycle of the Social and Environmental Responsibility Policy (PRSA) action plan, making it possible for the Sustainability Committee to monitor the series of actions implemented.

Regarding internal initiatives, the following actions can be highlighted for 2021:

- ✓ Supervisory actions with the objective of allowing for the monitoring of indicators related to diversity and inclusion at BNDES;
- ✓ Initiatives related to values and a culture that supports sustainability, diversity, and inclusion, such as the mapping out and development of skills that favor an environment conducive to innovation and diversity of ideas, as well as training and development of the staff on gender, diversity, and inclusion issues;
- ✓ Awareness-raising actions related to the theme of diversity and inclusion;

- ✓ Actions related to the ESG theme at BNDES and in business activities, including the theme of equity, diversity, and inclusion.
- ✓ Creation of a Corporate Volunteer Program, considering that the voluntary activity supported by the company is a strong inducer of socially responsible behaviors and skills development related to collaboration, integration, and inclusion and contributes to the valuing of human diversity, favoring openness to the new and breaking unconscious biases; and
- ✓ Introduction of the Development Log (HD) as a new criterion in hiring trainees, aimed at stimulating the entry of students with less favorable socioeconomic conditions. In 2021, of the total of 229 hires made, a significant percentage (43.67%) were young people who fulfilled at least one of the requirements of the new criterion and 10.7% were disabled persons.

16.5. Initiatives related to the COVID-19 pandemic

- ✓ BNDES's Covid-19 prevention protocol was improved, following compliance with established rules and standards, most notably MS/SEPRT (Special Secretariat for Social Security and Work of the Ministry of Health) Joint Ordinance No. 20, of 06/18/2020;
- ✓ External indicators of control of the pandemic were monitored throughout the year and support decisions made by the Contingency Committee to reinitiate in-person work in phases, accompanied by prior proof of immunization to access the Bank's premises, and focusing on protecting groups considered to be at a higher risk;
- ✓ Implementation of a channel with Occupational Medicine aiming at physical and mental health guidelines and a broad screening of symptoms and potential contact, in order to avoid the circulation of suspected cases on the premises of BNDES;
- ✓ Continuity of periodic examinations to control the health of employees, respecting safety protocols in their implementation;
- ✓ Advanced influenza vaccination;
- ✓ Maintenance of home office working conditions, with measures such as the provision of notebooks and permission to remove ergonomic chairs and accessories from BNDES premises, as a loan;

17. ACKNOWLEDGMENTS

We wish to thank our employees for their dedication and talent, which allow us to achieve consistent results, as well as our clients, who motivate us to constantly strive to improve our services. Finally, we wish to thank the market, for their indispensable support and trust.