

## Equator Principles

The Equator Principles are a set of policies and guidelines to be observed in the analysis of the following financial products:

1. Project Finance operations with investment value over than US\$ 10 million;
2. Advisory services for project finance transactions;
3. Project (Project Related Corporate Loans) with a value equal to or greater than US\$ 100 million, individual participation of the financial institution of at least \$ 50 million and term less than two years; and
4. Bridge loans maturing in less than two years are intend to support through project finance operations or Project Related Corporate Loans.

Based on social and environmental criteria referenced in the Performance Standards on Social and Environmental Sustainability established by the International Finance Corporation (IFC), and the Guidelines for the Environment, Health and Safety of the World Bank Group, the principles deal with environmental assessments; protection of natural habitats; pest management; dam safety; indigenous peoples; involuntary resettlement of populations; cultural property; child labor, forced or slave; projects in international waters and health and safety at work.

Banco do Brasil (BB), in February 2005, was the first official bank worldwide to join the group of financial institutions that adhered to the Equator Principles. In July 2006 and June 2013, formalized its re-admission the pact, updated versions after a long process of consultations and discussions between banks, customers and civil society organizations.

Social and environmental issues are addressed by the BB in its Credit Specific Policy (main guidance document of the Bank's loan process). Here the Bank sets which should be considered in deciding operation with credit risk and risks inherent in the business, social and environmental responsibility and the capacity to generate employment and income of the enterprise. In addition, the policy emphasizes that the Bank does not assume credit risk with client responsible for intentional damage to the environment, to submit workers to degrading forms of labor or keep them in conditions akin to slave labor, who practices sexual exploitation of minors or who practices the exploitation of child labor.

The process flow in the BB starts in the commercial area, which directly serves the customer. Customers are informed about the application of the Equator Principles, and to whether or not to hire an independent environmental consulting.

Subsequently, the environmental documentation is reviewed by advisers in credit analysis department and made one Environmental Assessment Report granted by a Credit Committee.

The projects assessed by BB are classified in a socioenvironmental risk matrix that identifies relevant impacts and risks and management measures. Category A covers projects where the potential risk or adverse socioenvironmental impact is significant, multiple, irreversible or without precedent. Category B, in turn, covers those o limited potential, lower number, extensively reversible and immediately controllable using mitigation measures. Category C covers initiatives where the risk or impact is minimal or non-existent. In all requests for financing categorized as A or B, the BB requires the customer to develop or maintain an environmental and social management system. Furthermore, in high-risk cases it may be necessary to ask the customer to provide additional evaluation documentation, with a specific due diligence on human rights. In other projects, a limited-scope or focused social or environmental assessment may be carried out (like an audit), or a simple analysis of specific issues, such as a location analysis, pollution levels, project typology or the impacts of construction.

This process provides the expertise of employees involved with the application of the Principles. Benefits include better control and monitoring of projects, the greater range of risks vision, the ability to better mitigate environmental risks, reputation, credit and legal and positive approach to shareholders, customers, employees and market indices.

In the tables below are the environmental analysis performed by the BB in the light of the Equator Principles in 2014.

Total number of *Project Finance* transactions that reached Financial Close between 01/01/2014 and 12/31/2014: 2 (two).

The breakdown is as follows:

	PROJECT FINANCE		
	2		
CATEGORY	A	B	C
Total	0	2	0
<b>SECTOR</b>			
Mining	0	0	0
Infrastructure	0	0	0
Oil & Gas	0	0	0
Power	0	0	0
Others	0	2	0
- Industry - vegetable oil production from the so-called palm plant	0	1	0
- Logistics - construction of terminals and airport runways	0	1	0
<b>REGION</b>			
Americas	0	2	0
- South America	0	2	0
Europe, Middle East & e Africa	0	0	0
Ásia	0	0	0
<b>DESIGNATED COUNTRY</b>			
Designated Country	0	0	0
Non-Designated Country	0	2	0
<b>INDEPENDENT REVIEW</b>			
Yes	0	2	0
No	0	0	0

There were not contracted *Project Related Corporate Loans* transactions between 01/01/2014 and 12/31/2014.

Total number of *Project Finance Advisory Services* that reached Financial Close between 01.01.2014 and 12.31.2014: 3 (three).

The breakdown is as follows:

#### 2014 PROJECT FINANCE ADVISORY SERVICES

Total	3
<b>Sector</b>	
Logistics	2
Naval	1
<b>Region</b>	
Americas	3
- South America	3

More information about the Equator Principles, go <http://www.equator-principles.com>