

BANCO NACIONAL DE DESENVOLVIMENTO ECONÔMICO E SOCIAL – BNDES

FRAMEWORK OVERVIEW AND SECOND OPINION BY SUSTAINALYTICS

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1. INTRODUCTION

Banco Nacional de Desenvolvimento Econômico e Social – BNDES (BNDES), Brazil’s development bank, has developed a green bond framework under which it is considering to issue a green bond (BNDES Green Bond) and use the proceeds to finance and refinance expenditures related to new and existing renewable energy projects in wind and solar energy power. Sustainalytics has been engaged to provide a Second Party Opinion (SPO) on its framework. As part of this engagement, Sustainalytics held conversations with various members of BNDES’ management team to understand the planned use of proceeds for the BNDES Green Bond framework, and the framework’s transparency. Sustainalytics also reviewed relevant public and internal documents. This document contains two sections: Framework Overview – summary of BNDES’ Green Bond Framework; and Sustainalytics’ Opinion – an opinion on the framework.

2. OVERVIEW OF ISSUER

BNDES is a wholly owned federal government company supervised by Brazil’s Ministry of Planning, Development and Management. It provides long-term financing primarily in Brazil. BNDES’s Social and Environmental Responsibility Policy¹ sets principles and guidelines that cover all of BNDES’s activities. In its Socio-environmental Policy² BNDES commits to promoting eco-efficiency, the adoption of sustainable, social and environmental processes and products, and the reduction of greenhouse gas (GHG) emissions. In line with these policies, BNDES commits to:

- advocating for and investing in projects which integrate economic, social and environmental benefits;
- respecting and promoting human rights;
- managing stakeholder relationships in an ethical and transparent way;
- observing international best practice.

BNDES’ social and environmental policies complement the company’s Mission, Vision and Values³ statement, which states a commitment to promoting Brazil’s sustainable development. To further this objective, BNDES is planning to issue green notes to finance renewable energy projects in Brazil.

¹ BNDES Social and Environmental Responsibility Policy, accessed April 4, 2017;

http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/social_environmental_responsibility_policy.html

² BNDES Socioenvironmental Policy, accessed April 4, 2017;

http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/socioenvironmental_policy/

³ BNDES Mission, Vision and Values, accessed April 4, 2017; ; <http://www.bndes.gov.br/wps/portal/site/home/quem-somos/governanca-controle/planejamento-corporativo/missao%2C-visao-e-valores>

3. FRAMEWORK OVERVIEW

For the purpose of issuing green notes, BNDES has developed the following framework, which aims to align with the four key pillars of the Green Bond Principles (GBP): use of proceeds, project selection process, management of proceeds, and reporting.

3.1 Use of Proceeds

An amount equal to the net proceeds of the Notes (“Net Proceeds”) under the BNDES Green Bond will be allocated towards financing or refinancing new and existing renewable energy projects that meet the following eligibility criterion:

- Expenditures related to the development, construction, or expansion of facilities for new and existing solar and wind projects that (i) have had a disbursement made during the twenty-four months preceding the issue date of the Notes or (ii) will be financed following the issue date of the Notes and before the maturity date of the Notes.

3.2 Project Evaluation and Selection Process

BNDES’s Board of Executive Officers will approve a list of specific types of projects that meet the eligibility criterion, and that are expected to be funded out of the Net Proceeds. BNDES may change projects and find a substitute project that meets the eligibility criterion. If there is a need to replace a pending project on the list of eligible projects, any new projects that meet the eligibility criterion must be approved jointly by the Superintendents of the Energy Division, Public and Socio-environmental Management Division, and Financial and International Division.

Additionally, BNDES guidelines require that all granting of financial support be subject to evaluation of financial aspects as well as environmental and social aspects. BNDES has established an environmental risk management system to comply with Brazilian federal and state legal and regulatory requirements. In particular, borrowers must demonstrate compliance with Brazilian federal and relevant state legislation and environmental licensing, which entails three separate stages: pre-licensing, implementation licensing, and operational licensing. BNDES requires that licensing, duly issued by the competent environmental authority, be presented.

3.3 Management of Proceeds

Prior to the allocation to eligible green projects, the Net Proceeds will be tracked by BNDES and will be held in cash, cash equivalents or Brazilian government securities. Payment of principal and interest on the Notes will be made from BNDES’ general resource and will not be linked to the performance of the eligible green projects. The Energy Division will be responsible for the monitoring process of the Eligible Green Projects. The tracking of the allocation of the net proceeds of the Notes will be managed by the Financial and International Division.

BNDES has an internal system for tracking green funding secured for environmentally impactful initiatives. Proceeds from the Notes will be tagged in internal systems by the source of financing, and will be labelled as 'green bond financing', to be used only for eligible projects.

3.4 Reporting

During the term of the Notes, BNDES will make and keep readily available, on its website, information on the allocation of the Net Proceeds, to be updated annually until full allocation. This information will include:

- Amounts allocated to eligible green projects and brief descriptions of the projects;
- Where feasible, relevant estimated impact metrics related to the eligible projects, including:
 - Net annual production of renewable energy in GWh;
 - Tonnes of CO₂ equivalent avoided.

This reporting will include an assurance by BNDES auditors as to the allocation of the Net Proceeds to eligible projects after checking the tracking and monitoring process used by the Financial and International Division within the allocating process.

4 SUSTAINALYTICS' OPINION

Section 1: Sustainability Performance of the Issuer

Contribution of proceeds to issuer sustainability strategy

On its website, BNDES states that a large part of its mandate is to promote sustainable development in Brazil by proactively integrating economic, social and environmental considerations in the financial services it extends to Brazilian private and public sector entities.⁴ In this context, BNDES considers itself to be one of the financial agents engaged in facilitating the achievement of Brazilian Intended Nationally Determined Contributions (INDCs), including the objectives to (i) achieve 45% of renewables in the national energy mix by 2030, and (ii) expand use of renewable energy sources other than hydropower.⁵

In keeping with this mandate, BNDES has disclosed to Sustainalytics that, between 2003 and 2016, the bank approved 87 credits corresponding to an amount of R\$28.5 billion in credit⁶ for wind power generation projects. In terms of installed capacity, wind power received the most BNDES funding with 10,761 MW in the reported period. Sustainalytics is of the opinion that this demonstrates a track record of contributing to the organization's mandate, and to Brazil's renewable energy goals.

Overall, in Sustainalytics' opinion the BNDES notes issued under this framework, furthers BNDES' mandate, and contributes to growing the renewable energy sector in Brazil in alignment with the country's international obligations.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that BNDES has been criticized in the past for financing renewable energy projects with negative environmental and social impacts, especially with respect to great hydropower plants. In particular, BNDES has a controversy with respect to the Belo Monte dam project, financed by BNDES in November 2012. The hydropower project was criticized for displacing people, threatening fragile ecosystems as well as the livelihoods of local farmers, fishermen, and indigenous communities.⁷ BNDES has noted to Sustainalytics that it compensated for the impacts described above by offering resettlements, and investing in sanitation and social infrastructure aimed at indigenous people.

Sustainalytics notes that such risks of threatening biodiversity and displacing people are common to large-scale hydropower projects. The proceeds of the BNDES Green Bond will not fund such large-scale hydropower projects.

It should be noted that there are also environmental and social risks of a much lower nature associated with wind and solar projects. Examples of such risks include depletion of habitats, and poor working

⁴ The BNDES, accessed April 18, 2017 from http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/The_BNDES/

⁵ <http://www4.unfccc.int/submissions/INDC/Published%20Documents/Brazil/1/BRAZIL%20iNDC%20english%20FINAL.pdf>

⁶ BNDES confirmation to Sustainalytics.

⁷ Sustainalytics' ESG research assesses BNDES to have a "Category 3" controversy level 3 (significant) with respect to the Belo Monte dam project, financed by BNDES in November 2012. Source: Sustainalytics ESG Research, retrieved on April 18, 2017 from <https://globalaccess.sustainalytics.com>

conditions of labourers. With respect to mitigating risks common to projects funded by notes proceeds, Sustainalytics has assessed BNDES' policies and internal risk mitigation governance processes; details of the assessment are provided below.

Policies

Sustainalytics has reviewed BNDES' Socioenvironmental Policy⁸ as well as its Social and Environmental Responsibility Policy.⁹ Both policies explicitly refer to respecting human rights. The Socioenvironmental Policy also contains guidelines for the organization to monitor and assess environmental and social (E&S) impacts of BNDES' operations, its partners, suppliers, and other organizations receiving financial support from BNDES. The Socioenvironmental Policy also includes a specific guideline to undertake risk analysis of beneficiaries and projects, and to consider E&S risks as a strategic issue while considering financial support. Additionally, since 2014, BNDES has a sustainability committee for continuously assessing and developing BNDES's social-environmental guidelines.

Sustainalytics is of the opinion that these policies, and the existence of a dedicated sustainability committee demonstrate an organizational commitment to mitigating E&S risks of projects that BNDES finances.

Governance and Process

BNDES' commitments are reflected in an internal process to identify, screen, and mitigate E&S risks. Using this process, BNDES classifies all funded projects into three impact categories based on their socio-environmental impact- A, B, C, where Category A carries the highest E&S risk. See Appendix 2 for a full description of the categories.

Prior to financing a project, BNDES identifies specific E&S risks, and beneficiaries are expected to demonstrate an E&S risk mitigation plan to BNDES. BNDES also requires that all borrowers demonstrate compliance with the applicable federal and state legislation and environmental licensing. Before each disbursement, BNDES confirms if the environmental licenses are valid. After the last disbursement, the borrower has six months to present the operational license of the project.

In addition, after BNDES's assessment of the environmental and social risks of the Project, if BNDES deems necessary (such as in the case of high-risk projects), it may require that beneficiaries obtain verification from a qualified third-party. Such a verification demonstrates to BNDES that E&S risks are being mitigated by the beneficiary as agreed upon.

⁸ BNDES Socioenvironmental Policy, accessed April 18, 2017 from:

http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/socioenvironmental_policy/

⁹ BNDES Social and Environmental Responsibility Policy, accessed April 18, 2017 from:

http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/social_environmental_responsibility_policy.html

Sustainalytics is of the opinion that BNDES' project risk assessment process has a number of strengths:

- (i) BNDES systematically considers environmental and social risks for each project in the funding phase;
- (ii) Projects are categorized by risk level (A, B, C); high-risk projects may be subject to third-party monitoring and verification;
- (iii) BNDES requires that certain minimum environmental and social standards be met before signing a project finance contract.

BNDES can further strengthen this process by subjecting all categories of projects (A, B, C) to monitoring and third-party verification, and by having mechanisms to enforce compliance by the beneficiaries.

Overall, in Sustainalytics' opinion, BNDES is well positioned to mitigate E&S risks relevant to eligible projects, based on its organizational commitment and strong E&S risk mitigation process.

Section 2: Impact of Use of Proceeds

Importance of Renewable Energy in Brazil

According to International Finance Corporation (IFC) analysis, Brazil has the largest power market in Latin America and the country's size, resources and proactive policies have made it the main renewable energy market in the region and one of the top ten in the world.¹⁰ The Notes issue by BNDES would capitalize on the climate-smart investment potential in Brazil, estimated at \$1.3 trillion (IFC data), as well as contribute to Brazil's ten-year Energy Expansion Plan¹¹.

Furthermore, the Notes contribute to the reduction of GHG emissions from energy generation. Brazil has pledged an Intended Nationally Determined Contribution (INDC) with an emissions target of 1.3 GtCO₂e by 2025 and 1.2 GtCO₂e by 2030, equivalent to 37% and 43% below 2005 emissions levels.¹² Increasing the share of renewables in the country's primary energy mix would help reach this goal.

The Notes issued by BNDES will support the development of solar and wind renewable energy sources in Brazil.

Advancement of U.N. Sustainable Development Goals

From an international development agenda perspective, BNDES' bond issue contributes to the United Nations Sustainable Development Goals (SDG), specifically to SDG 7 target 2: "By 2030, increase substantially the share of renewable energy in the global energy mix". Renewable energy provides viable

¹⁰ "Climate Investment Opportunities in Emerging Markets – An IFC Analysis", accessed April 4, 2017 from: http://www.ifc.org/wps/wcm/connect/51183b2d-c82e-443e-bb9b-68d9572dd48d/3503-IFC-Climate_Investment_Opportunity-Report-FINAL-11_6_16.pdf?MOD=AJPERES

¹¹ Brazil 10 Year National Energy Expansion Plan, accessed April 18, 2017 from: <http://www.epe.gov.br/PDEE/Forms/EPEEstudo.aspx>

¹² United Nations Framework Convention on Climate Change (UNFCCC): Government of Brazil INDC, accessed April 18, 2017 from: <http://www4.unfccc.int/submissions/INDC/Published%20Documents/Brazil/1/BRAZIL%20iNDC%20english%20FINAL.pdf>

and cost-effective options for expanding access to the energy poor, particularly for those in rural and remote areas. It helps reduce dependence on imported fuels and vulnerability to fossil fuel price fluctuations. It also contributes to improving local air quality and reduces the energy sector's dependence on water for energy extraction and production, thus reducing conflicts with agriculture and other end-uses.¹³

Social Impact of Projects

Furthermore, BNDES' green bond issue supports BNDES's social mandate to contribute to job creation and income generation.¹⁴ Global renewable energy employment increased by 5% in 2015 to reach 8.1 million, and it continues to rise, according to data by the International Renewable Energy Agency (IRENA).¹⁵ IRENA's data show that Brazil is one of the countries with the highest number of renewable energy jobs.¹⁶

Alignment with Green Bond Principles 2016: Sustainalytics has determined that the BNDES Green Notes align with the four pillars of the Green Bond Principles 2016. For detailed information please refer to Appendix 3: Green Bond/Green Bond Programme External Review Form.

Conclusion

BNDES' green bond framework is transparent and provides clarity regarding use of proceeds and outcomes of the green bond investments. Renewable energy is recognized by the GBP as an eligible green project category, offering clear environmental benefits. In the context of Brazil's renewable energy goals, BNDES' lending to solar and wind projects contributes to an important national priority and the country's transition to a low-carbon economy. Overall, Sustainalytics is of the opinion that the BNDES green bond framework is credible and robust.

¹³ UNDP Support to the Implementation of the Sustainable Development Goals, accessed April 5, 2017; <http://www.undp.org/content/undp/en/home/librarypage/sustainable-development-goals/undp-support-to-the-implementation-of-the-2030-agenda/>

¹⁴ BNDES: Support for Social and Environmental Projects; accessed April 10, 2017; http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/support_for_social_environmental_projects.html

¹⁵ International Renewable Energy Agency (IRENA) Renewable Energy and Jobs - Annual Review 2016; http://seforall.org/sites/default/files/IRENA_RE_Jobs_Annual_Review_2016.pdf

¹⁶ International Renewable Energy Agency (IRENA) Renewable Energy and Jobs - Annual Review 2016; http://seforall.org/sites/default/files/IRENA_RE_Jobs_Annual_Review_2016.pdf

APPENDICES

Appendix 1: Examples of eligible projects

Project Name	Eligibility Criteria	Installed Capacity (MW)
São Clemente	Wind	216.10
Rio energy 1 (Itarema)	Wind	207.00
Chapada II	Wind	172.40

Appendix 2: BNDES Categories for Classification of Environmental and Social Risks

Environmental Category	Risk of Adverse Impact
A	Characterized by risks directly related to significant adverse social and environmental impacts, involving large greenfield developments or enterprises in critical sectors or sensitive locations that generally require more complex environmental studies. These are characterized by sector, project type, and location in accordance with the criteria set out in Annex 1 to the Socioenvironmental Policy.
B	Characterized by reasonable socioenvironmental risks and those related to local effects, involving the expansion or extension of enterprises that are of limited social and environmental impacts, in a way that only some of their impacts are irreversible or involve easily identifiable mitigating measures, possible including enterprises whose sector or characteristics are referred to in Annex 1 of the Socioenvironmental Policy.
C	Characterized by minimal or non-existent environmental risks. Usually encompassing financial operations regarding the exportation of goods, including aircrafts.

Appendix 3: Green Bond/Green Bond Programme External Review Form

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: Banco Nacional de Desenvolvimento Economico E Social – BNDES

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:

Review provider's name: Sustainalytics

Completion date of this form: April 13th, 2017

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|------------------------------------------------------------|----------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---------------------------------------------------------------------------------|----------------------------------------|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Green Bond Framework and Second Opinion Document above.

Section 3. Detailed review

1. USE OF PROCEEDS

Overall comment on section (if applicable):

An amount equal to the net proceeds of the Notes (“Net Proceeds”) under the BNDES Green Bond will be allocated towards financing or refinancing expenditures related to the development, construction, or expansion of facilities for new and existing solar and wind projects that (i) have had a disbursement made during the twenty-four months preceding the issue date of the Notes or (ii) will have a disbursement made following the issue date of the Notes and before the maturity date of the Notes

Use of proceeds categories as per GBP:

- Renewable energy
- Pollution prevention and control
- Terrestrial and aquatic biodiversity conservation
- Sustainable water management
- Eco-efficient products, production technologies and processes
- Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs
- Energy efficiency
- Sustainable management of living natural resources
- Clean transportation
- Climate change adaptation
- Other (please specify):

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

BNDES’s Board of Executive Officers will approve a list of specific types of projects that meet the eligibility criterion, and that are expected to be funded out of the Net Proceeds. If there is a need to replace a pending project on the list of eligible projects, any new projects that meet the eligibility criterion must be approved jointly by the Superintendents of the three BNDES’ divisions involved: Energy Division, Public and Socio-environmental Management Division, and Financial and International Division.

Evaluation and selection

- | | |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Prior to the allocation to eligible green projects, the net proceeds will be held in cash, cash equivalents or Brazilian government securities. Payment of principal and interest on the Notes will be made from BNDES' general resource and will not be linked to the performance of the eligible green projects. The Energy Division will be responsible for the monitoring process of the Eligible Green Projects. The tracking of the allocation of the net proceeds of the Notes will be managed by the Financial and International Division.

BNDES has an internal system for tracking green funding secured for environmentally impactful initiatives. Proceeds from the Notes will be tagged in internal systems by the source of financing, and will be labelled as 'green bond financing,' to be used only for eligible projects.

Tracking of proceeds:

- | |
|-------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in a systematic manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

During the term of the Notes, BNDES will make and keep readily available, on its website, information on the allocation of the net proceeds, to be updated annually until full allocation. This information will include:

- Amounts allocated to eligible green projects and brief descriptions of the projects;
- Where feasible, relevant estimated impact metrics related to the eligible projects, including:
 - o Net annual production of renewable energy in GWh;
 - o Tonnes of CO2 equivalent avoided.

This reporting will include an assurance by BNDES auditors as to the allocation of the Net Proceeds to eligible projects after checking the tracking and monitoring process used by the Financial and International Division within the allocating process.

Use of proceeds reporting:

- | | |
|--------------------------------------------------------|------------------------------------------------------------------|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|-------------------------------------------------------|----------------------------------------------------------------|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--------------------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--------------------------------------------------------|------------------------------------------------------------------|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--------------------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Information reported (expected or ex-post):

- | | |
|-------------------------------------------------------------|-----------------------------------------|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
|-------------------------------------------------------------|-----------------------------------------|

Other ESG indicators (*please specify*): Net annual production of renewable energy in GWh

Means of Disclosure

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): BNDES website |
| <input type="checkbox"/> Reporting reviewed (<i>if yes, please specify which parts of the reporting are subject to external review</i>): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (*e.g. to review provider methodology or credentials, to issuer's documentation, etc.*)

http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|----------------------------------------------------------------------|----------------------------------------|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- (i) Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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As the Opinion is based on information made available by the client, Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date.

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The client is fully responsible for certifying and ensuring its commitments` compliance, implementation and monitoring.

SUSTAINALYTICS

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