



ANNUAL report 2020

THE BRAZILIAN DEVELOPMENT BANK

Understand our main processes,
products and services

SUSTAINABILITY

Get to know our contributions
to the UN SDGs

STRATEGY

Learn more about our strategic
guidelines, goals achieved and
results generated for society

PERFORMANCE

R\$ 64.9 billion disbursed in 223,774
operations with 133,765 clients



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Message from the **BOARD OF DIRECTORS**

The year 2020 will be marked by the spread of COVID-19 and the challenges it has imposed on essential aspects of our lives. In Brazil, as in other countries in the world, the fight against the pandemic involved the commitment of all, requiring the participation of governments, companies and individuals in the search for solutions to deal with this new reality.

The crisis highlighted, once again, the BNDES' capacity to act in a countercyclical manner, responding to the urgent needs of the country and the population. The Bank's importance for expanding credit, especially for micro-, small- and medium-sized enterprises (MSME), and for the maintenance of jobs and income has gained prominence, showing that the institution makes a difference in the life of the population.

This social and also environmental impact – if we think, for example, of investment in sanitation, renewable energies or forest preservation – has always been at the core of the BNDES' mission. Increasingly, this impact guides and serves as a standard for any and all initiatives of the Bank. In line with the environmental, social and governance principles, the institution evolves in the pursuit of effectiveness, that is, in delivering results with a direct positive impact for Brazilians.

In this sense, the future of the BNDES already seems to be well planned. It considers traditional sectors in which the Bank operates, such as infrastructure and the productive sector, albeit from a renewed perspective as to sustainability, the transition to a low-carbon economy, and the digital transformation. It comprises activities in education, health and security, always focusing on improving public services provided to the population and the efficiency of public administration.

It is a path aimed at socioenvironmental impact and that also includes an expansion of the modes of operation of the institution. In a movement that is already underway, the Bank will continue to diversify its operations beyond credit, standing out in the structuring of projects, in the granting

of guarantees, in investments in funds and in the issuance of green bonds, just to mention a few examples. Concurrently, the granting of credit will gain scope and outreach through the digital transformation of the Bank and the development of new solutions in partnership with financial agents and fintech companies. This brings the BNDES increasingly closer to MSMEs and entrepreneurs, leveraging the institution's impact on job and income generation.

Partnerships with other institutions, such as international funds and multilateral banks or development finance institutions, will constitute another important step in this path. They point to the need of considering joint efforts and the composition of resources to guarantee more effective and lasting results for the Bank's operation, while also aligning itself with the concern over financial sustainability. In this context, the growing worldwide interest in sustainable investment implies a very favorable prospect for the BNDES to become a catalyst for investments for the country.

As representatives of the highest governance body at the BNDES, we reinforce our commitment to this vision for the future and to the strategy planned to accomplish it over the next years. The challenges imposed by the pandemic persist, and we know that 2021 will again demand effective responses from the Bank so Brazil can resume a trajectory of economic growth based on sustainability.

We invite the readers to learn about the path followed by the BNDES in 2020 and the strategic agendas for the future, presented in a complete and integrated manner in this report. It is part of our commitment to transparency and more direct communication with society.

Board of Directors

BNDES | BNDESPAR | FINAME



MESSAGE FROM THE PRESIDENT

GRI
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A 2020 WITH A FOCUS ON BRAZIL AND BRAZILIANS

In the intense and challenging year of 2020, the BNDES’ operation was based on disruption, innovation, transparency and purpose.

The COVID-19 pandemic showed us the importance of knowing how to navigate the unknown. Flexibility and innovation have become attributes of great value to companies, governments and society.

The challenge was even greater for the BNDES, which, just over a year ago, faced reputational and strategic issues. Typical issues of long-lived institutions, which, depending on how they are treated, can be an opportunity to make an organization even stronger, more alive and permanent. And so we did.

The BNDES turned to its values and its purpose to strengthen itself and plunge into this unknown future, seeking to improve the lives of Brazilians, especially those in poor conditions.

Faced with the pandemic, our team adapted quickly and creatively: squads, which are multidisciplinary teams crossing hierarchies and valuing knowledge networks, emerged spontaneously, forming transversal working groups. All of this working in home office.

Regarding strategy, the Bank has consolidated itself as an institution with multiple products and services. A private sector collaborator and supporter, working to complement it. This strategic movement proved right, for example, with the formation of a bank syndicate to support the electricity sector with R\$ 16 billion through COVID-Account.

COVID-Account, structured under the leadership of the BNDES, won the international *Deals of the Year Awards*, from the LatinFinance group, in the structured financing category.



The difficulty of micro-, small- and medium-sized enterprises (MSME) to obtain financing, which has always been a structural issue in Brazil, became even more critical in 2020. The BNDES had to respond to the business society’s wishes for credit. It managed, in a short time, to digest, understand and react to the new unknown conjuncture, choosing to focus efforts on MSMEs.

In addition to several countercyclical credit measures, it launched the FGI PEAC, built in conjunction with the Ministry of Economy, the National Congress, business associations, the financial sector and companies. This guarantee instrument, innovative on such a large scale in Brazil, contributed to mitigate the risk perceived by financial institutions in supporting MSMEs, enabling them to access credit and remain active. There were more than R\$ 90 billion in credits provided by the guarantees included in the program.

The purpose of supporting those most in need also resulted in a direct action, called Matchfunding Saving Lives, through which,

for one each real donated by society, the BNDES donated another one real. The result was one of the largest crowdfunding in history, which raised R\$ 79.1 million for hospitals of the Santa Casa da Misericórdia charity in practically all states in Brazil. It was an act of solidarity and communion of purpose between twenty companies and more than five hundred individuals, which inspires us to do more.

We ended 2020 with more than R\$ 200 billion in support to Brazilians (R\$ 64.9 billion in disbursements from the Bank, in addition to other emergency actions), contributing to create or maintain 4.7 million jobs. More than 460,000 MSMEs and individuals were supported by credit and guarantee operations. We achieved a large portion of **our goals for the year**, adjusting our strategy according to the new reality.

We would not have reached such level had it not been for the Ministry of Economy's decision of suspending extraordinary returns from the BNDES to the National Treasury, scheduled for 2020, and of directing the concentration of efforts to countercyclical actions and economic recovery.

The BNDES also sold, in the year, approximately R\$ 45.4 billion in shares issued by large companies. We reduced our degree of exposure to the market and reallocated resources in other activities that are strategic for the country's development. Such divestments strengthen our financial capacity, contributing to maintain a stable and solid development bank and to reach a record net profit of **R\$ 20.7 billion**.

This stable, solid and reliable development bank is the keystone of the agenda for the future proposed by the BNDES. The availability of resources is not currently the main bottleneck for our development. Our greatest need is for good projects: good modeling, mature environmental analysis, engineering plans, concession contracts, adaptation to the control bodies, and adequate financial parameterization.

In 2020, we consolidated our institution as possibly the largest project structuring bank in Brazil in per capita terms, with more than one hundred mandated projects with investment potential of R\$ 200 billion. This robust project factory had its first concrete results observed in auctions for public lighting, basic sanitation and electricity distribution.

The focus on socioenvironmental impact has also been greatly enhanced within the BNDES.

The Bank's already traditional work in this sector has gained more strength, anticipating environmental, social and governance (ESG) issues. As a result, the Bank became more open to external relationships, intensifying its care for the environment and society.

Transparency, honesty and openness continued in 2020. The BNDES Aberto has become a proactive culture of providing information, for the desire to explain and elucidate. All of these efforts led to the recognition by Brazil's Federal Court of Accounts that the BNDES is the federal state-owned company with the best level of informational transparency on its corporate website.

Our Board of Directors also received renowned members who reinforced the Bank's commitment to society, transparency and corporate governance.

All the above is reported in this document, whose integrity I assure. Our annual report is the result of collective thinking, which involved all areas and several decision-making bodies of the BNDES, in addition to an external consultation to map material issues. The document follows the model of integrated reporting and the Global Reporting Initiative (GRI). It is also our management report.

In 2021, Brazilian society can rely on a BNDES that is even more prepared to meet its wishes, to always operate where it is needed the most. We will focus on executing the already contracted portfolio of the project factory, coordinating efforts and resources to improve public services. We will induce the credit market through project finance and co-financing, improving corporate governance and increasing our range of operations, assuming project risk. We will pay special attention to MSMEs, which account for more than 50% of jobs in the country, but still face major credit restrictions. We will continue our divestment strategy, with the aim of aligning our portfolio to the purpose of a development bank, repositioning investment activities for businesses of socio-environmental impact. We will lead the environmental, social and governance process in Brazil, generating business opportunities to induce customers to benefit from sustainability, favoring the country's competitiveness. With a sense of purpose, acting collaboratively and innovatively, we will seek to continue a transformational action, with great impact for Brazil.

Gustavo Montezano
President of the BNDES



Learn more in the section
Our strategy



Learn more in the section
**Our performance > Economic
and financial performance**

On this REPORT

GRI
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Confirming the importance of sustainability in our mission, in this edition of the annual report we expanded the Global Reporting Initiative (GRI) sustainability indicators reported, seeking greater transparency in reporting our environmental, social and economic impact. This report was prepared in accordance with the GRI standards: Core option. The indicators can be found at the beginning of each chapter and in the index at the end of the report.

We also continue to follow the integrated report model, seeking to improve, every year, the compliance with the standard established by the International Integrated Reporting Council (IIRC). This model became mandatory in 2016, with Law 13,303 (Law of State-Owned Companies), and, since 2018, it is also required by the Federal Court of Accounts (TCU) for the management report, an annual report submitted to the court. Thus, the annual report consolidates the activity and management reports in one document, rationalizing efforts and serving our different publics with one integrated and transparent report.

In addition, as in our last report, we have indicated throughout the text how our work relates to the United Nations (UN) Sustainable Development Goals (SDG).

SCOPE AND LIMITS

Our integrated report, published on an annual basis, concerns the entire BNDES System, which comprises the Brazilian Development Bank (BNDES), BNDES Participações S.A. (BNDESPAR) and the Special Agency for Industrial Financing (FINAME).

The reporting period is from January 1 to December 31, 2020. Relevant events that occurred between this period and the approval of the report by the Board of Directors were also included.

For more in-depth information on specific topics, see also:

- *Management Report;*
- *BNDES System's Financial Statements;*
- *Effectiveness Report;*
- *Risk Management Report;*
- *Annual Letter of Public Policies and Corporate Governance;*
- *Amazon Fund's Activity Report;*
- *Annual Report on the Impact of Credit Operations on the Combat against Inequalities; and*
- Section **"Transparency and accountability"** at our website.

The digital version of this report in Portuguese and English, as well as a microsite with its main highlights, is available at www.bndes.gov.br/ra2020.



Access at www.bndes.gov.br/prestacao-de-contas

MATERIALITY

The material themes of this report were defined by the Executive Board based on the results of a survey carried out with different stakeholders, considering 17 themes initially mapped through consultation with the superintendents, benchmarking, and surveys in our communication and relationship channels.

On the following page we present our materiality matrix, the result of this work. The matrix includes the five themes approved by the Executive Board, the chapters where they can be found, their relations with our capitals and with the SDGs, and the most engaged publics. For each theme, we prepared a highlight in the report, where we explained why the theme is material, what its limits are and how it is managed at the BNDES.

CONTACT

For more information on this report and its contents, send an email to relatorioanual@bndes.gov.br

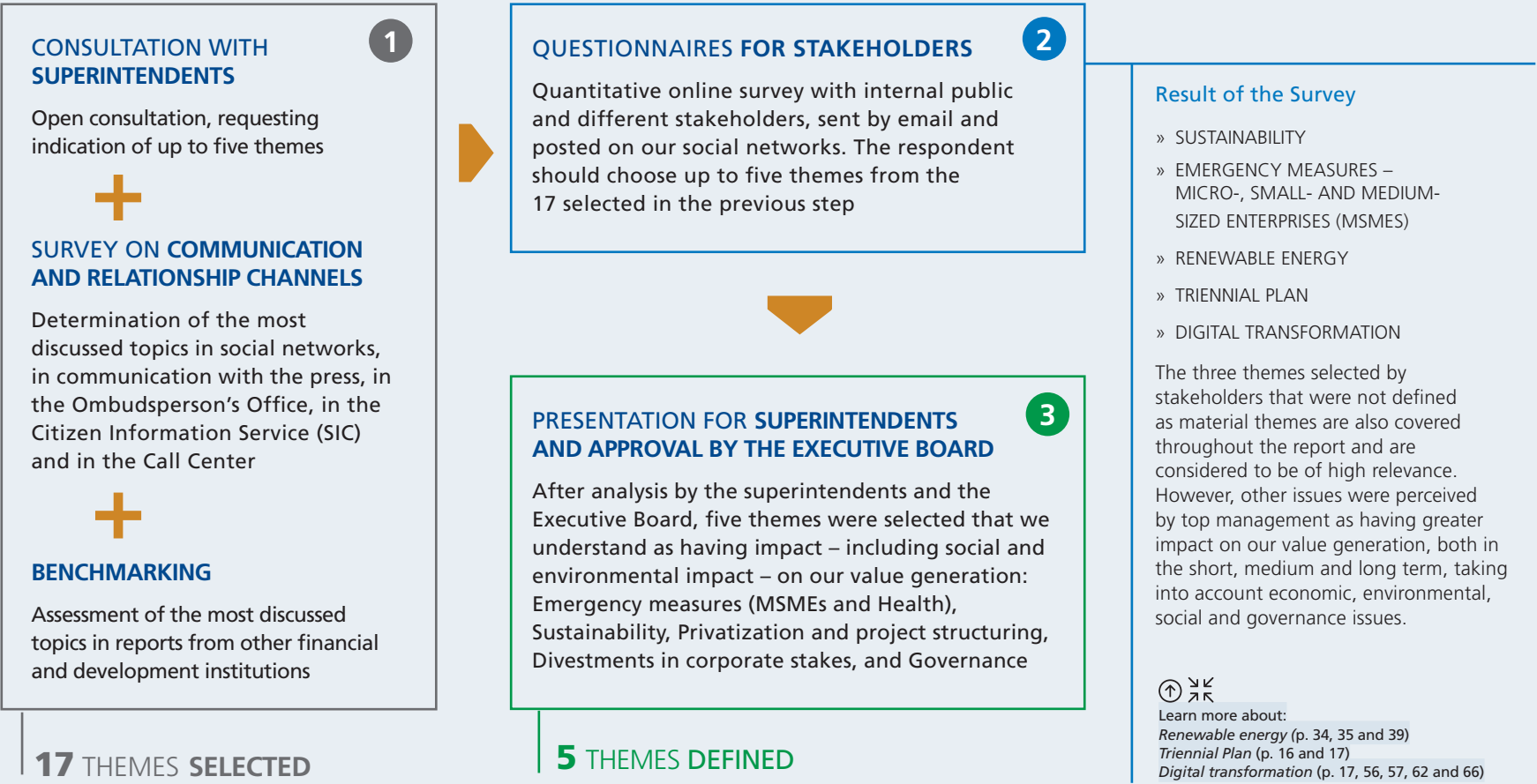
If you are interested in becoming a subscriber, access the Request for Publications option at: www.bndes.gov.br/digitalibrary

Our 2019 report was one of the five finalists for the 22nd Abrasca Award. Access at: www.bndes.gov.br/ra2019.



As a result of rounding, the sum of the numbers on the graphs may not be exact, just as the sum of the percentages on the graphs may not total 100. For the same reason, there may be some variation between values presented throughout the report.

DEFINITION OF MATERIALITY



Brazil and the WORLD IN 2020

The COVID-19 pandemic made 2020 an atypical year. As a consequence of the disease and the control and prevention measures adopted by all countries – quarantines, flight cancellations, closed borders and public places, limited operation of companies, and restricted circulation of people –, the world experienced an interruption in the everyday flow of activities.

In addition to the health crisis faced by the world population, with so many human lives affected and lost across the planet, the pandemic has led to a drastic reduction in global economic activity, causing negative impacts on the economy. Companies and their employees faced the closure of production units, cuts in production, loss of jobs and disruption in the production chain. Emergency measures adopted in almost all countries in the world, such as the execution of projects for investment in health and infrastructure, credit support programs, special aid and payments to citizens, managed to partially mitigate the social and economic effects stemming from the crisis. Even so, its impacts were felt first in China – where the disease originated, in the turn from 2019 to 2020 – and then in virtually all countries, from mid first quarter to the end of the year, with the emergence of localized outbreaks and a new wave of contamination from the second half of 2020.

In Brazil, despite successful emergency aid programs, resource allocation to companies, and a consistent work carried out by the BNDES and other official financial institutions for the maintenance of jobs and income (by expanding the offer and scope of credit and social programs to guarantee resources to the most needy), the pandemic interrupted the process of resuming economic dynamism. This process started with adjustments such as the enactment of the Spending Cap Amendment (2016) and of the labor reform (2017) and social security reform (2019), and potentially would continue with the tax and administrative reforms. Even with measures to combat the negative effects of the pandemic on the domestic economic environment, the gross domestic product (GDP) closed 2020 with a decrease of

4.1%, according to the Brazilian Institute of Geography and Statistics (IBGE).

In order to mitigate the recessionary effects resulting from the pandemic, the SELIC rate was reduced in the months of May (0.75%), June (0.75%) and August (0.25%), reaching the level of 2.0% per year, which represents its historic low, and it remained in effect until the end of 2020. While inflation, measured by the Broad Consumer Price Index (IPCA), ended the year at 4.52%, just above the established target of 4%.

The adverse effects of the pandemic on the pace of economic activity reversed the trajectory of the unemployment rate, which had been declining since the first quarter of 2019. In September 2020, the unemployment rate reached 14.6% – the highest level ever recorded in the National Household Sample Survey (continuous PNAD), started in 2012 –, ending 2020 at 13.5%.

In the fourth quarter, positive news on the efficacy of vaccines being tested, the approval of several vaccines for emergency use, and the beginning of vaccination against COVID-19 in some countries pointed to a world scenario with less uncertainty and more conducive to resumption of growth. Estimates for the world GDP of 2020, which had even projected a decrease of 6.5% – mean for the estimates of the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD) and the World Bank, in July 2020 –, ended the year projecting a decrease of 4.3%.

The demand for our resources showed significant growth in 2020, considering our relevant work in the set of crisis **mitigation measures** adopted by the Federal Government, with countercyclical action and aimed at maintaining jobs and supporting credit to companies. With the recovery of the economy, the level of investments in Brazil and the demand for the Bank's resources should continue to expand. The global and domestic environments of low real interest rates will contribute to this, with prospect of maintenance at low levels throughout 2021.



Learn more in the section
Our performance >
Emergency measures

The Brazilian DEVELOPMENT BANK

GRI

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WHAT IS A DEVELOPMENT BANK?

The first development banks (DB) appeared in Europe in the mid-19th century. Since then, they have been playing a relevant role in the socioeconomic development of the countries and regions where they act, according to the different phases in which they are, in scenarios of both stability and crisis.

The DBs may differ as to: capital structure; funding; variety of sectors supported; client size; financing models; credit conditions; regulation and supervision, and corporate governance. There are also several credit support instruments: financing offer, guarantees, insurance, equity stake, nonreimbursable funds, and support for the development of projects, among others.

In addition to Brazil, several countries (developed and developing) maintain strong DBs, such as Germany, China, Korea, Spain, Japan, Mexico, France and Russia. Each institution has its way of operating, but all help implement public policies, complement the credit offers of the private financial system, and help the private and public sectors take risks and face challenges regarding strategic long-term investments. In general, they receive some form of government support: tax exemptions, Union guarantees, access to constitutional and parafiscal funds, or subsidies for the implementation of public policies.

Despite the importance of financial performance for the maintenance of activities, DBs do not measure their results based on profit. The maximization of social well-being and economic and environmentally sustainable development are the primary objectives of these institutions.

In addition to the permanent, long-term role of DBs in supporting strategic investments for development and for dealing with structural changes, they play a fundamental role in the short term, fulfilling an important countercyclical function. These institutions are relevant in times of credit market instability, mitigating the decreased supply of resources in the private sector and enabling a faster recovery in an economic crisis.

The DBs of several countries adopted measures to mitigate the negative effects on the economy due to the COVID-19 pandemic, focusing on the health area and on providing liquidity for companies,

aiming at the continuity of business, investment projects, and maintenance of jobs. In addition to combating the immediate adverse impacts of the health tragedy, these initiatives have been essential for a gradual recovery of economic activity.

The DBs' long-term strategy prioritizes the transition to an economic model that is inclusive, compatible with climate changes and reduces income inequalities, and that serves as the basis for their financing decisions. DBs are able to multiply sustainable financing by promoting strategic partnerships and new financial instruments that foster the participation of private resources.

The focus on sustainability was consolidated by the launch of the 2030 Agenda by the UN in 2015, with the definition of the **17 SDGs**. Post-COVID recovery, climate goals and SDGs are opportunities for DBs to promote investment financing in the "new economy," with a focus on sustainability.

We have made available on our website **a section** dedicated to disseminating knowledge about the operation of Development Financial Institutions (DFI), clarifying how they contribute to the growth and development of nations. The page gathers studies on the theme carried out by our staff and already published in our journals or collections, which were divided according to the following sub-themes: (i) compared international experiences; (ii) operation in segments/sectors; and (iii) risk management and regulatory aspects. The section also presents a comparison between indicators from the BNDES and from other DBs.

WHO ARE WE?

We are the Brazilian Development Bank (BNDES), a federal public company linked to the Ministry of Economy, and the main instrument of the Federal Government for long-term financing and investment in the various segments of the Brazilian economy. As a bank serving the State, we also structure privatization projects (public-private partnerships – PPP, concessions and privatizations), with the aim of attracting investors to improve infrastructure in the country. We have operated since 1952, and are currently one of the largest DBs in the world.

The BNDES System is made up of three companies: BNDES and its subsidiaries – BNDES Participações S.A. (BNDESPAR), which operates in



Learn more in the section
Our performance >
Sustainability



See more at
www.bndes.gov.br/ifds



Learn more in the section
What we do

the capital market, and the Special Agency for Industrial Financing (FINAME), dedicated to the promotion of the production and marketing of machinery and equipment.

We operate through financing and credit; shareholding in companies; project structuring services; guarantee provision; granting of nonreimbursable resources to social, cultural and technological projects; in addition to knowledge production. We provide products, programs and funds, according to the modality and the characteristics of the operations, which serve clients of all sizes.



Learn more in the section
Transparency and Effectiveness

We evaluate the granting of each support with a focus on its potential for generating externalities, i.e., the socioenvironmental and economic **impact** generated directly or indirectly for the country.



Learn more in the section
Governance, ethics and integrity

Our **governance** is composed of strict management rules and standards, and involves the relationship between internal instances, such as the Board of Directors, the Executive Board, the Fiscal Council, and other committees; and external instances, such as the National Congress, the Brazilian Office of the Comptroller General (CGU), the Central Bank of Brazil (BCB), the Federal Court of Accounts (TCU) and the Brazilian Securities Commission (CVM).

WHERE DO WE OPERATE?

We operate throughout the national territory. Our official headquarters are in Brasília (DF). However, more than 95% of our employees work in Rio de Janeiro (RJ), in a building owned by us – EDSERJ. We also have representation offices in São Paulo (SP) and Recife (PE).



Learn more in the section
What we do?



Learn more in the section
Our relationships

In order to be present in other localities and facilitate access to our credit lines, especially for MSMEs, we also operate **indirectly**, that is, through partners that offer our products. We have more than sixty **accredited agents**, including private and public commercial banks, cooperative and automaker banks, regional development banks and development agencies.

REDUCED EXPENSES AND ADAPTATIONS OF OFFICES

In the first quarter of 2020, the entire staff that was still allocated to the Ventura Corporate Towers was transferred to the EDSERJ building, which enabled us to return the last three floors rented in that building, generating annual savings in the order of R\$ 18.4 million.

CONTINGENCY

With the declaration of the COVID-19 pandemic, the worldwide increase in cases and the appearance of the first cases in Brazil, we initially developed tackling strategies that led to practical measures, such as:

- intensification of hygiene and distancing measures on the Bank's premises;
- control of access to the premises, with temperature measurement and clinical evaluation;
- suspension of travel, visits and events; and
- placement of asymptomatic employees with suspected infection in remote work and symptomatic employees, on leave, under immediate monitoring by medical staff.

In the week of March 16–20, 2020, we conducted a contingency simulation to assess the conditions of remote work on a large scale. After the simulation, a contingency regime was adopted for an indefinite period in our offices. As of March 23, we were all operating remotely, respecting the recommendations for social distancing.

Before the pandemic, we already had a Business Continuity Management System (SGCN), with the necessary pre-planning for business continuity events and appropriate information technology (IT) tools to allow our employees to safely work remotely. Only some specific adjustments were necessary for continuous and prolonged use. The contingency teams had immediate access to these tools, which, soon after, were made available to other employees of the Bank.

The employees received a number of **guidelines** on contingency activities, such as: procedures for remote access and use of virtual meeting tools, ergonomics in teleworking, and information security procedures.



Learn more in the section
Our relationships

During the pandemic, our operation is being guided by the BNDES Incident Management Plan (PGI) and led by the Contingency Committee, which meets periodically and reports the adopted measures to the Executive Board. This committee's decision-making is supported by information provided by the specialized business continuity teams that constitute the SGCN, acting as situation monitoring units.

Throughout the pandemic, adaptations were made to administrative procedures, in particular document signing, with the adoption of electronic and digital signatures.

Work safety services worked closely with employees to provide medical guidance and health monitoring.



Learn more in the section
Our team

During the entire period, there was no report of the materialization of financial, reputational or regulatory impacts associated with operating in a remote work regime, which shows the adequacy of the existing planning and our ability to react to the contingency situation.

We carefully planned and implemented environmental and procedural adjustments, and developed the BNDES COVID-19 Prevention Protocol, following established norms and standards, in particular the Joint Ordinance of the Ministries of Economy and Health 20, of June 18, 2020, which allowed the buildings to be made available for scheduling face-to-face activities, on a voluntary basis, from November 16, 2020.

The Contingency Committee remains mobilized to provide guidance and guarantee access to the resources necessary for the continuation of our activities, monitoring the progress of the pandemic.

In 2020, we commissioned the development of architectural and engineering projects for modernization of floors of the EDSERJ building, such as the 20th floor, which will be allotted to clients, and the mezzanine, which will host the BNDES Garage Project. The works on these floors are scheduled to start in the first half of 2021.

ECO-EFFICIENT BUILDING

In 2020, with the installation on ten more floors, the implementation of the new lighting system on the EDSERJ’s standard floor plans was completed, replacing 850 fluorescent lamps (32 W) with approximately 500 LED lamps (20 W or 18 W) on each floor. The estimated savings amount to approximately R\$ 3,000 per month, per floor.

EDSERJ was awarded the LEED 2009 EXISTING BUILDINGS: OPERATIONS AND MAINTENANCE certification, Silver category, in 2017.

Energy consumption

The energy consumed in the building is not acquired from the local distributor, but from the private energy market. Part of it is generated from incentivized sources, such as solar, wind, biomass and small hydroelectric power (SHP) plants.

Drinking water consumption

The condominium’s drinking water comes from a distributor and is used for air conditioning, irrigation, sanitation and purification systems.

EDSERJ does not yet have any type of water treatment for reuse or rainwater collection.

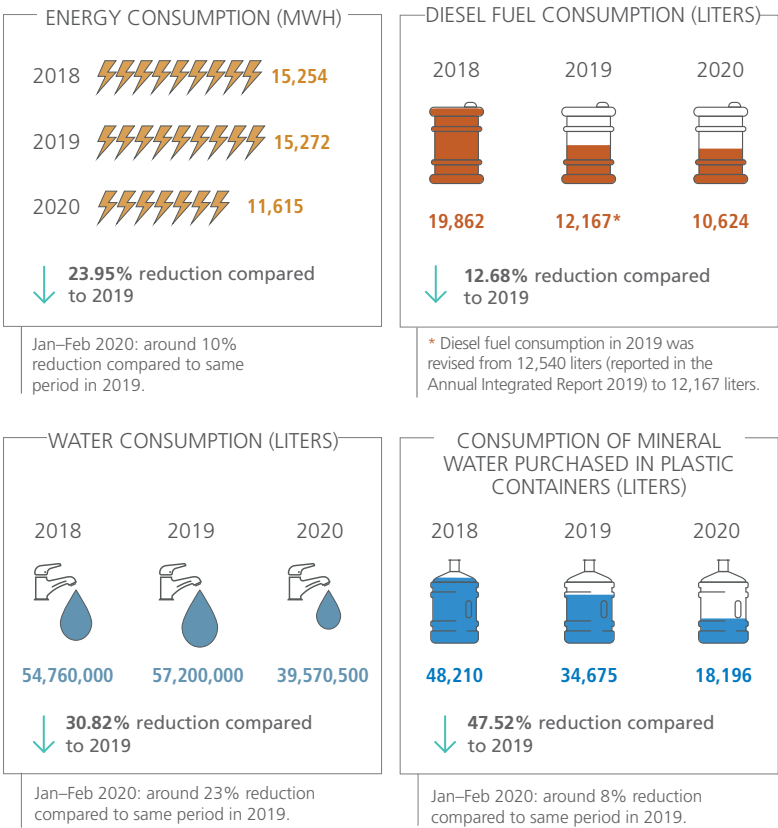
Consumption of nonrenewable sources

The consumption of nonrenewable sources by EDSERJ is basically limited to diesel fuel for powering emergency generators, which mostly occurs in tests carried out throughout the year.

EDSERJ | COMPARATIVE SERIES

There was reduced consumption in all elements in 2020 compared to 2019. Although much of the reduction is due to the suspension of activities at EDSERJ from March 2020, consumption was also lower in the months of January and February (before the quarantine period), as shown below.

Regarding the consumption of water and energy, the reduction was not greater because it was necessary to keep the air conditioning on to cool the computers, which continued to be accessed remotely. Regarding the consumption of mineral water, there was an increase at the beginning of the year due to the presence of geosmin in water from a distributor in Rio de Janeiro. The consumption of diesel fuel, since it is basically the result of tests to guarantee the reliability of the system, has not been significantly altered by the pandemic.



TOTAL WEIGHT OF RESIDUES (TONNES) ASSORTED BY TYPE AND METHOD OF DISPOSAL (2020)

Landfill	Organic	80.3	Disposal performed by a contractor
	Debris	61.33*	Disposal performed by a contractor
Recycling	General	24.14	Disposal performed by cooperatives and/or specialized companies, according to the characteristics of the materials/products
	Lamps	0.64	Disposal performed by a company specialized in recovering mercury and recycling the remaining material
Reuse		1.82	Basically, electronic waste: disposal performed by a specialized company for screening and posterior reuse
Others: infectious		0.06	Basically, waste from the ambulatory clinic: disposal performed by a company specialized in decontamination and posterior dispatch to the landfill

* Considers not only the debris produced in the interventions carried out directly by our condominium, but also that produced in works contracted by it.

ALIGNMENT WITH GOVERNMENT GUIDELINES

Public policies are a fundamental reference for our planning. The Multiannual Plan (PPA) and the annual Budget Guidelines Law (LDO), both approved by Congress and sanctioned by the President of the Republic, are already considered in the strategic reflection process.

We participated in the management cycles of the **2020–2023 PPA**, contributing to discussions on public policies within the scope of the plan through our specialists on sectoral matters and economic, social and environmental issues. We also allocated extra-budgetary resources for thematic programs in which the work of a development bank is desirable. Throughout the execution of the PPA, we monitored and communicated to the government the use of the resources provided. We review the estimates annually, according to the rite determined by the ministry responsible for the plan.



Learn more at

www.planalto.gov.br/ccivil_03/_ato2019-2022/2019/lei/L13971.htm



Access at

www.planalto.gov.br/ccivil_03/_ato2019-2022/2019/lei/L13898.htm

The **2020 LDO**, in Chapter VIII, updates the policy for application of resources from official financial development agencies, highlighting the general guideline, applied to all, of preserving and generating employment; and specific priorities for each institution. For our work, priority was assigned to fostering the creation and preservation of jobs aiming to reduce inequalities, protecting and conserving the environment, increasing productive capacity and increasing the competitiveness of the Brazilian economy.

In addition to the PPA and budget laws, we consider the ministerial policies and the sectoral and regional plans as inputs in our strategic planning, in order to keep us in line with government plans.

In 2020, the revision of our long-term strategy also considered the **2020–2031 Federal Development Strategy for Brazil (EFD)**. The EFD's main guideline is to increase the income and quality of life of the Brazilian population, reducing social and regional inequalities; it is divided into five axes: economic, institutional, infrastructural, environmental and social.



Formalized in Decree 10,531 of October 26, 2020, available at www.in.gov.br/en/web/dou/-/decreto-n-10.531-de-26-de-outubro-de-2020-285019495

CORPORATE STRATEGY

According to Law No. 13,303/2016, each year we update our long-term strategy, conduct risk and opportunity analyses for, at least, the next

five years, and define our business plan for the following year, all with approval from our Board of Directors.

STRATEGY MANAGEMENT MACROPROCESS

Our strategy planning and management macroprocess guides the practices and responsibilities for preparing, executing and monitoring the strategic planning. The corporate strategy is implemented by means of corporate projects and of corporate and division indicators and their corresponding goals.

The strategy performance data are reviewed quarterly by the Management Committee, the Executive Board or the Strategy Management Committee (CGE) and the Board of Directors.

LONG-TERM STRATEGY








The BNDES' strategic map was revised in May and December 2020. Because of the emergence of the COVID-19 pandemic, in early 2020, we included the theme "Emergency countercyclical" in our transversal missions. Associated with this theme, we defined the strategic objective of "acting in a timely manner to maintain jobs and businesses and in a structuring manner to enable the recovery of the economy." The then sectoral strategic mission "Education, health and security" had its objective expanded from "improve the quality and efficiency in the provision of education, health and security services" to "boost investments in the health industry and improve the quality and efficiency in the provision of education, health and security services."

At year-end 2020, there was a new revision, ending the division of the missions into sectoral and transversal missions and the permanence of three dimensions in the strategic map: "missions"; "processes and finances"; and "learning and evolution," previously called "nonfinancial resources" and updated to emphasize the valorization of knowledge.






With a view to consolidating and simplifying the strategic map, other important changes were: (i) merging the missions "Education, health and security" with "Sustainability," replaced with "Socioenvironmental"; (ii) incorporation of the mission "Privatization," as well as its respective strategic guidelines, in the mission "State modernization and territorial development"; and (iii) inclusion of strategic guidelines related to MSMEs in the mission "Production structure."

STRATEGIC MAP (DECEMBER 2020)



1 | MISSIONS | What should we deliver to society? What are BNDES' missions?

Missions	 Infrastructure Develop and support projects to increase productivity, expand access and promote integrated and sustainable infrastructure	 Production structure Support increase in productivity, competitiveness and employment, integrating innovation, exports, entrepreneurship and sustainability	 Socioenvironmental Structure and propagate impactful socioenvironmental initiatives, leveraging private sector resources and improving quality and efficiency in service provision	 Innovation Promote entrepreneurship, increase in productivity and the transition to the knowledge economy and digital society	 Capital market development Foster the development of the capital market	 State Modernization and territorial development Promote efficiency in the public sector and reduction of territorial inequalities	 Emergency countercyclical Act in a timely manner to maintain jobs and businesses and in a structuring manner to enable the recovery of the economy
SDG	1, 6, 7, 9, 11	2, 8, 9, 10, 12, 17	1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	8, 9, 15, 16	5, 8, 9, 10, 13, 17	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 16, 17	8
EFD axes	Infrastructural, Economic and Environmental	Economic, Environmental and Social	Infrastructural, Economic, Environmental and Social	Economic, Environmental and Social	Economic, Environmental and Social	Economic, Institutional and Social	Economic and Social

2 | PROCESSES AND FINANCES | What is required to accomplish the missions?

 Solutions for the client Communicating with current and potential clients for the continuous development of solutions, improving their experience	 Integrated risk management Creating new risk pricing methodologies and improving existing ones to allow the development of more impactful projects for the country, managing risks in an integrated manner	 Financial management of assets and liabilities Providing financial resources and business conditions that are compatible with the promotion of the country's development, maintaining the financial and equity balance	 Streamlining processes and standards Standardizing, simplifying and digitalizing processes	 Partnerships and dialogue Promote partnerships and dialogue to stimulate the country's development
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3 | LEARNING AND EVOLUTION | What non-financial resources are essential?

 IT Facilitating business generation through digitalization by consolidating channels and integrating digital processes, from the front office to the back office	 People Facilitating business generation through digitalization by consolidating channels and integrating digital processes, from the front office to the back office
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The first level of the map presents our missions and their strategic objectives. The second level refers to internal processes and corporate institutional objectives – what needs to be conducted internally to achieve the development missions. At the base of the map, supporting the strategy, are people and information technology (IT) resources. Our missions are associated with the SDGs and the axes of the Federal Development Strategy.

2020 BUSINESS PLAN

Based on the 2020–2027 Corporate Strategy, the 2020 Business Plan established a set of corporate projects, indicators and goals in order to materialize its implementation in the short term (one year).

Strategic indicators

The strategic indicators aim to guide expected behaviors and results, and are used to monitor the achievement of the strategic objectives over time. In addition to corporate indicators, we also monitor division indicators, which are agreed by the directors with their teams and generate the contribution plan of each of them to achieve the objectives of the strategy.

Six corporate indicators were established for 2020, which are shown in the table below. Considering that our focus was redirected to deal with the effects of the COVID-19 pandemic in Brazil, our operational performance was higher than expected. The indicators: “Contracting in infrastructure,” “Contracting volume per employee,” “Result of credit and onlending operations per employee,” in addition

For a detailed analysis of the performance of corporate and division indicators, access the Strategic Performance Analysis Report, approved by the Board of Directors in May 2021, in www.bndes.gov.br/kpis

Learn more about employee remuneration in the section *Our team*



Learn more about executive remuneration in the section *Governance, ethics and integrity*



to “Project factory and privatization,” performed above the target. “Administrative and personnel expenses” and “Relative quality of the credit portfolio” were slightly below the target (difference below 5%).

The first four indicators in the table contribute to the calculation base of the BNDES’ **Profit or Result Sharing Program (PLR)**, while all six have an influence on the calculation base of the **Annual Variable Remuneration (RVA)** program of the Bank’s executives. For the purposes of calculating employee PLR, the performance of corporate and division strategic indicators will be limited to 100%.

During the year, 49 division strategic indicators were also agreed upon by the BNDES executive directors. Of this total, seven (14%) performed below the target set for 2020; nine (18%) performed exactly the same as the target; and the remaining 33 (67%) showed superior performance.

CORPORATE STRATEGIC INDICATORS			
INDICATOR	2020 GOAL	ACCOMPLISHED	PERFORMANCE (%) ¹
Contracting in infrastructure – CIN (R\$ million)	19,000	29,266	154
Project factory and privatization – FPD (number of milestones)	100	163	163
Administrative and personnel expenses – DAP (R\$ million)	2,204	2,232	99
Contracting volume per employee (R\$ million)	22.72	30.64	135
Result of credit and onlending operations per employee (R\$ million/employee)	6	9.91	165
Relative quality of the credit portfolio (%) ²	106.76	101.67	95

¹ For performance evaluation purposes, all indicators are counted up to their third decimal place.

² Indicator defined as the average of the ratio between the installments of the last four quarters of credit portfolios classified with normal credit risk (between levels AA and C on the CMN scale) of the BNDES System and of the National Financial System.

STRATEGIC INDICATORS OF DIVISIONS – SUPPORT UNITS					
EXECUTIVE BOARD	DIVISION	INDICATOR	2020 GOAL	ACCOMPLISHED	PERFORMANCE (%) ¹
Presidency	President’s Office (GP)	GP basket of front office indicators (AGOV, ADIG, AED, AEP, AST, AGS, AE)	100%	125%	125
		BNDES’s knowledge level + broad IMS (Influence Marketing Score)	100%	158%	158
Operations	Strategic Planning Division (AP)	AP basket of front office indicators	100%	672%	672
		Satisfaction with AP services	80%	76%	96
		Indicators of results for the 17 Sustainable Development Goals (SDGs) on the SDG Portal	17	17	100
	Information Technology Division (ATI)	Availability of the main IT systems	99.5%	99.79%	100
		Satisfaction with IT projects	90%	97%	108
	Business Support Division (ASN)	New predefined list services provided by ASN	80%	100%	125
		Reduction in expenses with real estate (R\$ million)	25.3	32.282	127
		Average performance of three service level indicators	100%	100%	100
	Personnel and Organizational Culture Management Division (APEC)	Satisfaction with HR services – HR and Service channel	94%	96.08%	102
		Implementation of the Cultural Transformation project	70%	100%	143
Finance	Financial Division (AF)	Foreign currency exposure limit	100%	100%	100
		Risk management efficiency in the Treasury’s trading portfolio	95%	100%	105
		International resource-mobilizing partnerships	6	11	183
	Controllership Division (ACO)	% of ACO reports disclosed on time	95%	100%	105
		New ACO tax system	100%	87.50%	88
Legal	Legal Divisions (AJ1 and AJ2)	Level of satisfaction with the provision of legal services	80%	92%	115
		Degree of contribution of the legal divisions to achieve the goals of the indicators highlighted by the client divisions	100%	161%	161
		% of services provided within the expected period of advisory opinions	95%	100%	105
Compliance and Risks	Risk Management Division (AGR)	Average time to issue national corporate CR (days)	25	20	120
		Average time to issue project finance CR (days)	25	19	124
		Integrated risks allocated by business segments (shared with AIC)	100%	100%	100
	Integrity and Compliance Division (AIC)	Integrated risks allocated by business segments (shared with AGR)	100%	100%	100
		Expand the database monitored by the LegalBot tool	14	14	100

¹ For performance evaluation purposes, all indicators are counted up to their third decimal place.

STRATEGIC INDICATORS OF DIVISIONS – BUSINESS UNITS					
EXECUTIVE BOARD	DIVISION	INDICATOR	2020 GOAL	ACCOMPLISHED	PERFORMANCE (%) ¹
Shareholding, Capital Market and Indirect Credit	Digital Channels and Operations Division (ADIG)	Number of accredited credit fintech companies in the MSME Channel	2	7	350
		Total disbursements in automatic indirect operations (ADIG) (R\$ million)	30,000	32,932	110
	Capital Market, Shareholding and Company Restructuring Division (AMC)	Selected/contracted funds	8	15	188
		Securities act distributions/open stock market sales over R\$ 50 million	10	12	120
Infrastructure, Concessions and PPPs	Government and Institutional Relationship Division (AGOV)	Origination of structuring/privatization projects	25	93	372
		Client satisfaction with BNDES' services	60%	89%	148
	Investment Partnership Structuring Division (AEP)	Milestones in obtaining structuring projects	33	47	142
		Milestones in completing structuring projects	27	17	63
		Successful auctions	6	5	83
Company Structuring and Divestment	Company Structuring and Divestment Division (AED)	Milestones executed in structuring projects	45	54	120
		Special milestones executed in structuring projects	4	3	75
Concession of Direct Credit and Guarantees	Energy Division (AE)	2020 AE approvals (R\$ million)	12,000	27,089	226
		2020 AE disbursement (R\$ million)	13,000	15,325	118
	Public and Socioenvironmental Management Division (AGS)	AGS approved operations (number of operations)	28	43	154
		1st funding proposal Green Climate Fund (GCF) – essential milestones accomplished	10	10	100.000
		Private fundraising vehicle – essential milestones	6	6	100.000
	Sanitation, Transportation and Logistics Division (AST)	2020 AST disbursement (R\$ million)	5,500	3,782	69
		2020 AST approvals (R\$ million)	7,000	4,892	70
		Credit leveraged by guarantee products (R\$ million)	800	93,501	11,688
	Industry, Services and Foreign Trade Division (AI)	2020 AI approvals (R\$ million)	7,000	11,737	168
		2020 AI disbursement (R\$ million)	9,000	10,589	118
		Selected fund	1	2	200

¹ For performance evaluation purposes, all indicators are counted up to their third decimal place.

INDICAD STRATEGIC INDICATORS OF DIVISIONS – INDEPENDENT UNIT					
EXECUTIVE BOARD	DIVISION	INDICATOR	2020 GOAL	ACCOMPLISHED	PERFORMANCE (%) ¹
Board of Directors	Internal Audit (AT)	Audit works provided in PAINT 2020 concluded by Dec 31, 2020	80%	93%	116
		Technical notes for assessing Internal Audit capacity	2	2	100

¹ For performance evaluation purposes, all indicators are counted up to their third decimal place..

On the one hand, credit operations related to emergency measures boosted performance in public and socioenvironmental management (AGS), energy (AE), industry, services and foreign trade (AI) and indirect operations (ADIG). On the other hand, investments related to urban mobility were postponed due to social isolation measures and investments in sanitation were restricted by the credit limit of public entities and postponed due to the process of **regulatory changes in the sector**, with a negative impact on indicators related to the concession of credit of the Sanitation, Transportation and Logistics Division (AST), as well as on the results of the “Milestones in Completing Structuring Projects” (AEP) and “Special Milestones Executed in Structuring Projects” (AED).

The indicators for milestones in originating and obtaining structuring/privatization projects (AEP and AGOV) performed above the target, due to our promotion and increased interest of public

entities in partnerships with the private sector to enable investments that allow the expansion of access to and quality of public services. The indicator for “Credit leveraged by guarantee products” (AST) performed significantly above the target (11,688%) mainly due to the **FGI PEAC**.

Corporate projects

Corporate strategic projects seek to contribute to the implementation of strategic objectives or to improve indicators, aiming to boost the BNDES towards a new level of operation.

These projects consist in temporary activities, with clear and predefined objectives and have a transversal character, involving and/or impacting different units of the Bank.

In 2020, despite our operations being redirected due to the crisis caused by the new coronavirus, the strategic projects achieved a high degree of completion, reaching 86.48% of the expected deliveries.








Learn more in the section
Our performance >
Infrastructure



Learn more in the section
Our performance >
Emergency measures

2020 CORPORATE PROJECTS

- 1. CREDIT AND GUARANTEE POLICY:** its main objective was to improve internal rules in order to review the requirements of the credit and guarantee policy, seeking new parameters for risk-taking, flexibility and reduction of bureaucracy. This project resulted in a new credit policy, which includes improvements related to project finance and corporate finance.
- 2. OFFERING SOLUTIONS:** aimed at making credit concession solutions more consistent with client's needs, in order to expand access to credit for small and medium-sized enterprises. Its main results were the creation of the Emergency Credit Access Program (FGI PEAC); internal improvements to processes and rules related to debentures; and review of the BNDES Guarantee product aimed at larger companies, with review of pricing, rules and internal processes.
- 3. FUNDING OPPORTUNITIES:** sought to enable alternative sources of funding for specific purposes, aiming to diversify our fundraising, both by more efficient use of our balance and by sharing risks in credit operations and attracting new investors to the long-term credit market. As a result, we highlight the implementation of **aid to the electricity sector** during the pandemic, the development and launch of **Green Financial Letter** and a pilot project for structuring public institution's endowment fund, in partnership with the Brazilian Museum Institute (Ibram).
 [Learn more in the section Our performance > Emergency measures](#)
 [Learn more in the section Financial sustainability](#)
- 4. BNDES INNOVATION HUB FOR THE PUBLIC SECTOR:** aiming to boost innovation in the Brazilian public sector through the dissemination of successful cases and best practices for digitalizing processes and services; implementation of pilot project of Rede **Blockchain** Brasil (RBB), focused on transparent services of public interest; and implementation of solutions that optimize management and fundraising within the concept of smart cities. Some of the main results were the implementation of pilot projects and the establishment of frameworks for digitizing public services in subnational entities; use of technology to improve the capacity to manage and collect real estate taxes and track goods chains; and the structuring of RBB's governance with the implementation of services for document registration and resource tracking.
 [Learn more in the section Transparency and Effectiveness](#)
- 5. CULTURAL TRANSFORMATION:** sought to make our staff even more aligned with our purpose and strategy, by promoting new behaviors, norms and practices that are more suitable to the current challenges and opportunities. Its main results were the creation of a training program for top management; the development of a new system for individual performance assessment; and the structuring of a volunteer program.
 [Learn more in the section Our team](#)
- 6. CREDIT PROCESSES:** aimed at improving and digitizing stages of the **operating flow** and developing new features on the **Clients Portal**. Some of the main results were the implementation of the prior consultation process on the website, making it possible to digitize this step; and the advancement in the segmentation of customers according to their profile and/or need, so that it is possible to adapt the qualification and analysis steps to different levels of complexity in the demand for credit, implementation of differentiated operating flow according to ticket and/or strategic level of the operation. In the monitoring phase, there was a review of the contractual obligations of clients and standardization and automation of processes, in order to ensure compliance and legal certainty, and to increase productivity.
 [Learn more in the section What we do?](#) | [Learn more in the section Our relationships](#)
- 7. OPERATIONAL MODEL 4.0:** aimed to enable a new form of operation for the MSMEs segment, considering the reconfiguration of the National Financial System (SFN), caused by the entry of new players – fintech companies – and by the regulation of open banking. Among the improvements implemented, we highlight the regulation of accreditation of fintech companies and digital banks and the reduction in the cost of accreditation; improvements in the client's navigation on the MSME Channel and on the BNDES website; the raising of funds with shorter terms, better suited to financing MSMEs and improvements in the credit score, in addition to the structuring of new products aimed at MSMEs.

RISKS AND OPPORTUNITIES

In accordance with the Law of State-Owned Companies, when the strategy was approved by the Board of Directors in December 2020, the risks (threats) and opportunities related to its implementation were assessed.

The risks and opportunities were prioritized according to the degree of probability of occurrence and the degree of impact on the capacity to achieve our strategic objectives, also considering the most immediate impact as a criterion.

This analysis was an input for the definition of the 2021 Business Plan. Below are some highlights of threats and opportunities.

Caption:
PD – Probability degree
ID – Impact degree



THEME	T – THREAT (ORANGE) OR O – OPPORTUNITY (GREEN)	PD	ID
INFRASTRUCTURE	O	HIGH	VERY HIGH
PRODUCTION STRUCTURE	O	HIGH	VERY HIGH
SOCIOENVIRONMENTAL	O	HIGH	VERY HIGH
INNOVATION	O	VERY HIGH	HIGH
CAPITAL MARKET DEVELOPMENT	O	HIGH	VERY HIGH
STATE MODERNIZATION AND TERRITORIAL DEVELOPMENT	O	VERY HIGH	HIGH
EMERGENCY COUNTERCYCLICAL	O	HIGH	VERY HIGH
PROCESSES AND FINANCES	T	HIGH	VERY HIGH
LEARNING AND EVOLUTION	T	HIGH	VERY HIGH

TRIENNIAL PLAN

In December 2019, we launched a new instrument to plan and communicate our strategic agendas and deliveries to society: the 2020–2022 Triennial Plan. The plan outlines a path for our actions in the coming years, with a focus on transforming the lives of generations of Brazilians. To that end, it explains our strategic agendas, relating them to the UN SDGs, and highlights a set of 14 deliveries to society by 2022.

The revised targets and deliverables of the 2020–2022 Triennial Plan are highlighted below, with the results achieved in 2020. For services, the expected benefits to society to be delivered by projects structured during the year are considered. In the case of credit, this is an estimate of the expected impact generated by the projects approved in 2020.

Over the year, during the process of reviewing our strategy, the Triennial Plan underwent some adjustments. For example, “Public lighting” is no longer included in the plan, since the structuring of lighting projects is now served by the market. This does not mean that we have stopped supporting projects in the sector, as the Triennial Plan presents a selected set of deliveries to society, not including our impacts on all sectors that we support. We included the delivery of “Concession of conservation units for national parks and forests,” reinforcing our efforts for environmental preservation.

The goals related to the sales of State-owned companies (15 state and 15 federal companies) and the structuring of five real estate funds were consolidated into a single goal of carrying out privatization processes. With the development of the service bank and, consequently, the refinement of the project portfolio, we reassessed that there

SERVICES				
SECTOR	TRANSFORMATIVE DELIVERY	STRATEGIC MISSION	2022 GOAL	ACCOMPLISHED 2020
Sanitation	Structuring of projects to provide sanitation services to people not currently served by the system (thousand) ¹	Infrastructure	20,000	1,240
Parks and forests	Concession of conservation units for national parks and forests ²	Infrastructure	20	N/A ³
Logistics	Structuring of projects for private management in public ports (% of commercial trade)	Infrastructure	30%	0%
	Structuring of projects for extension of concession highways (thousand km) ⁴		13.67	1.27
Sale of companies and real estate funds	Implementation of privatization processes: sale of companies or structuring of real estate funds	Infrastructure	30	2

¹ 75% refer to the structuring of concessions and PPPs and 25% to privatization.
² Replaces the delivery referring to public lighting.
³ N/A – not applicable. As this is a new goal, there were no accomplishments in 2020.
⁴ Of the original 20,000 km target, 6,330 km were rescheduled for 2023 due to the market's absorption capacity.

CREDIT				
SECTOR	TRANSFORMATIVE DELIVERY	STRATEGIC MISSION	2022 GOAL	ACCOMPLISHED 2020
Energy	Increase in the installed capacity of renewable energies (GW)	Infrastructure	3	1.4
	Carried out expansion of the natural gas distribution network (km)		2,200	1,251
Logistics	Implementation, duplication or modernization of railway sections (km)	Infrastructure	2,500	0
	Implementation, duplication or modernization of road sections (km)		5,000	958
Urban mobility	Demand met by new medium and high capacity systems (thousand users/business day)	Infrastructure	1,000	0
Sanitation	Number of people who will have access to sewage network + number of people benefited by the expansion of sewage treatment (thousand)	Infrastructure	5,500	61.8
	Number of people who will have access to water network + number of people benefited by the expansion of water treatment (thousand)		1,000	257.8
ICTs	New access points to fixed broadband services – connected persons (thousand persons)	Production structure	4,000	608.3
Education	Support to elementary and/or vocational education through financial instruments (thousand students)	Education	1,000	107.3
Health	SUS health units benefited by the BNDES support	Health	1,000	480
Security	Projects aimed at improving the efficiency of public security intelligence services	Security	20	4
Employment	Generation or maintenance of direct and indirect jobs (thousand jobs)	Production structure	6,572	4,720
MSME	Support to MSMEs and individuals in credit and guarantee operations (thousand clients)	Production structure	625	464

will be thirty privatization projects (including real estate projects) with auction scheduled to a date prior to year-end 2022.

In addition, there was also a reduction in the telecommunications target due to the impossibility of using the Telecommunications Services Universalization Fund (Fust) as a driving resource, since the rules for its operationalization have not yet been defined.

As a result of our significant work in mitigating the effects of the pandemic, we increased the goals until 2022 from 450,000 to 625,000 for the "Support to micro-, small- and medium-sized companies and individuals in credit and guarantee operations," from 3 million to 6.57 million for "Generation or maintenance of direct and indirect jobs," and from 150 to 1,000 for "SUS health units benefited by the BNDES support."

OPERATIONAL POLICIES AND CREDIT POLICIES

Operational Policies (OP) regulate and consolidate our **financial support instruments**. Throughout 2020, they underwent important changes to improve concession processes, making them more agile, and to review the scope of products, such as BNDES Finame Direto, BNDES Sustainable Debentures and BNDES Guarantee, increasing the portfolio's attractiveness.

In addition, we launched specific support programs, emphasizing those aimed at tackling the economic crisis resulting from COVID-19, at emergency support to the health sector, and at the ESG (environmental, social and governance) agenda.

There was also a reduction in spreads on some products and lines, with emphasis on those operated indirectly, contributing to the effectiveness of the support. Finally, it is worth noting the expansion of the use of financial costs indexed to the SELIC rate, especially for shorter-term operations.

The **Credit and Guarantees Policy**, in turn, is the set of rules and procedures related to our credit concession and management. In 2020, the approval of a new policy represented a major progress in easing the guarantees required in our financing. The changes in the project finance mode will allow the financing of greenfield projects (those that are starting from zero) using only the guarantees of the project, subject to meeting certain conditions. In addition, in brownfield projects (those that already have facilities), the new resolution provides that personal guarantees are released proportionally to the physical execution of the projects. The policy changes are expected to increase the attractiveness of auctions and allow investors to enter a larger

number of projects, contributing to overcoming the historical deficit in the Brazilian infrastructure and aligning with our strategic objectives.

NEW PRODUCTS

Considering the urgent needs observed in the Brazilian economy due to the crisis caused by COVID-19, we planned and launched a series of measures, including **new products and changes in the existing portfolio**, in order to mitigate the impact of the abrupt downturn in economic activity on the Brazilian production chain.

We also remain attentive to the socioenvironmental agenda, developing and launching **products** to encourage responsible behavior by companies, so they prevent, combat and reduce the depletion of natural resources and conditions that destabilize the economy and vital social institutions.

In relation to the product portfolio for the agricultural sector, in 2020 we introduced **BNDES Rural Credit**, a financial solution for continuous service to the agricultural sector, as a complement to the rural credit already operated with equalized resources from the Federal Government, thus avoiding the depletion of resources throughout the agricultural year.

Regarding the instruments for project structuring services, we highlight the changes in the product BNDES Services Project Structuring in order to regulate the criteria for our remuneration in real estate structuring projects and to leverage support to the parks segment.

Another improvement in the financial solutions portfolio was restructuring the product BNDES Fianças, changing its name to **BNDES Guarantee**, expanding its scope of operation and creating a specific flow for operations with the product.



Learn more in the section
Our performance >
Emergency measures



Learn more in the section
Our performance >
Sustainability



Learn more in the section
Our performance >
Production structure



Learn more in the section
What we do?



Learn more in the section
What we do?



Learn more in the box
2020 Corporate projects

OPEN BANKING

Through open banking, institutions authorized to operate by the BCB start to share data about their clients' financial products and information (with their consent), using APIs (application programming interfaces) to integrate their technological platforms and databases.

The information obtained can help us to direct our financial and nonfinancial instruments in a more customized manner, as well as to improve and streamline credit concession processes. Moreover, it enables us to improve our credit risk analysis model, reducing, for example, the amount of information and documents requested from clients.

Our participation in the construction of the Brazilian open banking, jointly with other financial institutions, can also facilitate the tracing of credit gaps and boost the expansion of the credit market, favoring, especially, the access of MSMEs.

How we CREATE VALUE

GRI

102-16

WE ACQUIRE

INPUTS



FINANCIAL

R\$ 17.8 billion
in funds from FAT

R\$ 48.6 billion
in inputs originating from
variable income portfolio

R\$ 22 billion
made available by the
Federal Government for
transfer to programs to
deal with the effects
of the COVID-19 pandemic

R\$ 10.3 billion
in internal and
external fundraising

R\$ 109.3 billion
in return on credit
operations



HUMAN

2,518
employees

84.4%
with undergraduate
degree

68%
with graduate degree



INTELLECTUAL

30h
of training
per employee

2,418
participations
in training

more than 50
projects monitored
with satellite images



SOCIAL AND RELATIONSHIP

more than 8 million
visits to our website
in the year

214,000
views of
online events

monitoring of
more than 400
legislative proposals

4,261
demands received
and handled by the
Ombudsperson's Office

HAVING AS

INSTITUTIONAL IDENTITY



PURPOSE

Transforming the lives of generations of
Brazilians by promoting sustainable development.



VALUES

Ethics, public spirit and commitment
to development.



PRINCIPLES

Transparency, effectiveness, dialogue,
cooperation and pursuit of excellence.



MISSION

Facilitating solutions that contribute with
investments for the sustainable development
of the Brazilian nation.



VISION

Being the Brazilian sustainable development bank.

PRODUCTS AND SERVICES



FINANCING AND CREDIT (p. 20)



SHAREHOLDING (p. 22)



SERVICES (p. 22)



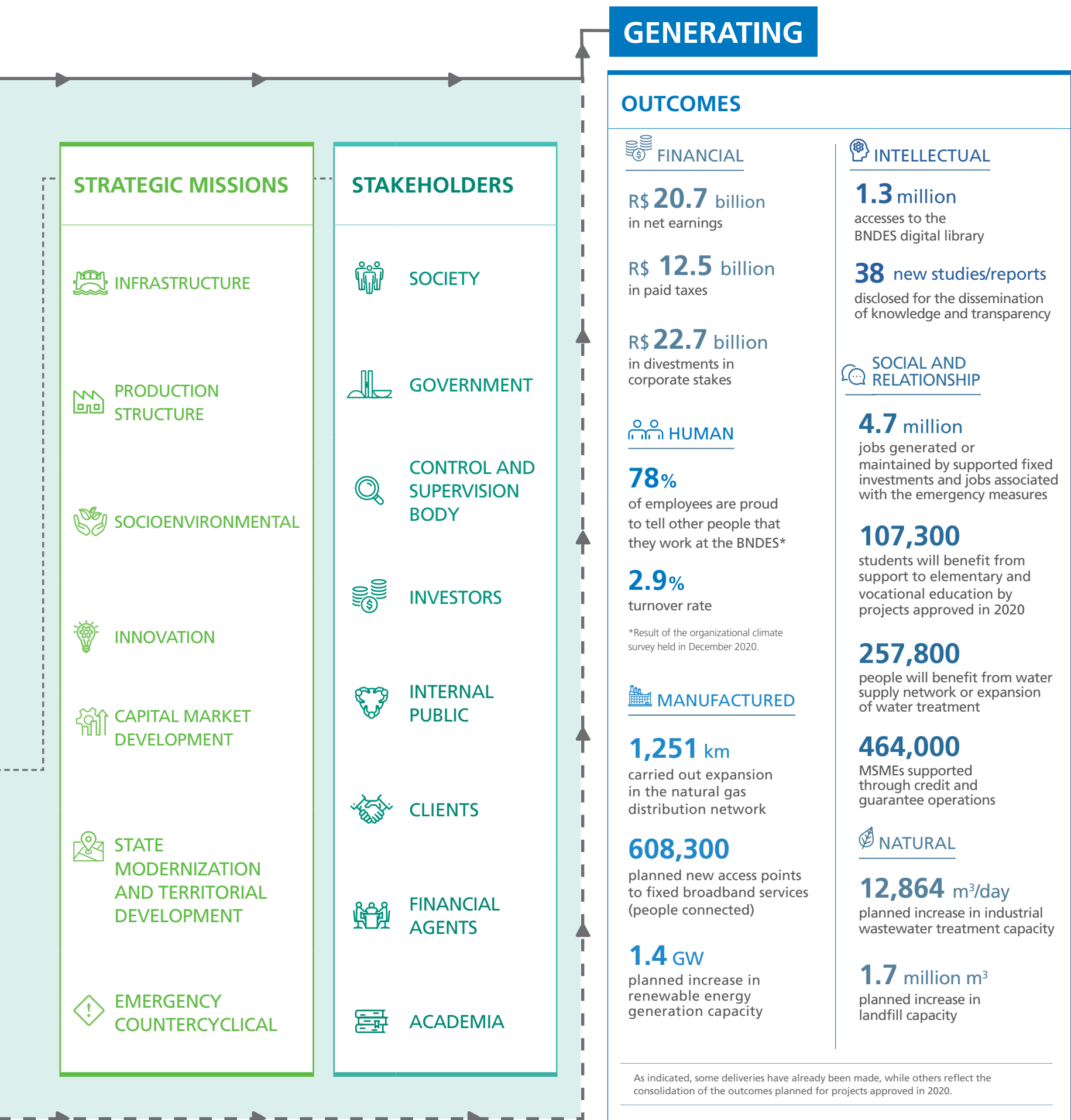
GUARANTEES (p. 23)



NONREIMBURSABLE SUPPORT (p. 23)



PRODUCTION OF KNOWLEDGE (p. 23)



What WE DO?

GRI

102-2

Our different modes of operation supplement one another in order to enhance our contribution to the development of Brazil. Financing and provision of services are today our main fronts of operation. We also work through shareholding, guarantees and nonreimbursable support. Our knowledge production underlies all of our support modalities.

FINANCING

We offer financial solutions that imply concession of funds for a predetermined period, such as financing solutions, credit limits, debentures and credit rights investment funds (FIDC). It is worth mentioning our operation in long-term credit, which is fundamental for the fulfillment of our strategic priorities.

Our **financing** can be conceded to companies of all sizes and to individuals, depending on the purpose, directly or through accredited financial institutions.

OPERATIONAL FLOW

Our credit granting process for direct, mixed and nonautomatic indirect operations is based on the use of five standardized credit workflows.

After a qualification stage, in which we evaluate whether the client is able to operate with us, based on credit, registration and compliance analyses, the projects follow the different workflows according to their characteristics and degree of complexity.

A financing request with a defined object, such as the purchase of national equipment, is processed by the automatic workflow. In this case, the request is analyzed according to a list of criteria previously approved by the Executive Board and, if it fulfills all the necessary requirements, it is submitted to the **Credit and Operations Committee (CCOp)** or the Executive Board, depending on the value of the operation.



See more at
[https://www.bndes.gov.br/
Financial_Support/](https://www.bndes.gov.br/Financial_Support/)



ATTENTION:

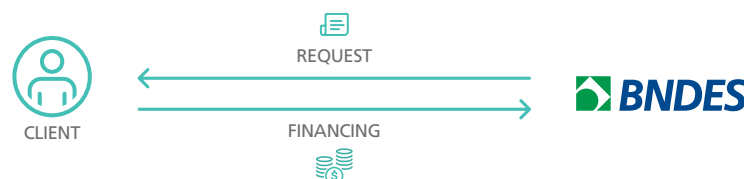
We do not accredit advisors (individuals or legal entities) as intermediaries to facilitate, streamline or approve credit operations.



Learn more in the section
Governance, ethics and integrity

DIRECT OPERATIONS

These are operations that can be carried out directly with the BNDES. In order to apply for direct support, it is generally necessary that the financing has a value above R\$ 40 million. In some specific cases, such as support for innovation, sanitation, energy efficiency projects, regional providers, philanthropic entities, reforestation, purchase of machinery, equipment and industrial goods, among others, it is possible to apply for direct support for financing a value below this minimum limit.



INDIRECT OPERATIONS

These transactions are carried out through accredited financial institutions. These institutions are responsible for performing the financing analysis, negotiating conditions with clients – complying with some rules and limits defined by the BNDES – and assuming the risk of nonpayment. Therefore, they can accept or deny the request for credit.

THEY CAN BE:

- **AUTOMATIC:** financing operations valued below R\$ 150 million. The accredited financial institution receives and analyzes the request, approves it, and asks us to confirm and release the funds.
- **NONAUTOMATIC:** operations valued over R\$ 40 million, in which the accredited financial institution, responsible for negotiating the conditions and assuming the risk, sends us an analysis request. In this case, the financing operations are individually evaluated and approved by us.



MIXED OPERATIONS

Operations that combine direct and nonautomatic indirect operations. In this case, the BNDES and the accredited financial institution share the risk. Mixed operations generally occur at the BNDES's or the financial institution's suggestion and cannot be requested by the client.

WHAT WE DO NOT SUPPORT

The basic guidelines of our operational policies prevent the support for sectors such as motels, saunas and spas; gun trade; prognostic games; and financial activities, except for microcredit and fintech company projects. We also do not support real estate or mining projects that incorporate a rudimentary mining process, thermal power generation

projects using coal, and social actions and projects that receive tax incentives.

It is also not allowed the support to specific items, such as the purchase and expropriation of land; the purchase of animals for reselling; among others. This means that our resources cannot be used to finance these expenses, even if they are part of a project we are supporting.

In the simplified workflow, the main difference is that, depending on the object of financing, its validation process is slightly more complex, taking into account specific sectoral requirements. The monitoring process in the simplified workflow is also more detailed than in the automatic workflow.

More complex projects, such as greenfield and infrastructure projects in general, follow the corporate or project finance workflows, which differ mainly in relation to the operation's guarantees.

In these projects, multidisciplinary technical teams specialized in the sector delve into various aspects of the proposal during the analysis, such as economic and financial viability, social and environmental aspects, the company's strategy and governance, market analysis, and the guarantees offered.

Finally, operations with exclusively nonreimbursable funds follow a specific workflow, given the characteristics of the operation. Depending on its objective, the request for support may be evaluated by an advisory committee before being analyzed by our technical team. In the case of operations with exclusively nonreimbursable funds, there is no qualification stage, and the registration analysis is performed during the operation analysis stage.

Corporate, project finance and nonreimbursable applications are also analyzed for eligibility, based on our operational and credit policies, and are forwarded to CCOp for deliberation.

Follow-up

All approved and contracted projects, regardless of the workflow, then go through the follow-up phase, in which the financing resources are disbursed to the client, and a BNDES team verifies the fulfillment of the contractual obligations and the evolution of the supported investment.

In 2020, we continued to improve the follow-up system, with the development of new functionalities, as well as its integration with other of our systems, reducing operating risks and increasing transparency and traceability. In addition, in order to facilitate the follow-up, contract drafts were simplified.

In automatic indirect operations, follow-up is carried out by accredited financial institutions and verified by the BNDES through sampling techniques, which consider items such as materiality and risk factors. We also cross-check information with internal and external databases to better direct efforts to verify compliance and prevent fraud and follow guidelines contained in TCU's audit manuals

to verify the correct application of resources and compliance with regulatory requirements.

Monitoring and evaluation

The **monitoring and evaluation** of the projects' efficacy and effectiveness are already initiated at the analysis stage, with the application of the support impact thesis (*ex ante* evaluation). In this first moment, we verify the alignment of the project with public policies, analyze the expected effects, and define the objectives and indicators of efficacy and effectiveness to be monitored. Two years after the project's conclusion, a final (*ex post*) evaluation is carried out, which compares the expectations of the *ex ante* evaluation with the results obtained, indicating how the BNDES's support contributed to the achievement of these results.



Learn more in the section
Transparency and Effectiveness

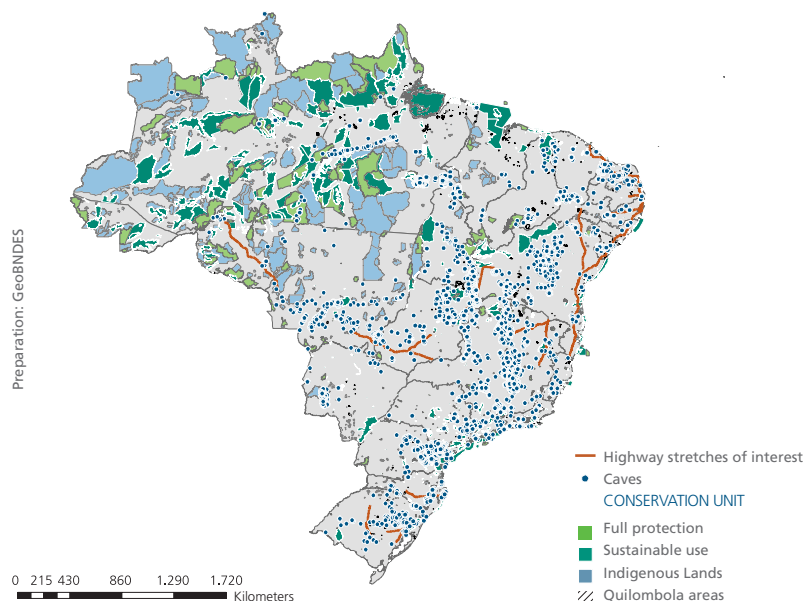
COMPUTERIZED SUPPLIERS ACCREDITATION SYSTEM (CFI)

Industrial machinery, equipment, systems and components financed by BNDES Finame, as well as technological services financed by BNDES Credit Services 4.0, are previously registered in the CFI. The accreditation, in addition to attesting to the capacity of local supply, contributing to the creation of jobs and the Brazilian industry's development, enables the Bank to grant credit in an automated and secure way through a wide network of agents that transfer the BNDES resources.

PROJECT FOLLOW-UP WITH SATELLITE IMAGES

We use satellite images to assess the physical evolution of projects, especially in projects implemented in large areas. In 2020, more than fifty projects were followed up.

This tool has also been used to support the analysis of projects being structured, seeking to aid the teams in charge to understand the territorial context and the potential impacts around the projects.



^ In a technical study for a federal highway concession project, the exposure to socioenvironmental risks was mapped.

EXPORTS

In more than seventy countries, export support is an activity carried out by the State. Almost a hundred export credit agencies operate around the world supporting the export segments. In Brazil, we have participated in official support to Brazilian exports since 1991, as a funding provider.

FIXED INCOME

We have operated as an investor in public offerings in the fixed-income corporate bond market since 2006, with the mission of developing products and investing in the development of the fixed-income capital market. Our objectives are to operate in a complementary capacity in relation to the private market, providing financing options for Brazilian companies and channeling private resources to increase investment in the country, particularly in the sectors of logistics and transportation, urban mobility, energy, and basic sanitation.

Our financing conditions and credit policies are designed also aiming to foster the origination of debentures. Some highlights are: guarantees shared between our financing

and the market debentures and the expectation of cross-maturity between the debenture and our financing.

SERVICES

As a service bank, we support the Brazilian State and public entities in **privatization projects** in all modes: concessions, PPPs and privatizations, working in the structuring of projects and partnerships with new investors and qualified operators.

Acting as a project factory, we play a strategic role in coordinating efforts and resources (both public and private) to facilitate projects in different segments, enabling the reduction of bottlenecks, the creation of investment opportunities, the reduction of public spending, and the improvement of services made available to the population.

We work with the concept of one-stop shop for our public sector clients, working from the origination to the post-auction stage of the projects, as illustrated below.

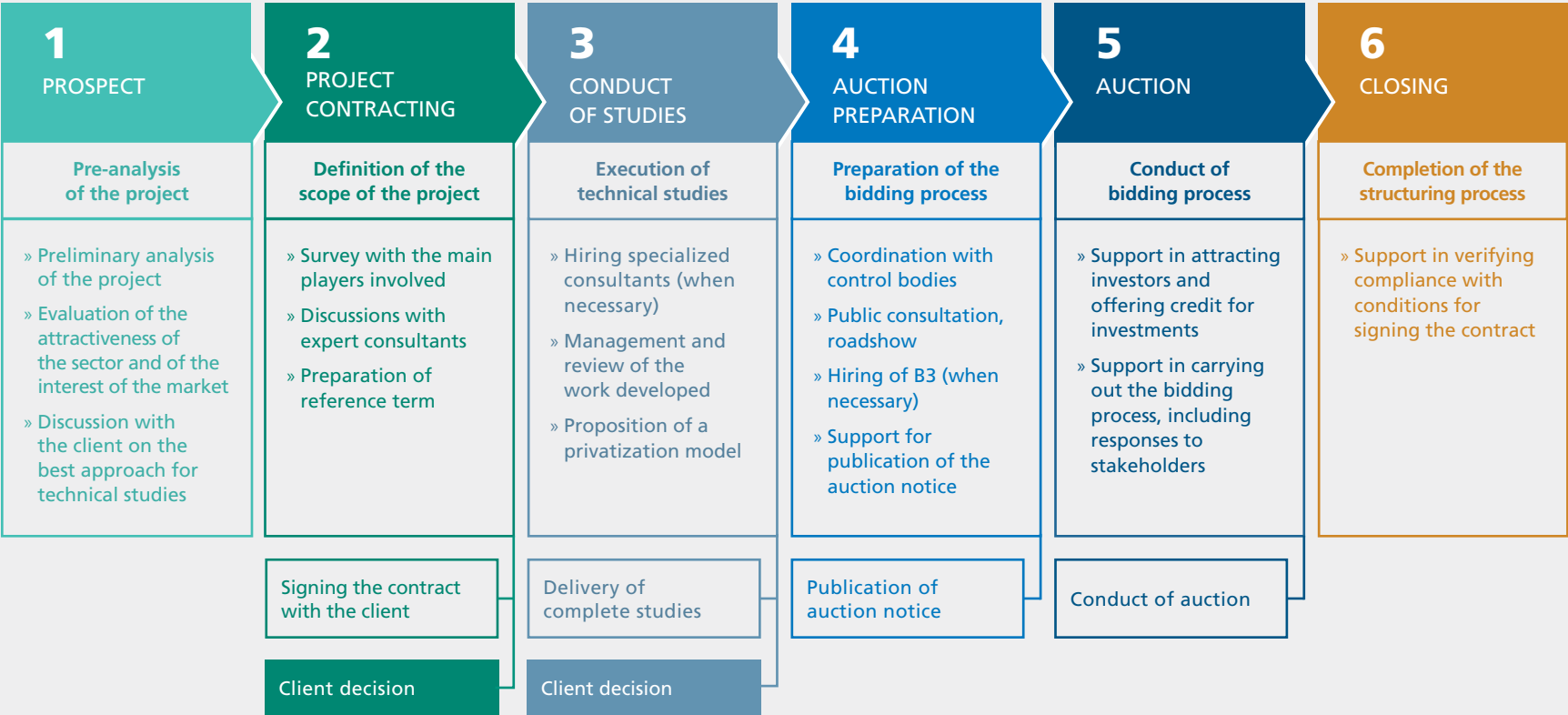
SHAREHOLDING

We present solutions that imply the entry of the BNDES System in the capital of a company



Learn more in the section
Our performance > Privatization
and project structuring

INTEGRATED SOLUTION FOR STRUCTURING PUBLIC SECTOR PROJECTS (ONE-STOP SHOP)



or special purpose entity (SPE), as a direct investor or through funds that invest in shareholding in companies at all stages of development.

Our operation is complementary to the market and to our traditional financing products, contributing not only to business plans and the strengthening of the capital structure of Brazilian companies, but also to the development of the capital market of the country, through incentives to the **best corporate governance practices** and social and environmental initiatives.

To this end, we invest in shares and/or debentures that may be converted into shares of public or private companies, constituted as publicly-traded companies, in public or private offers.

Our investments occur in a transient, minority and nonexecutive manner, always with a long-term horizon, and in compliance with market conditions. That is, in equitable terms in relation to other investors, not including subsidies for investees, which are subject to deadlines, structures and dynamics common to all members of the capital market.

We also operate through investment funds (which, for the most part, acquire equity shares or debentures), periodically selecting managers for those focused on developing markets and sectors with greater shortage of resources, with the aim of supporting innovative companies and production chains that we consider to be priorities, stimulating entrepreneurship and investment in infrastructure, and spreading the venture capital culture across the country.

GUARANTEES

We operate by managing two guarantee funds: the Investment Guarantee Fund (BNDES FGI) and the Guarantee Fund for the Promotion of Competitiveness (FGPC). Currently, only the first is in operation.

The BNDES FGI aims to contribute to the expansion of opportunities for access to credit for smaller companies and entrepreneurs, in addition to autonomous cargo transporters, the latter in the acquisition of capital goods, by supplementing their guarantees.

As **BNDES FGI** guarantee is well evaluated by financial institutions, it also allows them to approve financing in better conditions, e.g., with longer terms, less approval requirements and even lower interest rates.

Currently, BNDES FGI supports credit operations carried out in several financing programs and lines, both within the scope of FGI Tradicional Crédito Livre (lines owned by qualified financial agents or other sources) and of the BNDES onlendings. We do not propose BNDES FGI operations, and their result is not part of the Bank's balance sheet.

BNDES GUARANTEE

The **BNDES Guarantee** product was structured in 2020, replacing the BNDES Fianças product, to offer new solutions, starting in 2021, which can be used independently or complementary to other BNDES products, in operations carried out directly by the Bank. The product provides personal guarantee for pecuniary obligations assumed by customers with national or foreign creditors.

NONREIMBURSABLE SUPPORT

We invest nonreimbursable resources in social, cultural, environmental, scientific and technological projects, complementing the reimbursable financial support for investment projects. The funds may originate in part from our profit, as in the case of the Social Fund, or from external donations, such as the Amazon Fund.

We also have funds to support projects aimed at research and development (BNDES FUNTEC), preservation and revitalization of the Brazilian cultural heritage (Cultural Fund), and technical studies or research by third parties (BNDES FEP).

PRODUCTION OF KNOWLEDGE

We regularly produce sectoral and economic analyses, seminars and publications aimed at disseminating **knowledge** and broadening the discussion on development, in addition to informing society about the outcomes of our operations.

Two editions of the periodicals *Revista do BNDES* and *BNDES Setorial* are published every year. The former presents articles on topics related to economic and social development, while the latter gathers analyses related to the sectors of the Brazilian economy that the Bank supports or may come to support. Both have employees of the Bank as authors or co-authors and aim to disseminate the technical knowledge produced by them.

In a complementary capacity and in order to further expand the discussion and provide transparency, we also publish the **Texts for Discussion** series, comprising separate studies on various topics related to our operation and to development.

FGI SHAREHOLDERS

As of December 31, 2020, the fund's shareholders were the Federal Government (majority), the BNDES itself and 27 other financial agents.



Learn more at www.bndes.gov.br/bndes-garantia



Learn more in the section
**Governance, ethics
and integrity**



Access at www.bndes.gov.br/conhecimento



See more at
www.bndes.gov.br/fgi



Learn more in the section
Our relationships

FUNDING SOURCES

The return on our own operations plus the resources from FAT and the National Treasury constitutes the main portion of **our funding sources**, which is complemented by other government funds, funding abroad, public issuances and banking instruments.

With the Long-Term Interest Rate (TLP) in force, its convergence with the market from 2023 onward, and the advance payment of our debt to the National Treasury, we have structured ourselves to seek new funding options.

In addition to structuring fundraising with the issuance of financial letters, we are also evaluating the guidelines for a new asset securitization policy.

GOVERNMENT SOURCES

National Treasury

Due to the measures adopted to deal with the effects of the pandemic, in 2020 we did not make advance payments of our remaining debt with the Federal Government, with only regular contract payments being maintained.

These payments are related to contributions we received between 2008 and 2014. Since 2015, funds are no longer obtained from this source, and the **early return of funds** is being carried out, which already totals **R\$ 447 billion**, including payment of early settlement in the amount of R\$ 38 billion made in March 2021. With the liquidations, the National Treasury is no longer our main source of funds.

In January 2021, we received an official letter from TCU declaring the irregularity of loans granted to controlled financial institutions, contracted through the direct issuance of government bonds. In agreement with the Ministry of Economy, in March we submitted a return plan for the court to review, whose effective execution will be subject to the assessment of our governance and financial planning. In the schedule, we considered the possibility of payments of R\$ 62 billion by December 2021 and R\$ 54.2 billion by December 2022.

FAT and PIS-Pasep Fund

The 1988 Federal Constitution allocated 40% of the revenue resulting from contributions to the Social Integration Program (PIS) and to the Public Servant Heritage Formation Program (PASEP) to the financing of economic development programs through the BNDES, seeking to generate employment and income. In 1990, with the end of the PIS-PASEP Fund and the creation of FAT, the latter became one of our main funding sources.

These funds are called Constitutional FAT and the Bank is responsible for deciding in which economic development programs they will be applied. We also raise funds from FAT in the form of FAT Special Deposits, destined to specific programs and sectors, previously determined and approved by the Deliberative Council of the Workers' Assistance Fund (CODEFAT).

The social security reform changed the percentage of FAT funds transferred to BNDES, from 40% to 28%. However, by also ending the incidence of the Divestment of the Union's Revenue (DRU) on the FAT funds, the reform did not represent a loss of resources for the Bank, since the DRU was previously 30% on the collection.

In 2019, FAT resumed its role as the Bank's main source of institutional resources, as a result of our advance payments to the National Treasury. The **balance of FAT funds** totaled R\$ 315 billion as of December 31, 2020 (R\$ 307.8 billion from Constitutional FAT and R\$ 7.2 billion from FAT Special Deposits).

The **balance of resources of the PIS-PASEP Shareholding Fund**, closed to new shareholders since October 1988, and under the management of the BNDES, was settled in May 2020, with the transfer of R\$ 20.7 billion, fully, to the Workers' Severance Indemnity Fund (FGTS) with the objective of aiding workers affected by the COVID-19 crisis. Thus, it was possible to reinforce the FGTS and enable withdrawals, according to the criteria established by the Federal Government.

Currently, we monitor and follow the discussions regarding the Emergency PEC (PEC 186/2019), the Federative Pact PEC (PEC 188/2019) and the Funds PEC (PEC 187/2019), which may have future impacts on our funding.



See more at
www.bndes.gov.br/fonte-de-recursos

We did not receive emergency financial aid from the government, as we are a nondependent state-owned company with direct control of the Federal Government, as per current legislation.



Learn more about the raisings and returns of funds from the National Treasury in www.bndes.gov.br/recursos-do-tesouro-nacional



Learn more in the section
Our performance > Economic and financial performance



Learn more in the section
Our performance > Economic and financial performance



Our performance >
Emergency measures



Learn more in the section
Our performance >
Emergency measures

Other government sources

In 2020, the Audiovisual Sectoral Fund (FSA) was responsible for the inflow of R\$ 711.3 million, destined to the coordinated development of the entire production chain of audiovisual activity in Brazil.

We also raised R\$ 204.9 million as a financial agent for the Fund for the Technological Development of Telecommunications (FUNTEL), with the objective of supporting projects aimed at the development and diffusion of technology in the telecommunications sector.



Learn more in the section
Our performance >
Production structure

FUNDRAISING ABROAD

Bonds issuance

Our balance with bond issuance obligations totaled R\$ 8.4 billion as of December 31, 2020. During the year, we settled R\$ 3.5 billion, an effect mitigated by an exchange variation of R\$ 2.5 billion, due to the appreciation of the dollar against the real (29%) in the period.

For over thirty years, we have been issuing bonds, with the aim of expanding and diversifying our funding sources and our investor base; encouraging the access of other Brazilian issuers to the bond market; and building new benchmarks in our term structure of international interest rates.

Fundraising from multilateral institutions

The balance of our debts to government agencies and multilateral institutions totaled R\$ 27.0 billion in 2020.

These funds are generally earmarked for specific sectors or business segments, and must meet the creditor's conditions.

In a conjuncture of less availability of resources from domestic institutional sources, there is potential for expanding cooperation with international partners.

Accordingly, it is worth mentioning the loan disbursed by the Inter-American Development Bank (IDB), in December 2020, in the amount of US\$ 750 million, with an investment of US\$ 150 million as a counterpart from the BNDES. The resources allowed the offering of the equivalent of approximately R\$ 5 billion to domestic MSMEs, in operations aligned with the digitalization and financial innovation initiatives and in partnership with fintech companies, at a time when the need to support MSMEs is even greater, because of the pandemic context.

Another example is our engagement with the **International Fund for Agricultural Development (IFAD)** and the **Green Climate Fund (GCF)**. Aimed at raising funds for the Climate Resilience Project, the initiative will directly benefit 250,000 units of family farmers (about one million people) in the semiarid region of the Northeast Region of Brazil with investments of US\$ 202.5 million.

DOMESTIC FUNDRAISING

Financial Letters

Financial Letters are nominal, transferable and freely traded credit securities, issued exclusively by financial institutions and other institutions whose operation is authorized by the BCB.

These operations are part of the strategy of developing new instruments for fundraising in the market, in addition to our traditional sources of funds, to meet our budgetary investment needs and future disbursements.

On October 22, 2020, we issued R\$ 1 billion in **Green Financial Letters (LFV)**, a significant advance in the market of green financial securities, known as green bonds.

The fundraising was launched entirely in the Brazilian domestic market, with a maturity of two years and a CDI rate + 0.45% per year. The issuance was made in the form of a private offering to our main business partners, in particular Brazilian financial institutions and institutional investors, with a demand in excess of R\$ 7 billion.

INTEREST RATES

LONG-TERM INTEREST RATE

Reference for our loans since 2018, the Long-Term Interest Rate (TLP) is composed of a fixed portion, defined in the contract and announced by the BCB every month, and another variable portion, related to the IPCA. The granting of credit under financial conditions based on the TLP may or may not incorporate the monthly variation of the IPCA into the principal of the debt.

The fixed portion of the TLP reached its historic low in October 2020, following the movement of federal public securities rates traded by the market.

BNDES FIXED RATE (TFB)

The BNDES Fixed Rate (TFB) was created in 2018 with the objective of reducing uncertainties regarding the variation in the cost of our financing, mainly for small and medium-sized companies,



Access at <https://www.ifad.org/en/>
Access at www.greencclimate.fund



Learn more in the section
Our performance > Sustainability



Learn more at
www.bndes.gov.br/tlp



Learn more at
www.bndes.gov.br/tfb

TFB has four variations depending on the financing term:

- up to 36 months (TFB36);
- from 36 to 60 months (TFB60);
- from 60 to 84 months (TFB84);
- from 84 to 120 months (TFB120).

which could have difficulties in managing inflation-indexed liabilities.

In 2020, we implemented some improvements in the rate, such as the extension from sixty to ninety days for the release of funds; the changes of the liabilities associated with the TFB36 and TFB60 series, improving its competitiveness; and the implementation of TFB120, bringing the maximum total financing term to ten years.

In the year, our disbursements in operations with TFB totaled almost R\$ 4 billion, an increase of 225% in relation to 2019, indicating that this alternative financial cost has gained relevance in our indirect operations portfolio.

OPERATION AS A BCB DEALER

In 2020, we remain accredited to act as a BCB dealer, which allows us access to direct contracting for go around operations (informal auction held by the BCB daily to provide adequate liquidity to the financial market), in addition to bank liquidity leveling and post-COPOM repo operations.

Given that the financial volume we trade is quite high, our operations carried out as a dealer are important instruments for the management of our cash. The prerogative of operating directly with the BCB provides flexibility in relation to unforeseen cash flow events, reduction of investment risks and maximum profitability of resources.

CREDIT RISK

We continuously monitor our borrower's **credit risk**. As required by the BCB, we have made provisions in accordance with the operations' risk classification and with the default period of payment of financial obligations.

With the crisis caused by the COVID-19 pandemic, the provisions for loan losses increased according to the new expectation of risk of losses. The average provisioning for the credit portfolio ended the year at 4.6%, below the 6.3% observed in the National Financial System (SFN) and above the 3.5% observed in December 2019.

DEFAULT

The **default** of our credit and onlending portfolio reached 0.01% (90 days) on December 31, 2020, being below the SFN rate, which registered 2.12% on the same date. The indicator decreased in 2020 due to the **standstill** granted to several economic groups.

In December 2020, a public notice was issued for the assignment of a portfolio of nonperforming

loans of the BNDES. All credits come from indirect operations in banks whose activities were interrupted by intervention or extrajudicial liquidation. By law, these credits were subrogated to the BNDES, that is, their ownership was transferred to us. These securities have limited recovery potential and a high maintenance cost and have already been reported as lost on our balance sheets. Thus, they can be sold, albeit for amounts well below the original value.

It is our first initiative in this regard and was preceded by a public consultation with investors in October 2020, to ensure that the terms of the notice and the assignment contract are in line with the best market practices.

CREDIT RECOVERY

Although we carry out careful analyses to approve our financing, we are subject to the risk that clients may face difficulties to meet their debts and other obligations. In 2020, the renegotiation index reached 51.26% of the credit and onlending portfolio, higher than the 4.95% recorded in 2019, strongly impacted by the operations renegotiated within the scope of the standstill – COVID-19, which reached 43% of the gross portfolio.

In February 2020, the Credit and Operations Committee was tasked with approving renegotiations in which the exposure of the debtor's economic group is equal to or less than R\$ 150 million. Operations above this level remain the responsibility of the Executive Board.

GUARANTEES

We have the practice of requiring credit guarantees in our operations, which are considered for regulatory purposes and for pricing the risk of the operation.

Export Guarantee Fund (FGE)

The **FGE** is an accounting fund through which the Federal Government grants guarantees to Brazilian exports to several countries financed by public and private financial institutions. The fund has high surplus, having raised the equivalent of US\$ 1.4 billion since its creation and paid US\$ 1.1 billion. It generates profits above R\$ 1 billion per year and has assets totaling R\$ 38 billion.

The indemnities for the operations of the countries that show late payments – Venezuela and Cuba, since 2017 and 2018, respectively – have been carried out strictly by the FGE.



Learn more in the section
Risk management



Learn more in the section
Our performance > Economic and financial performance



Learn more in the section
Our performance > Emergency measures



See more at
www.bndes.gov.br/FGE

Our PERFORMANCE

ECONOMIC AND FINANCIAL PERFORMANCE

See our complete financial statements at www.bndes.gov.br/Financial_Information

GRI

102-2 | 102-6 | 102-7
102-12 | 102-15 | 102-20
102-21 | 102-29 | 102-43
103-1 | 103-2 | 103-3
201-1 | 203-1 | 203-2 | 307-1

RESULT

Our net profit reached R\$ 20.681 billion in 2020, an increase of 16.7% compared to R\$ 17.721 billion in 2019. The evolution is explained mainly by the results with equity interests (increase of 54% in relation to the previous year) and with the product of financial intermediation (increase of 23.2% in relation to the previous year), mitigated by the constitution of a provision for credit risk (371.8% increase in expenses compared to the previous year).

The growth in tax expenses in 2020 reflects the increase in taxable profit, mainly due to the increase in income from equity investments.

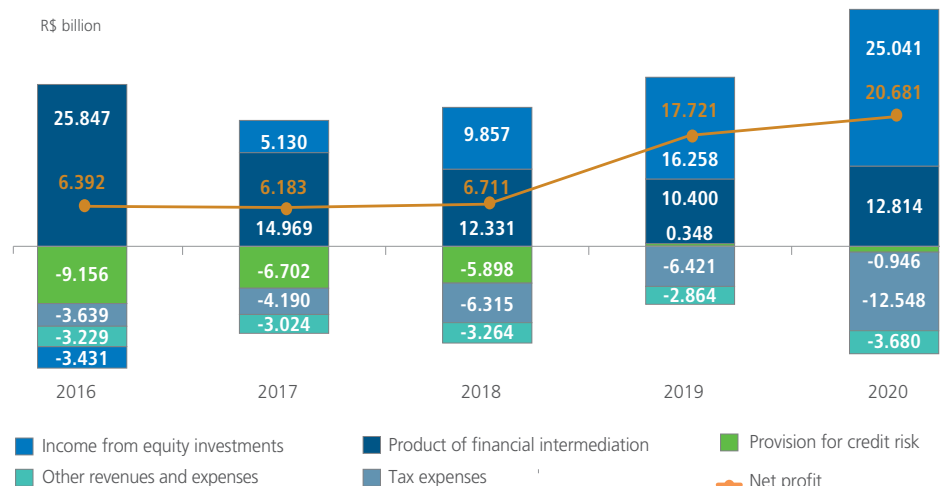
Recurring income

As of 2020, we began to disclose, compared to the same period of the previous year, the recurring income of the BNDES System and its reconciliation with net income.

	R\$ million	
	2020	2019
Book net income	20,681	17,721
Nonrecurring effects	(13,192)	(9,483)
Recurring profit	7,489	8,238
Provision for credit risk (PRC)	946	(348)
Taxes on PRC	(413)	195
Recurring profit, adjusted by PRC	8,022	8,085

The effects considered nonrecurring, although related to our business, do not necessarily occur in all periods, nor in comparable amounts. Highlighting it enables a better understanding and evaluation of recurring profit. The main nonrecurring effect is related to the income from the divestment of equity interests.

In 2020, the recurring profit was R\$ 8.022 billion, the same level as the R\$ 8.085 billion in 2019.



Income from equity investments

It consists of income from divestments, revenue from dividends and interest on own equity, equity equivalence, derivatives and equity investment funds, impairment expenses and other income mainly from the BNDESPAR portfolio.

The result with equity interests in 2020 was positive by R\$ 25.041 billion, showing expressive growth considering the gain of R\$ 16.258 billion in 2019, and resulted mainly from the 99.8% increase in the result from divestments, in line with the **divestment** priorities announced by the BNDES in 2019. Among the divestments made, the highlights are the partial divestment of shares in Vale (R\$ 10.2 billion) and Petrobras (R\$ 7.6 billion) and the full divestment of shares in Suzano (R\$ 3.8 billion), as a gross result.

The percentage of participation in the total capital of Petrobras decreased from 13.90% on December 31, 2019 to 8.07% on December 31, 2020. As for Vale, the participation percentage decreased from 6.12% on December 31, 2019 to 2.18% on December 31, 2020. The rest of our shares issued by the company were sold in 2021.

Product of financial intermediation

It is the result of investments in cash and cash equivalents and credit and onlending portfolios, and of bonds and securities.

The 23.2% increase in product of financial intermediation in 2020 was mainly due to the recognition, in 2019, of impairment of debentures in the amount of R\$ 2.876 billion, mitigated by the fall in revenue from bonds and securities, due to the reduction in the Selic rate.

Provision for credit risk

The provision for credit risk is recognized in accordance with criteria established by CMN Resolution 2,682/1999.

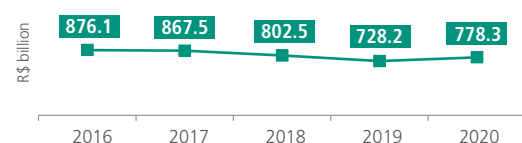
The constitution of a provision of R\$ 946 million observed in 2020 is basically due to the revision of the ratings of companies in the sectors most impacted by the current economic conjuncture due to the COVID-19 pandemic, mitigated by credit recoveries under the FGE.

Learn more in the highlight **Divestments**

Learn more in the section **Financial sustainability**

ASSETS

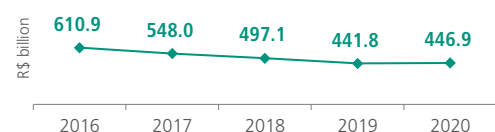
TOTAL ASSETS



Credit and onlending portfolio

Comprises financing granted directly (credit operations) or indirectly through an accredited financial institution (onlending operations), net of provision for credit risk.

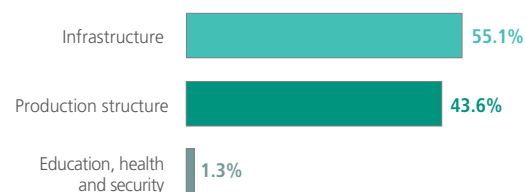
The increase of R\$ 5.105 billion (1.2%) in the net portfolio in fiscal year 2020 was influenced by the appropriation of interest, monetary restatement and exchange rate variation in the period, effects partially offset by the settlement of operations, which exceeded the disbursements in the year by R\$ 36.240 billion.



PORTFOLIO BY TYPE OF OPERATION (2020)



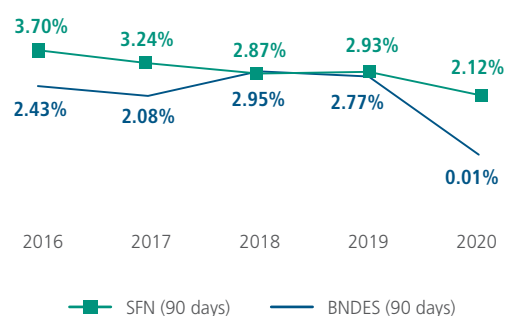
PORTFOLIO BY STRATEGIC MISSION (2020)



BNDES DEFAULT VS. THE NATIONAL FINANCIAL SYSTEM (SFN)

Our **default** rate reached 0.01% (90 days) on December 31, 2020, a reduction of 2.76 percentage points compared to 2019 and less than the 2.12% default registered by the SFN. The amount is also lower than that observed in our portfolio at year-end 2019 – 2.77% (0.84% excluding operations fully guaranteed by the Union that were in default in that period).

The renegotiation index reached 51.26% of the credit and onlending portfolio in 2020 (4.95% in 2019), strongly impacted by the operations renegotiated within the scope of **standstill**, which reached 43% of the gross portfolio



Learn more in the section *Financial sustainability* | Learn more in the highlight *Emergency measures*

Treasury

It basically consists of federal government securities and investments in repurchase operations, which represented 98.3% of the balance on December 31, 2020.



We make financial investments to preserve the value of the resources that have not yet been disbursed.

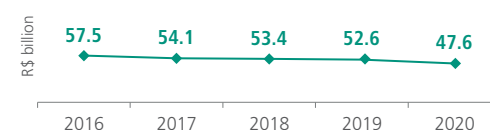
The 72.4% increase in 2020 mainly reflected the inflow of funds from the sale of shares and from return on the credit portfolio, in addition to our increased work as a **dealer of the BCB** (third-party funds).

Third-party funds represented R\$ 51.2 billion of the Treasury portfolio on December 31, 2020 (R\$ 12.7 billion in 2019).

Learn more in the section *Financial sustainability*

Other assets

They basically comprise tax credits, debentures and receivables, which represented, on December 31, 2020, 86.6% of the balance, in addition to credits with the National Treasury.

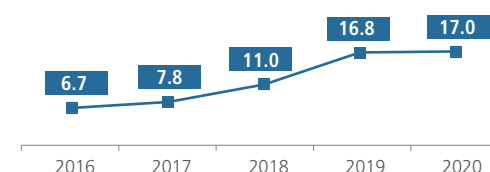


Note: Due to methodological change in the calculation of this indicator, the historical series differs from those presented in previous years.

The 9.5% reduction mainly reflected the receipt of rights according to the contractual flow.

LIABILITIES AND NET EQUITY

OWN CAPITAL INDEX (%)



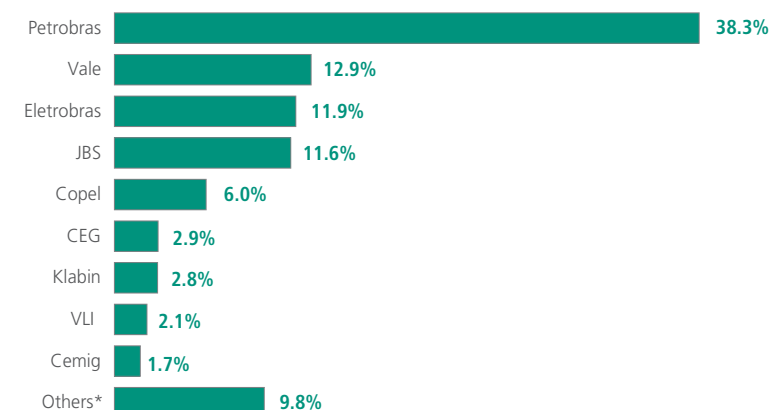
CORPORATE STAKES PORTFOLIO

The corporate stakes portfolio comprises investments in affiliated and nonaffiliated companies, performed directly in the context of a public offerings or private issuances or, also, by the payment of capital to the BNDES by the National Treasury; in addition to the equity investment funds administered by market managers chosen through a rigorous selection process.

The reduction of 31.9% in relation to December 31, 2019 reflects the divestments made, with emphasis on Vale, Petrobras and Suzano.



CORPORATE STAKES (shareholding in affiliated + nonaffiliated companies)



* Companies with less than 0.9% participation.



Learn more in the section
Financial sustainability

National Treasury

Includes onlending operations and instruments that are eligible for core capital.

There was no relevant variation between 2020 and 2019; however, it is worth mentioning the availability of R\$ 22.0 billion to face the COVID-19 pandemic, being: (i) R\$ 17.0 billion allocated to the Emergency Employment Support Program (PESE); and (ii) R\$ 5.0 billion allocated to the Emergency Credit Access Program (PEAC). Of the total, R\$ 9.8 billion were invested and R\$ 10.2 billion returned to the Union in 2020. As of December 31, 2020, the remaining balance of these programs in liabilities was R\$ 1.9 billion (PEAC) and R\$ 0.1 billion (PESE). In addition to these effects, there were ordinary settlements in the amount of R\$ 16.0 billion.

Considering the early settlements made since 2015, returns to the National Treasury totaled R\$ 409 billion at the end of 2019. There were no new early settlements in 2020.

As of December 31, 2020, Treasury obligations totaled R\$ 195.3 billion, equivalent to 25.1% of total liabilities, of which R\$ 36.8 billion correspond to instruments that are eligible for core capital, R\$ 2 billion to resources destined to the execution of PESE and PEAC, and R\$ 156.5 billion, to onlending operations.



Learn more in the section
Financial sustainability

FAT

In 2020, there were inflows of R\$ 17.8 billion in new funds from FAT, 96% of which came from the constitutional source and 4% from the Special Deposits mode.

In May 2020, we made the total transfer of PIS-PASEP funds, in the amount of R\$ 20.7 billion, to Caixa Econômica Federal. Provisional Measure 946/20, of April 7, 2020, determined the end of the PIS-PASEP Fund, with transfer of its funds to the FGTS as one of the Federal Government's measures to deal with the state of public calamity resulting from the COVID-19 pandemic.



Learn more in the section
Financial sustainability

Fundraising abroad

Includes the issuance of bonds, green bonds, loans from multilateral institutions and other loans.

In 2020, the increase in indebtedness arising from fundraising abroad in relation to the previous year was due, notably, to the effect of exchange variation due to the appreciation of the dollar against the real (29%).



Other liabilities

The resources from the Merchant Marine Fund (FMM), the Workers' Severance Indemnity Fund (FGTS) and the FGTS Investment Fund (FI-FGTS) accounted for 32.3% of the balance sheet of other liabilities on December 31, 2020. In addition, R\$ 2.448 billion comprise funding in the domestic market, such as Financial Letters and FGE onlendings.

The increase observed in 2020 reflects the increase in the balance of repo operations, due to the work of the BNDES as dealer of the BCB, which reached R\$ 40.5 billion in 2020 (R\$ 4.8 billion in 2019).

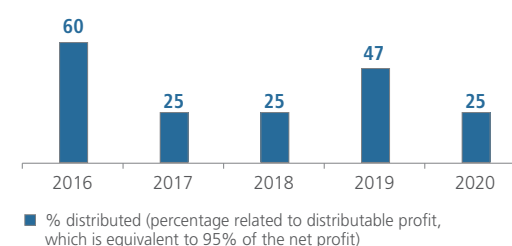


Net equity

The 7.8% growth in 2020 reflects the effects of net income of R\$ 20.681 billion for the year, being partially offset by the reduction in the equity valuation adjustment of securities available for sale, which reached R\$ 7.577 billion in the year, in addition to registering minimum mandatory dividends of R\$ 4.912 billion.



PAYMENTS TO THE NATIONAL TREASURY (dividends and interest on capital)



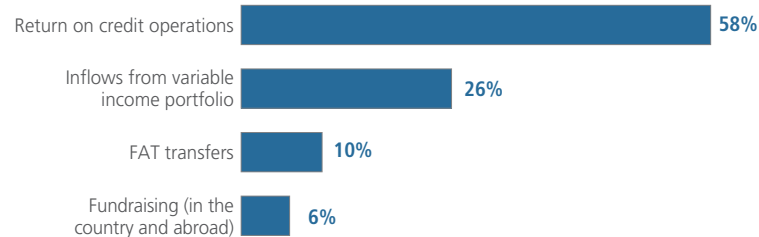
In accordance with the Dividend Policy approved in 2017, the payment of dividends and interest on capital to the National Treasury is limited to 60% of the distributable net profit.

In 2020, we did not make payments to our shareholder as dividend distribution, considering that the 2019 dividends were paid in advance in that same year and that the dividends on the 2020 result were proposed, but the payment, if approved by the decision-making bodies, will be made in 2021.

Regarding the net income of R\$ 20.681 billion estimated in the year, less the constitution of a legal reserve, the total of R\$ 4.912 billion (25% of the available result) was allocated to the payment of mandatory minimum dividends. Additionally, R\$ 6.876 billion (35% of the available result) were allocated to the Dividend Equalization Fund, whose payment must be discussed at the assembly, as per the terms of the BNDES' Bylaws.

CASH FLOW PER SOURCE OF FUNDING (2020)

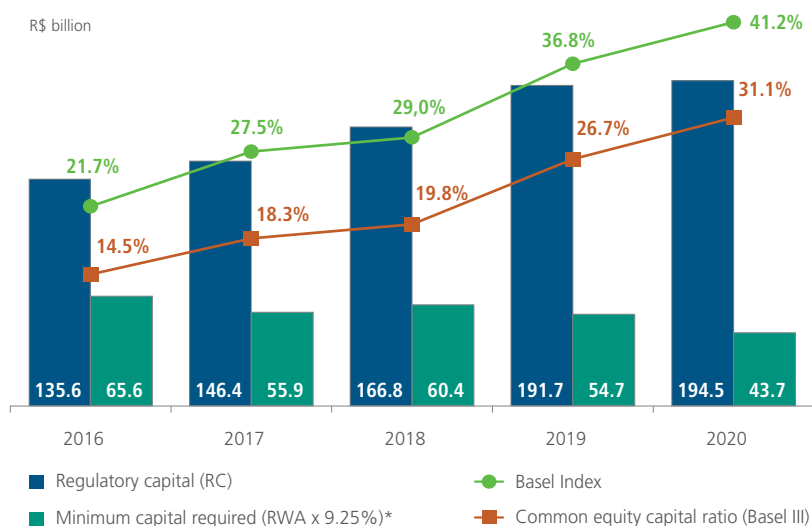
FUND INFLOW PROFILE (2020)



INDICATORS	2016	2017	2018	2019	2020
Return on total assets (ROA)	0.71%	0.72%	0.83%	2.47%	2.93%
Return on equity (ROE)	14.78%	12.97%	12.80%	28.64%	26.55%
Coverage rate (provisions/defaulted credit)*	0.74	1.07	1.49	1.10	126.83
Provision/credit and onlending portfolio	2.08%	2.27%	4.39%	3.15%	4.29%
AA-C credit rate	96.40%	95.80%	94.70%	95.35%	91.94%

*Default: at least 30 days overdue.

REGULATORY CAPITAL

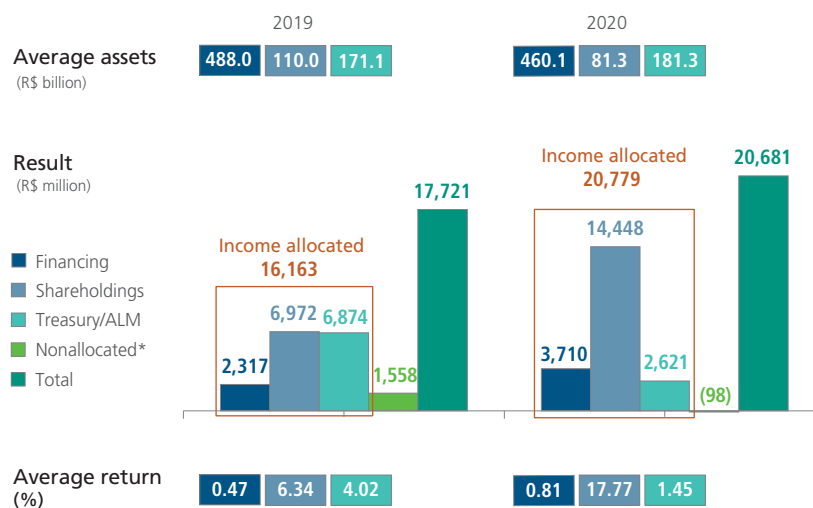


* 11% until 2015. 10.5% from 2016 to 2019. 9.25% from Apr 1, 2020

INFORMATION PER SEGMENT (2020)

The BNDES defines its segments based on the nature of the forms of support in reports on which the administration bases its performance analysis and decision-making processes. The methodology for the preparation of the results per business segment also represents the allocation of fundraising costs based on the integrated management of resources (Asset Liability Management – ALM).

For more information, see the consolidated financial statements of the BNDES System.



* Composed, basically, of temporary differences in IR/CSLL and occasional impacts of rate changes.

FINANCING

Mostly credit and onlending portfolios, net of provision, followed by debentures.

CORPORATE STAKES

It encompasses investments, both in affiliated companies (over which there is significant influence) and in other companies, measured at fair value (over which there is no significant influence).

TREASURY/ALM

Mainly public securities and investments in DI, in addition to asset liability management (ALM), which includes fundraising activities and allocation of funding between segments.

NONALLOCATED

It basically includes the effects of changes in the expected realization of deferred tax credits, including possible impacts of changes in tax rates.

WEALTH GENERATED AND DISTRIBUTED (2020)

An important indicator of social role, the Added Value Statement (DVA) shows, according to a global vision of performance, the company's contributions to generating wealth for the economy in which it operates and its effective distribution to employees, the government, financial agents and shareholders.

The wealth generated and distributed by the BNDES in 2020 amounted to R\$ 35.496 billion, a 34.7% higher performance than in 2019, caused by the increased result with divestments.

Learn more in the highlight *Divestments* (R\$ million)

	FINANCING	CORPORATE STAKES	TREASURY/ALM	NONALLOCATED	TOTAL
DISTRIBUTION OF ADDED VALUE	8,149	23,091	4,256	-	35,496
Personnel and charges	1,488	157	122	-	1,767
Direct payment	931	98	76	-	1,105
Benefits	403	43	33	-	479
FGTS	87	9	7	-	103
Others	66	7	5	-	78
Employee profit sharing	210	22	17	-	249
Taxes, fees and contributions	2,733	8,463	1,494	98	12,788
Federal	2,724	8,448	1,493	98	12,763
State	-	-	-	-	-
Municipal	9	15	1	-	25
Rent	8	1	1	-	10
Interest on own capital and dividends	881	3,431	623	(23)	4,912
Retained earnings/Loss for the period	2,829	11,017	1,999	(75)	15,770

DIVESTMENTS IN CORPORATE STAKES

Our divestments in corporate stakes totaled, in sales revenue, R\$ 45.4 billion in the year, mainly resulting from the sale of shares in Petrobras (R\$ 23 billion), Vale (R\$ 12.9 billion) and Suzano (R\$ 6.9 billion). The total divested was significantly higher than in 2019 (R\$ 16.5 billion), generating a net contribution of R\$ 14 billion to the profit calculated in 2020.

Learn more in the subsection *Economic and financial performance*

In terms of **gross income**, the partial divestment of shares in Vale (R\$ 10.2 billion) and Petrobras (R\$ 7.6 billion) and the total divestment of shares in Suzano (R\$ 3.8 billion) correspond to more than 90% of a total of R\$ 22.7 billion. In 2021, our remaining shares issued by Vale were sold.

By disinvesting, we reduce the concentration of our portfolio in mature companies, seeking to relocate resources and risks in projects with **great social impact**, such as sanitation and support to micro-, small- and medium-sized enterprises and other projects that contribute to the social and environmental agenda. This is another action aligned with our **long-term strategy**, targeting efforts towards our goal of opening new paths to sustainable development, contributing to expand the access of the Brazilian population to the water and sewage network, to stimulate greater participation of clean energy in our energy matrix, to increase employment and income opportunities, and to improve the education, health and security services provided to the population.

Moreover, by selling our shares in these companies, we reduce our exposure to market risk, continuing the strategic repositioning of the capital market performance, which began in 2019 with the review of our risk appetite in this segment.

This strategy is mainly guided by our **Capital Market Performance Policy**, which, in 2019, was revised and aligned to the strategic repositioning. This policy establishes variables to be observed in the disposal of assets, such as liquidity, absence of impediments, pricing and fulfillment of the purpose of investment in the asset. The divestments also comply with guidelines and principles of the Market Risk Management Policy.

Access at www.bndes.gov.br/politicas-mercado-de-capitais

PROCESS OF DIVESTMENT IN CORPORATE STAKES

The divestment process begins with the operational and legal analysis of the operation, which includes aspects such as the fulfillment of the investment thesis, the return on the asset and its impact on the portfolio's risk, and legal viability.

For asset pricing, which is based on the establishment of indicative price ranges, valuation methods that are based on discounted cash flow (DCF), market multiples, market prices for net assets and/or equity value can be used. In operations with a value above R\$ 1 billion, these methods must necessarily be combined.

After analyzing the convenience, feasibility and opportunity of the operation, it is consolidated in a divestment proposal, to be considered by different internal technical committees – Evaluation Committee (CAV) and Capital Market Advisory Committee (CCMC) – and submitted for approval by the Executive Board. In the case of operations with a value above R\$ 1 billion, the operation must also have the consent of the Board of Directors.

Divestment processes are assessed according to indicators established annually for the Capital Market Division (AMC) – which is responsible for analyzing the operations.

MAIN DIVESTMENTS IN 2020

Learn more at www.bndes.gov.br/resultados-carreira-renda-variavel

COMPANY	ASSET ¹	VALUE (R\$ million)	MODE ²	DATE ³
Light ⁴	CS	456.4	Trading desk	Jan. 2020
Petrobras	PS	972.9	Trading desk	Jan. 2020
Petrobras	CS	22,026.1	Offering	Feb. 2020
Tim	CS	68.3	Trading desk	Feb. 2020
Cyrela	CS	167.0	Trading desk	Feb. 2020
MRV	CS	146.3	Trading desk	Jul. 2020
AES Tietê	Units	73.8 MM units	M&A	Aug. 2020
Gerdau	PS	458.4	Trading desk	Aug. 2020
Vale	CS	8,135.1	Blocktrade	Aug. 2020
Hidroviás	CS	112.9	Offering (IPO)	Sep. 2020
Suzano	CS	6,910.0	Offering	Oct. 2020
Vale	CS	4,729.6	Blocktrade and Trading desk	Nov. and Dec. 2020

Notes:

1 CS – common stock; PS – preferred stock; units – assets comprising more than one class of securities. In the case of Tietê, a unit is made up of one common stock and four preferred stocks. We have a duty to keep this transaction confidential, so we only disclose the number of stocks sold.

2 Modes: Trading desk – trading of assets on the stock exchange during the trading session; Public offering – process of distribution of securities to the market, it can be primary, when a company issues and sells new securities, or secondary, when existing securities are offered, so that the resources are directed to the sellers of the asset (shareholders/stockholders); IPO – initial public offering of a company, when its shares are first sold in the market; M&A (mergers and acquisitions) – merger is an operation for consolidating companies and acquisition is an operation for the purchase and sale of shares; Blocktrade (stock block auction) – in general, it is the auction of an expressive quantity (block) of a certain asset in a short period of time, in the stock exchange environment.

3 Refers to the date of completion of the sale of shares in a divestment operation.

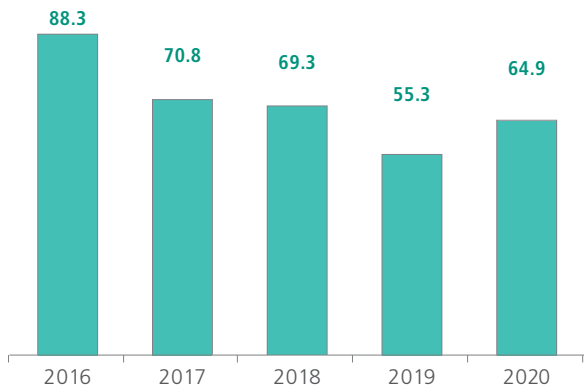
4 Comprises a portion of shares of the operation sold in 2019.

OPERATIONAL
PERFORMANCE

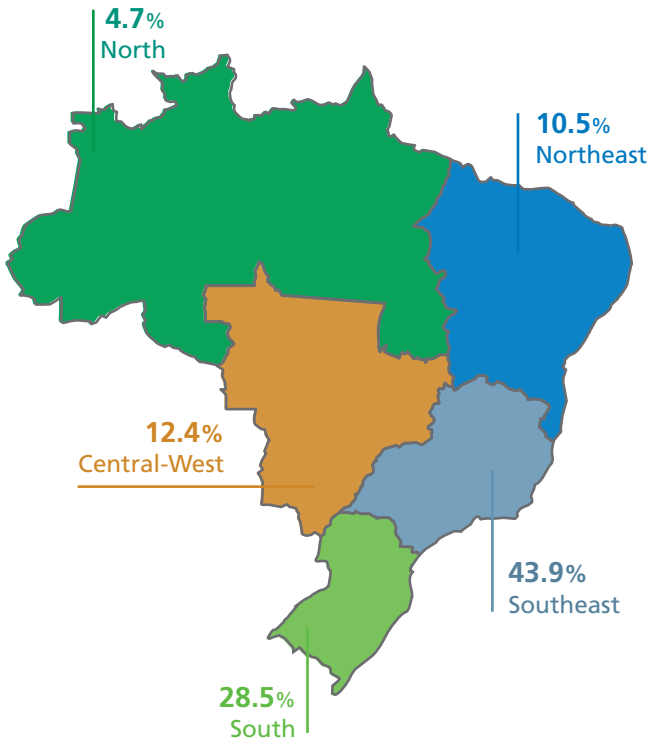
2020 HIGHLIGHTS

In 2020, we disbursed R\$ 64.9 billion, an increase of 17% compared to 2019, influenced by the emergency measures adopted to help the country deal with the economic effects and the social impacts of the COVID-19 pandemic.

HISTORICAL SERIES OF TOTAL
DISBURSEMENTS (R\$ billion)



DISBURSEMENTS PER REGION
(% of total disbursed value)



DISBURSEMENT

R\$ **64.9**
BILLION

OPERATIONS

223,774

1,048
DIRECT

222,726
INDIRECT

CLIENTS

133,765

(including individuals
and legal entities)

NEW CLIENTS

57,830

(who did not receive funds
between 2015 and 2019)

Note: Numbers of clients and operations do not include emergency measures and guarantee operations carried out with funds from the Federal Government.

DISBURSEMENTS PER **SDG***



Learn more at www.bndes.gov.br/ods

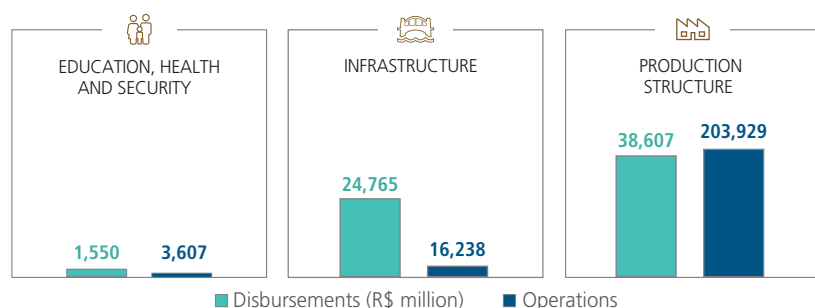
SDG		DISBURSEMENTS (R\$ million)	OPERATIONS
SDG 1	NO POVERTY	1,767	15,868
SDG 2	ZERO HUNGER AND SUSTAINABLE AGRICULTURE	7,565	61,421
SDG 3	GOOD HEALTH AND WELL-BEING	1,266	2,017
SDG 4	QUALITY EDUCATION	275	1,587
SDG 5	GENDER EQUALITY	4.8	135
SDG 6	CLEAN WATER AND SANITATION	775	219
SDG 7	AFFORDABLE AND CLEAN ENERGY	15,627	579
SDG 8	DECENT WORK AND ECONOMIC GROWTH	31,183	208,938
SDG 9	INDUSTRY, INNOVATION AND INFRASTRUCTURE	31,610	29,870
SDG 10	REDUCED INEQUALITIES	8,643	38,329
SDG 11	SUSTAINABLE CITIES AND COMMUNITIES	1,764	496
SDG 12	RESPONSIBLE CONSUMPTION AND PRODUCTION	2,544	2,777
SDG 13	CLIMATE ACTION	5,608	1,442
SDG 14	LIFE BELOW WATER	927	629
SDG 15	LIFE ON LAND	1,044	1,089
SDG 16	PEACE, JUSTICE AND STRONG INSTITUTIONS	128	72
SDG 17	PARTNERSHIPS FOR THE GOALS	6,109	276

* The sum of disbursements per SDG does not reflect the total disbursements in the year because there are overlaps in the count (the same disbursement can be considered for different SDGs).

Strategic and transversal missions*

Our disbursements for infrastructure had a relevant participation in performance, totaling R\$ 24.8 billion, equivalent to 38% of the total disbursed in the year. In the "Production structure" guideline, we also recorded a 65% increase in disbursements for the trade and services sector and 50% for industry, compared to 2019.

DISBURSEMENTS AND NUMBER OF OPERATIONS PER STRATEGIC MISSION



DISBURSEMENTS AND NUMBER OF OPERATIONS PER TRANSVERSAL MISSION**

TRANSVERSAL MISSION		DISBURSEMENTS (R\$ million)	OPERATIONS
	TECHNOLOGICAL DIFFUSION AND INNOVATION	1,872	1,445
	CREDIT AND CAPITAL MARKET	34,415	219,885
	SUSTAINABILITY	12,162	8,378
	STATE MODERNIZATION AND TERRITORIAL DEVELOPMENT	14,038	39,577
	EMERGENCY COUNTERCYCLICAL***	10,228	25,768

* The strategic and transversal missions are those in effect from May 2020 until the December update reported in the section Our strategy.

** The sums of disbursements and operations of the transversal missions do not reflect the total for the year, as there is an overlap between them. The "Privatization" mission does not imply disbursement.

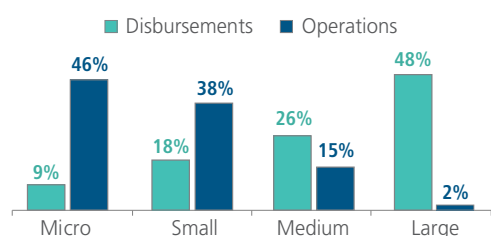
*** Not all emergency countercyclical actions involve disbursement. These values consider: BNDES Emergency Direct Credit Program – Health; COVID-Account; BNDES Audiovisual; Working capital for MSMEs; Matchfunding Saving Lives; Balance to be released – states; BNDES Productive Chains Credit Program; BNDES Emergency Direct Credit Program (except health); Health Innovation – EMBRAPPI Partnership; Credit funds for MSMEs.

MSMEs

MSMEs accounted for more than half of the total disbursed (52%) in 2020, with 26% of the funds allocated to medium-sized companies.



PARTICIPATION IN DISBURSEMENTS AND NUMBER OF OPERATIONS PER COMPANY SIZE



MICRO: annual operational gross revenue smaller than or equal to R\$ 360,000.

SMALL: annual operational gross revenue between R\$ 360,000 and R\$ 4.8 million.

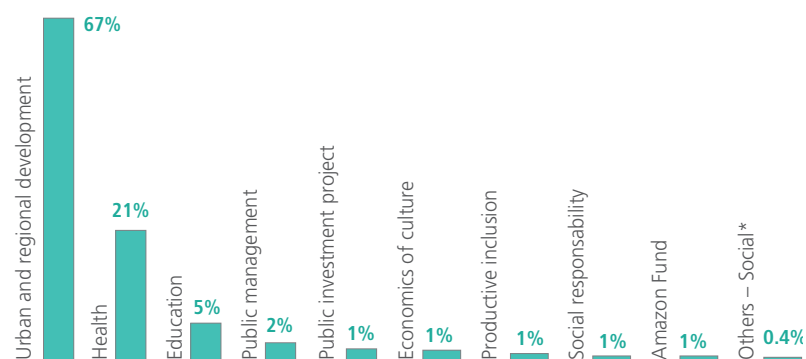
MEDIUM: annual operational gross revenue between R\$ 4.8 million and R\$ 300 million.

LARGE: annual operational gross revenue above R\$ 300 million.

Social development

Support to health was highlighted in 2020, in emergency actions to combat the pandemic, with disbursement more than three times higher than that granted to the segment in 2019.

R\$ 6.0 billion disbursed

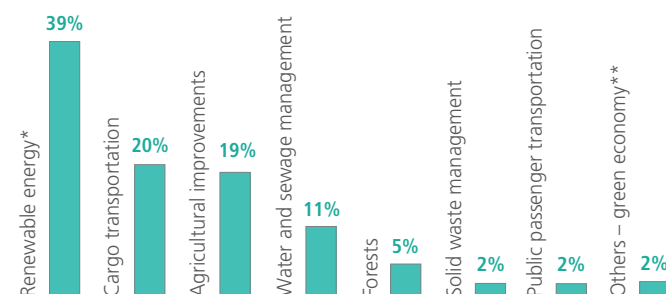


* Includes BNDES Credit Small Enterprises; BNDES Automatic operations for MSMEs; social assistance; support for social projects; BNDES Card; and BNDES Finaime operations to support buses and trucks.

Green economy

We continue to prioritize our support for renewable energies, which received 39% of the share of disbursements allocated to the green economy.

R\$ 7.4 billion disbursed



* Includes hydroelectric plants (over 30 MW).

** Includes energy efficiency and adaptation to climate change and disaster risk management

Capital market

As part of the emergency initiatives in response to the impacts of the COVID-19 pandemic, a public call was made to select up to ten credit funds (Fidc) aimed at the BNDES support for MSMEs in 2020, with a total approved budget of R\$ 4 billion. See the highlights of our portfolio below.

41 ACTIVE FUNDS
(equity and debt funds)

R\$ 4.1 BILLION
of committed equity

R\$ 22.8 BILLION
of aggregate equity
(for every R\$ 1.00 of BNDES,
R\$ 4.56 are applied by other investors)

R\$ 14.8 BILLION
in funds
earmarked
for **infrastructure**

15 FUNDS
dedicated to
investment in **innovation**
with committed equity of
R\$ 2 billion, of which R\$ 1 billion
from BNDESPAR

TRANSVERSAL MISSIONS	
	Technological diffusion and innovation
	Credit and capital market
	Sustainability
	State modernization and territorial development
	Privatization
	Emergency countercyclical

The highlights of our performance in 2020 divided by strategic mission are presented below. We indicate throughout the text, whenever pertinent, the transversal mission(s) related to the deliveries, using icons shown on the side. We considered the strategic map of May 2020, as it was in effect for most of the year.

INFRASTRUCTURE

In order to expand investments in infrastructure, which have a great influence on economic growth, job and income generation and on improving the quality of life of Brazilians, we operate both in financing and structuring privatization projects.



SANITATION

Our work in sanitation aims to contribute to an increase in investments, with a view to its universalization by 2033, a deadline established by the new **legal framework for basic sanitation**, which came into force in July 2020.

Throughout the year, we participated in the public policy discussions in the sector, having monitored the approval of the new legal framework, as well as the preparation of its regulatory decrees. We also promoted two weeks of **webinars** on the challenges of sanitation in Brazil.

Among the financing operations approved in 2020, the project in the North region of the concessionaire responsible for sanitation in Manaus stands out, which provides the expansion of the water treatment capacity by 400 liters/second, the connection of 45,000 people to the water supply network and 18% reduction in distribution losses.

SANITATION IN CUIABÁ AND MACHADINHO DO NORTE



In 2020, the Cuiabá (MT) project was completed, which increased the coverage of water supply from 92% of the population to 100%, eliminating intermittencies, reducing water losses by 10% and delivering a safer system with greater reserve capacity. In the sanitary sewage service, the progress made by the project increased the collection and treatment rates from 42% and 19%, to 49% in both.



One of the BNDES-financed water treatment plants in Cuiabá | Photo: Keydson Barcelos

The expansion of the Integrated Water Supply System of Machadinho do Norte, in Bahia, was also completed, generating direct benefits for 81,000 inhabitants in the regions of Machadinho, Jauá, Abrantes, Sucupió, Catu de Abrantes, Areias and Arembepe. The expansion works aimed at increasing the capacity for collecting and reserving water, as well as the distribution networks and home connections.

ENERGY

The focus of our operations in the sector continues to be support for renewable sources of generation, in line with the efforts of the National Plan on Climate Change (PNMC) to reduce greenhouse gas emissions.

Solar energy

We have updated criteria for the **accreditation of equipment** in the sector, adapting the requirements for using the supply chain to the levels adopted by the market and maintaining incentives for the established industry. As a result, in 2020 alone we exceeded 600 MW contracted, more than doubling our portfolio of solar projects.

One of the projects approved during the year was the Sol do Sertão photovoltaic complex, which will have eight photovoltaic plants, with a total installed capacity of 415 MW and sufficient clean and renewable energy generation capacity to supply about 580,000 homes. The project will be implemented in Oliveira de Brejinhos (BA) and should create more than 2,000 direct and indirect jobs during construction.

Wind energy

In 2020, the highlight was the financing of two wind farms in Rio Grande do Norte, totaling nine parks.

Six of them belong to the EDP Renováveis group, integrating the Jerusalem wind farm complex, with a total capacity of 180.6 MW, equivalent to supplying 270,000 homes. The project provides the purchase of 43 national wind turbines and the creation of 1,150 jobs in the construction phase.

The other three belong to the Casa dos Ventos group, part of the Rio do Vento wind farm complex, with a total capacity of 504 MW. The energy was mainly sold under long-term contracts with clients in the free market, which could become self-producers and become shareholders in the projects.



Learn more in the section *What we do?*



Concreting of one of the foundations of the Ventos de Santa Sofia wind farm, the first project financed by the BNDES for the free market in the self-production model | Photo: Felipe Petrowsky Damasceno Lima

Natural Gas

We interact with government and private agents and seek to structure actions that enable the implementation of long-term projects aimed at fostering the development of the New Gas Market.



Learn more in the section
Our relationships

After the launch in May of the Gas for Development report as part of the **Gas for Development Week**, a new working group was established that interacted with various agents in the energy and industrial sectors, focusing on action plans for the various fronts associated with the natural gas chain (pre-salt, industry, thermoelectric and heavy vehicles). A highlight was the public process for industries to express their interest in natural gas, which served as a basis for mapping the potential natural gas market in the country.

We also participated in the discussions within the scope of the Monitoring Committee for the Opening of the Natural Gas Market, of the Ministry of Mines and Energy (MME). It is worth noting the new sectoral framework for gas, the so-called Gas Law, which was sanctioned on April 8, 2021 and published as Law 14,134/2021.



URBAN MOBILITY

Our operation in urban mobility projects is focused on medium and high capacity transportation systems that contribute to improving circulation in Brazilian cities and the quality of life of the population.

BRT SOROCABA

In 2020, the first stage of BRT Sorocaba was delivered: four of five structural corridors and two of three BRT corridors, in addition to 40% of the vehicles. The system, still in partial operation, already serves 25,000 passengers per business day. By reserving a lane to prioritize public transport, BRT promotes a more equitable use of public space and facilitates the access of the lower income population to services and opportunities in the cities.



The first stage of BRT Sorocaba was delivered in 2020 and already serves 25,000 passengers per business day | Photo: Alexandre Maciel



LOGISTICS AND TRANSPORTATION

The support to the sector aims to contribute to the implementation of a more integrated and sustainable transportation matrix, which increases the safety of users, provides greater quality in services and contributes effectively to strengthen the competitiveness of companies.

Six operations were approved in 2020, with emphasis on the Triunfo projects, which provide the modernization of port facilities in a steel terminal at the port of Rio de Janeiro, including environmental remediation works, and of Starnav, for the acquisition of machinery.

As for highways, financing was approved for Eixo SP Concessionária de Rodovias Ltda. for investments planned for the first seven years of the concession of Lote Piracicaba-Panorama (PiPa), which includes stretches of 12 state highways. The investment will allow the construction of about 530 km of duplications, of almost 70 km of new stretches composed of ring roads and bypasses, of more than 240 km of third and fourth lanes, of 23 km of marginal roads, besides the construction of junctions, bike lanes and service stations for users. The concessionaire estimates that more than 2,400 direct and 3,600 indirect jobs will be created in the form of permanent jobs for the operation of the highway; and about 3,000 direct jobs and 4,600 indirect jobs related to construction activities.

SUSTAINABLE AND INFRASTRUCTURE DEBENTURES

In October 2020, we launched another product: sustainable and infrastructure debentures. Through them, we will be able to mobilize public and private resources for infrastructure, with a focus on issuing bonds and expanding the financial volume for energy efficiency, renewable energies, sanitation, health, education, urban mobility, forest management, among others.

Issuers of these debentures will be able to enjoy a discount on the final interest rate of ten basic points. Additionally, the debentures may have initial expenses recognized as financeable for a horizon of up to 24 months prior to the financing request at the BNDES.



The investments planned for the concession of Lote Piracicaba Panorama (PiPa) will allow the construction of about 530 km of duplications and almost 70 km of new stretches composed of ring roads and bypasses | Photo: Eixo SP Concessionária de Rodovias Ltda Collection





> INFRASTRUCTURE CREDIT FUNDS

In 2020, a new private equity fund, Fundo Pátria Infraestrutura IV, was contracted, whose objective is to develop projects through majority investments aimed at energy, transportation and sanitation. The total committed equity of the fund is approximately US\$ 2 billion and BNDESPAR is allocated R\$ 400 million.

In the year, the investment in the Credit Rights Investment Fund – Vinci Energia Sustentável was concluded. In 2020, the fund carried out 14 infrastructure operations, mainly for segments with a high environmental impact, such as sanitation, wind energy, and solar energy.

DIGITAL TRANSFORMATION OF THE STATE <



We formalized our support to the Brazilian Digital Government Network (Rede Gov.br) in 2020. We also contributed to the **Guide for Digital Transformation of States and Municipalities**, in partnership with the Ministry of Economy, and to the

⬆️ ↗️ Access at www.gov.br/10passos

Brazilian Charter of Smart Cities, coordinated by the Ministry of Regional Development (MDR).

⬅️ ↗️ Access at www.gov.br/mdr/pt-br/assuntos/desenvolvimento-regional/projeto-andus/carta-brasileira_cidades_inteligentes.pdf

During the year, approval was given to pilot projects of digital government with Minas Gerais and to the project to modernize management with the municipality of Porto Alegre, in line with the guidelines of the Federal Government's

Digital Government Strategy.

⬆️ ↗️ Learn more at www.gov.br/governodigital/pt-br/EGD2020

PRIVATIZATION IN 2020



AUCTION OF COMPANHIA ENERGÉTICA DE BRASÍLIA – DISTRIBUIÇÃO (CEB-D)

In December, we held the auction of CEB-D, the company responsible for supplying electricity in the Federal District (DF). Bahia Geração de Energia, of the Neoenergia group, was the winner. The privatization of the company should generate an estimated investment of R\$ 5 billion, with improved services for approximately 3 million people.



^ The privatization of CEB-D, in the Federal District, should generate an investment of R\$ 5 billion | Photo: CEB collection – Gilberto Alves

CONCESSION OF WATER AND SEWAGE IN MACEIÓ

In September, we organized the auction for the regionalized concession of water supply and sewage services in the metropolitan region of Maceió (AL), whose winner was BRK Ambiental Participações S.A. The project is expected to benefit 1.5 million inhabitants in 13 cities, with universalization of water service in the region in the first six years of the contract and expansion of the sanitary sewage to 90% of the people of the region by the 16th year (today restricted to 27% of the population). The concessionaire is also expected to reduce water losses to a maximum of 20% (today 59%).

SANITATION PPP IN CARIACICA

In October, a concession auction was held for the implementation of PPP in Cariacica (ES). The winning sanitation company Aegea is expected to invest R\$ 580 million in basic sanitation infrastructure over the thirty years of the contract. In partnership with Companhia Espírito-santense de Saneamento (Cesan), it will be responsible for the expansion, maintenance and operation of the sanitary sewage system in Cariacica, in addition to the treatment of waste from specific neighborhoods in the municipality of Viana.

PUBLIC LIGHTING

The auction of lighting PPP in Vila Velha (ES), in August, was won by the consortium formed by the companies Splice, RT Energia and Engelmig Energia. The concessionaire will be responsible for the modernization, expansion and maintenance of the municipal public lighting network, for a period of twenty years, with investments estimated at R\$ 112 million.

In October, the Macapá (AP) auction was held, whose winner was the consortium formed by the companies Enel X Brasil, Mobit and Selt Engenharia. The concessionaire will make investments estimated at R\$ 100 million and will have a term of two years to replace the approximately 34,000 lighting points in the park with LED lighting, with a reduction of approximately 47% in the municipality's energy consumption.

In November, the Petrolina (PE) auction was held, won by the company Sadenco Sul-Americana de Engenharia e Comércio Ltda. The concessionaire will be responsible for the modernization, expansion and maintenance of the city's lighting infrastructure, benefiting 350,000 people. The expectation is that more than R\$ 90 million will be invested in the system over twenty years.



^ The public lighting concession in the city of Petrolina (PE) should benefit 350,000 people | Photo: André Telles Fotografia – Johnnis Alves

PRIVATIZATION AND PROJECT STRUCTURING



Privatization is a relevant part of our strategy, in line with the growing importance of our operation as a service bank and project factory. In 2020, we consolidated our operation with the formation of a project portfolio and the establishment of governance, processes and systems.

We are managers of the National Privatization Fund (FND), with the duty to carry out privatization processes for the shares or stocks directly or indirectly owned by the Union, deposited there, issued by companies that have been included in the National Privatization Program.

On this front, we coordinate the efforts and resources of different stakeholders, combining our experience and our regulatory and public policy knowledge with the good relationship with public entities and the private investor market.

Our **operation** is conducted both for the structuring of joint concession projects and PPPs of assets, which have limited duration (typically 20-35 years), and projects for sale of companies or other assets.

MANAGEMENT

We have three units dedicated to the activity, linked to two different areas.

The Privatization and Project Structuring Policy, approved by the Board of Directors, stipulates the guidelines for related activities and for the resulting standardization. It is based on the establishment of partnerships for the development of projects that must meet objectives such as improving the quality of the provision of public services; increasing the availability of adequate infrastructure in the country; making investments feasible; and rationalizing public spending. Our work is conducted through the product **BNDES Services Project Structuring**.

With regard to the **governance** of the activity, the Project Structuring Committee (CEP), consisting of superintendents, assesses the eligibility of the projects and monitors the financial and operational performance of the portfolio and the redirection of fostering efforts.

The Collegiate of Project Structuring Executive Directors (CDEP) approves the executive summary of the structuring project modeling carried out and the portfolio performance management model, among other duties.

Finally, the Executive Board is responsible for approving the initiation of the hiring of consultants who will support the structuring of projects and the contract for the provision of services with the client, after the eligibility assessment by CEP. In the case of projects in which we have a legal mandate for execution, it is also responsible for approving the notice of the sale of the asset.

CLIENTS SATISFACTION

We aim to better meet the demands of our **public sector** customers, consolidating our relationship and generating

new operations. In 2020, 25 interviews were carried out as part of a survey with this public, which resulted in an 89.7% satisfaction rate.

DIRECT AND INDIRECT IMPACTS

Our operation in this segment enables the reduction of infrastructure bottlenecks and the generation of private investment opportunities in projects of public interest. The desired results include increased capacity to provide services, job creation, reduction of regional and cost inequalities, greater protection of the environment, security, among other positive externalities.

We ended 2020 with 121 assets mandated in our project portfolio, which will require private investments of R\$ 223 billion, in addition to 24 state-owned companies to be privatized, in various sectors. The following projects are noted:



The other sectors of activity are health, industry, supply, communication, technology, nonfinancial services and water infrastructure.

Highlighted sectors

Due to its potential to generate externalities – such as benefits to health, the environment and labor productivity – and the Brazilian deficit in services in the sector, sanitation has been given special attention.

The public lighting sector deserves to be highlighted as well. The quality of the service is associated with the reduction of traffic accidents, increased perception of safety, and valorization of the environment and public assets. The technological transition to LED lamps also provides financial, environmental and efficiency benefits.

In 2020, we opened a new front to provide services to public entities: real estate projects, aiming to add value, reduce expenses and provide usefulness to real estate.

Another sector worth mentioning is that of ports. In 2020, we supported the creation of the sector's regulatory framework, through studies for privatization of the ports of Santos (SP) and Vitória (ES), prepared with the Ministry of Infrastructure. These will be the first two privatizations of ports organized in the country.

Understand the differences between the types of privatization at <https://agenciadenoticias.bndes.gov.br/blogdodesenvolvimento/detalhe/PPP-concessao-e-privatizacao-qualis-as-diferencas/>

Learn more at www.bndes.gov.br/bndes-servicos-estruturacao-de-projetos

Learn more in the section **Governance, ethics and integrity**

Learn more in the section **Our relationships**

PRODUCTION STRUCTURE

Our operation in production structure has the strategic objective of supporting the increase in productivity, in competitiveness and in employment, integrating innovation, entrepreneurship, sustainability and exports.

In 2020, in addition to the following actions, our support through **emergency measures** to deal with the crisis caused by the COVID-19 pandemic should be highlighted.



See the highlight *Emergency measures*



MACHINERY AND EQUIPMENT

It is worth mentioning the approval of financing of R\$ 37.5 million, through BNDES Finame, to Aeris, a Brazilian company that produces wind blades located in the municipality of Pecém (CE). The funds will be used, mainly, for purchase of industrialized materials of domestic origin used in its production, so the company can fulfill sales contracts until 2022. As a result of these contracts, the company ended 2020 with a 37% increase in its staff compared to the previous year. We also approved an operation with the **BNDES Exim Pre-shipment** line in the amount of US\$ 10 million, to finance production of blades for export, which contributes to maintaining the company's competitiveness in the foreign market. The company's undertaking is to export US\$ 25 million over a period of three years.



Learn about the line at www.bndes.gov.br/bndes-exim



Learn about the line at www.bndes.gov.br/finame-direto

BNDES Finame Direto

This credit limit option started to include, in 2020, the purchase of industrialized materials, working capital associated with the purchase of machines, and support for the stages of manufacture and installation of large equipment. Its period of use is now up to two years, extendable for another one, with 12 months of reimbursement, expanding the flexibility of uses, due to the adverse context.



TELECOMMUNICATIONS

In 2020, we completed the third fundraising for **FUNTTEL**. During the year, the process for the indirect use of its resources began.

We approved financing for Brisanet, with R\$ 50 million in funds from FUNTTEL, for the acquisition of telecommunication equipment and fiber optic cables with technology developed in Brazil. In line with the objective of our **Triennial Plan** to increase the number of people with access to fixed broadband services, the acquisition of this equipment will encourage expansion to the main cities in the Northeast, including capitals where the company does not yet operate. It is estimated that this loan will contribute to the addition of 43,000 new connections, increasing by 144,000 the number of connected people.



Learn more in the section *Financial sustainability*



Learn more in the section *Our strategy*



Also with funds from FUNTTEL, we approved a R\$ 20 million operation for Datacom to investment in research and development for high capacity telecommunications equipment for internet providers and data centers; thus contributing to modernize the portfolio of telecommunications equipment and software with domestic technology.

TECHNOLOGY 4.0

Created in 2020, the **BNDES Credit Services 4.0** product supports the purchase of technological services previously accredited by the Bank, such as lean manufacturing, digitalization, internet of things, and advanced manufacturing, which enable the optimization of production and the dissemination of technologies 4.0, generating gains of competitiveness for national production.



Learn more at www.bndes.gov.br/bndes-credito-servicos-4.0



BASIC AND EXTRACTIVE INDUSTRIES

We approved financing for Mineração Dardanelos (a Nexa Group company) in the amount of up to R\$ 750 million for the implementation of a mineral exploration and processing unit in the municipality of Aripuanã (MT). The project provides a series of environmental and social investments and will generate 1,000 jobs in a remote area of the country. In addition, it will reduce dependence on imports and increase exports of mineral concentrates, contributing positively to the country's balance of trade.

The project will also support 31 social initiatives – related to the provision of public services, housing and basic sanitation, employment and income, protection of indigenous people, preservation of historical heritage and socioeconomic sustainability –, which will receive an investment of more than R\$ 20 million.



AGROINDUSTRY

We are the largest financier of investments in the Brazilian agricultural sector, offering several financing options through the Federal Government's agricultural programs (PAGF) and our own lines. Thus, we serve from small family farmers to large agribusiness entrepreneurs, and cooperatives of rural producers.





Learn about the program at www.bndes.gov.br/bndes-credito-rural

BNDES Rural Credit

In 2020, the **BNDES Rural Credit Program** was created to enable continuous service to the agricultural sector in times of scarcity of resources in the PAGFs. With this new solution, the agricultural sector finds a constant flow of credit supply throughout the crop year.

BNDES Award for Best Practices for Traditional Agricultural Systems (SAT Award)

We promoted the 2nd SAT Award, in partnership with the Brazilian Agricultural Research Corporation (EMBRAPA), the Institute of National Historical and Artistic Heritage (IPHAN), the United Nations Food and Agriculture Organization (FAO) and the Ministry of Agriculture, Livestock and Supply (MAPA). The initiative awarded a total of R\$ 610,000 to the ten best practices in agricultural, livestock, extractive, fishing and similar projects that use knowledge and techniques of the culture of traditional communities and peoples.



BIOFUELS

We approved financing for the São Martinho group, in São Paulo and Goiás, for the construction of a new corn ethanol plant at the Boa Vista Plant and grain storage silos. The support also includes the construction of a new thermoelectric plant powered by sugarcane bagasse, the São Martinho Bioenergia TPP, and the modernization of the other thermoelectric plants to increase energy cogeneration, a process in which the steam produced from burning the bagasse in the boiler produces electricity through turbogenerators.

We approved a R\$ 21.9 million financing to Geo Elétrica Tamboara to expand the project for the production of electric energy from vinasse biogas, the industrial waste generated by the production of ethanol. The technology developed by the company is innovative in the use of waste from the sugar and alcohol sector and can contribute to the expansion of clean energy supply in the country and the reduction of carbon dioxide emissions. The company's plant in Paraná will have its generation capacity expanded by 123%, reaching 59.85 GWh per year in 2022. Of this total, about 50 GWh will be distributed to the interconnected power grid, a volume capable of meeting the annual consumption of around 25,000 homes, contributing to increase energy security in the country using a renewable matrix. The project, once completed, is estimated to avoid the emission of 90.2 tons of polluting gases per year, considering the volume of carbon dioxide that would be generated if the vinasse were discarded directly into nature. This effect is equivalent to



^ Indigenous plantation, part of the Rio Negro Traditional Agricultural System, 1st place in the 2nd SAT Award | Photo: Laure Empeaire

RURAL CREDIT IN ANAURILÂNDIA

Antônio Donizetti Primon, a rural producer in Anaurilândia (MS), was one of the first to receive financial support with funds from the BNDES Rural Credit Program, through Cresol. A total of R\$ 1.3 million was financed for the construction of a shed to store machinery, equipment and seeds on his property.

INNOVATION IN THE FIELD



With resources from **Inovagro**, a program that aims to incorporate technological innovations in rural properties, farmer Valdemar Kucmanski, from São Jorge d'Oeste (PR), built four sheds for the integrated rearing of chickens and for the installation of photovoltaic panels. The project was partially financed with funds from our program, through Cresol.

Since their implementation, the panels have contributed to 50% of the property's electric power and the sheds produce 140,000 chickens every 42 days.

Learn more at www.bndes.gov.br/inovagro

planting 631 trees or removing 45 gasoline-fueled vehicles from circulation.

AIRCRAFT EXPORTS

With the crisis caused by the COVID-19 pandemic and the drop in air transportation demand, our share in financing Embraer's deliveries grew from 14% in 2019 to an estimated 65% of commercial aircraft revenue in 2020. This support contributes to mitigate the fall in production and in the level of employment, enabling the company to leverage market opportunities that the crisis seems to be generating for its segment of operation – smaller jets such as E-Jets are more suitable for the reduced demand observed worldwide – and to support its sustainability in the medium and long terms.

The financing contracted include aircraft export to the American airline company SkyWest Airlines. The loan, in the total amount of approximately R\$ 450 million, was guaranteed by credit insurance called Aircraft Non-Payment Insurance (ANPI), provided by the consortium of private insurers Aircraft Finance Insurance Consortium (AFIC). It is the first time that we have carried out an operation of this nature with



private credit insurance and it is the first Embraer operation to have the ANPI/AFIC guarantee. It is an important instrument in the diversification of guarantees available for our support to the sector's exports.

In 2020, financing was also approved for the export of Brazilian planes produced by Embraer to the American airline company United Airlines, and to the aircraft lessor AerCap Holdings N.V., the largest global company in the segment, based in the Netherlands. United will import E175 aircraft, with capacity to carry up to 88 passengers. AerCap will purchase E195-E2 aircraft, the largest and latest model of the E2 generation. The aircraft stands out for being less polluting, quieter and more efficient than the previous generation: it consumes about 25% less fuel, with a marked reduction both in greenhouse gas emissions and in the sound impact on the environment.



Learn more in the section
What we do?

Learn more in the highlight
Emergency measures

See more at
<http://conhecer.cartaobndes.gov.br>

MSMES

Expanding access to credit for MSMEs is one of our main focuses and one of the strategic agendas of the 2020–2022 Triennial Plan, considering the potential of these companies to generate employment and income for the country.

In 2020, our efforts with MSMEs focused on mitigating the economic effects of the COVID-19 pandemic. The **automatic indirect operating model** allowed that, through financial agents, resources were spread across all units of the Federation. The partnership with the Federal Government, with the productive sector and with financial agents led to **solutions modeled** and made available to the market in a short period of time.

BNDES Card

With the **BNDES Card**, we offer pre-approved revolving credit for the acquisition of goods, supplies and services that are fully or partially manufactured in Brazil, previously accredited by the Bank. The card is issued by financial agents accredited with one of the partner credit card brands. The issuing bank, chosen by the client, is responsible for analyzing and approving the credit – which can reach up to R\$ 2 million, for the collection of installments, application of fees, request for guarantees, among other activities.



The BNDES Card contributes to the outreach of our resources, being present, with active cards, in 77% of Brazilian municipalities. There are more than 133,000 registered beneficiaries (85% of which are micro- or small-sized

enterprises) and 70,000 suppliers, with around 250,000 accredited products.

In 2020, we implemented a simplification of the product accreditation process, as well as automation in the analysis of impediments and regularity of customer certificates in the issuance of cards. In addition, we reviewed the methodology for calculating the financial cost of the product, helping to offer customers the lowest interest rates since the product was created.

Guarantees

In addition to the support offered by **BNDES FGI** through **PEAC**, the fund also supported, in 2020, with its traditional guarantee mode, financing in the amount of R\$ 1.4 billion, which is 112.4% higher than the previous year, for almost 4,000 MSMEs and entrepreneurs.

Startups

In the capital market, we ended the year with 100 startups in the portfolio of seed capital and venture debt funds of which we are shareholders. There were 29 new companies in 2020 alone, with emphasis on the Criatec 3 funds and angel co-investment fund.

BNDES Garage

We launched a public notice for the second edition of **BNDES Garage**, our national startups development program. This edition will focus on creating and attracting innovative businesses that generate socioenvironmental impact and will feature three acceleration cycles, the first of which will be aimed primarily at entrepreneurs who are developing solutions for health, education, sustainability, govtech and sustainable cities.

MICROCREDIT

We finance, through BNDES Microcredit, working capital and productive investments for micro-companies or individual micro-entrepreneurs with revenues of up to R\$ 360,000. The funds are transferred through operating agents qualified as institutions of oriented productive microcredit (Impos).

We disbursed approximately R\$ 52 million to these institutions in 2020. Impos, in turn, released more than R\$ 602 million in program resources to approximately 81,000 entrepreneurs. Considering that the operations have an average value of R\$ 8,800, this represents an important action to reduce the credit restriction faced by several entrepreneurs who, often, find no other formal source of funds.



Learn more in the section *What we do?*

Learn more in the highlight
Emergency measures



Learn more at
www.bndes.gov.br/bndesgaragem

EMERGENCY MEASURES – COVID-19



Learn more in the section
[Brazil and the world in 2020](#)

With the spread of COVID-19 already in the first months of the year, 2020 saw the emergence of a **conjunction** of profound social and economic impacts around the world.

As a development bank, with an important countercyclical role, we worked in coordination with the Federal Government to mitigate the effects of this crisis on Brazilian society.

We offered a wide range of credit solutions for the most affected segments, prioritizing the following publics:

- MSMEs, which typically have less access to the capital market and are more dependent on own resources and the banking market;
- health sectors, whose demand, due to the pandemic, was above the regular supply capacity;
- companies in specific segments, particularly affected by the recession; and
- subnational entities and firms that might have difficulty meeting their debt services and previously contracted commitments.

Given the restrictive context and the need to reinforce cash to pay salaries, suppliers and other expenses, we operated mainly in the expansion of free credit for the priority segments and in the offer of suspension of payments to all our clients (standstill).

We also provided services to the Federal Government, intermediating the offer of liquidity for payment of salaries, with the PESE 1 and 2 programs, and the wide offer of guarantees for MSMEs, with FGI PEAC.

HOW DID WE ADAPT TO RESPOND QUICKLY TO THE CHALLENGES?

The severity of the economic and social consequences of the pandemic required a rapid strategic repositioning.

The following measures were conducted in a timely manner: sectoral analyses; dialogue with the Ministry of Economy (ME) to discuss technical criteria for sectoral prioritization; survey of information on the performance of

other DBs before the crisis; as well as internal discussions about threats and opportunities in the strategy.

We approved with the Board of Directors, already in May 2020, a proposal to **revise the strategy** that included the “emergency countercyclical” mission, which aims to: act in a timely manner to maintain employment and business and in a structuring manner to enable the recovery of the economy.

Interdisciplinary groups (**squads**) were created to work exclusively on the development of emergency instruments. Thus, we were able to cut the time to develop solutions in half.

All of this was possible without forgoing our **governance**, which involves approval of the instruments in various committees and by the Executive Board. The products were also assessed by the Board of Directors before launch.

To expedite the processing of the large volume of requests for financial support, we developed an emergency credit workflow for projects filed by September 30, 2020, and established the **Clients Portal** as the gateway to all requests for direct support related to emergency measures.

In the case of our automatic indirect operations, the centralization of communication with financial agents and the automatic validation of client data on the **BNDES Online** platform facilitated the rapid transfer of credit to all regions of the country.

EMERGENCY MEASURES

In line with the Federal Government and with the recommendations of international organizations, we put in place already at the end of March a **set of emergency measures** to respond in a consistent and focused manner to the crisis arising from the COVID-19 pandemic.

In the table on the next page, we present a summary of the measures adopted, the values approved and the number of clients benefited by the end of 2020.



Learn more in the section
[Our strategy](#)



Learn more in the section
[Our team](#)



Learn more in the section
[Governance, ethics and integrity](#)



Learn more in the section
[Our relationships](#)



Learn more in the section
[Our relationships](#)



Learn more about the programs at
www.bndes.gov.br/covid-19

Support to the health sector through emergency measures during the pandemic included:

4 MILLION

diagnostic tests



1,700

pieces of medical equipment



2,900

dedicated beds activated



58.4 MILLION

pieces of personal protection equipment (PPE)



R\$ 79.1 MILLION

raised for the acquisition of material, supplies and protective equipment for health professionals on the front lines through Matchfunding Saving Lives



Emergency measures against the impacts of the COVID-19 pandemic in 2020*

BLOCK	ACTION	ACCOMPLISHED (APPROVED) (R\$ MILLION)	CLIENTS
MSMES AND INDIVIDUALS	Working capital for MSMEs	9,109	27,533
	Emergency Employment Support Program – PESE	4,611	131,862
	FGI PEAC – Emergency Credit Access Program	92,142	114,517
	Standstill for automatic indirect operations	3,141	28,615
	PIS-PASEP transfer to FGTS	20,000	N/A**
	Emergency Employment Support Program – PESE 2	3,411	N/A
	PEAC Maquininhas	3,190	112,139
	Credit Funds for MSMEs	487	N/A
HEALTH SECTOR	BNDES Emergency Support Program to Combat the Coronavirus Pandemic	309	12
	Matchfunding Saving Lives	79	N/A
	BNDES Emergency Direct Credit Program – Health	492	3
	Health Innovation – EMBRAPÍI Partnership	20	N/A
COMPANIES	Standstill for nonautomatic indirect operations	1,262	62
	Standstill Phase 2 for nonautomatic indirect operations	50	2
	Standstill for direct operations – private sector	7,961	433
	Standstill Phase 2 for direct operations – private sector	834	57
	BNDES Productive Chains Credit Program	117	3
	COVID-Account	2,654	0
	BNDES Audiovisual	246	11
PUBLIC SECTOR	Standstill for the public sector	3,896	57
	Indirect standstill for the public sector	6	22
	Balance to be released – states	225	7

Notes:


* Actions started from Mar 23, 2020. Data updated up to Dec 31, 2020. ** N/A - not applicable.




With emergency measures, we injected R\$ 154 billion into the Brazilian economy.

It is estimated that about 3.87 million people were employed in companies supported by emergency actions.

Emergency measures for the private sector

- **Working capital for MSMEs:** expansion of the offer of indirect free credit through the BNDES Credit Small Enterprises line, expanding the financing limit to up to R\$ 70 million and including companies with annual gross revenue of up to R\$ 300 million.
- **Emergency Employment Support Program (PESE):** emergency credit for companies with annual revenue between R\$ 360,000 and R\$ 50 million, exclusively for the payment of employee payroll, with the commitment of the company not to dismiss without just cause, until sixty days after receiving the last installment of the credit line, in the same proportion as the total payroll that has been paid with program resources. Formulated by BCB and ME.
- **Emergency Credit Access Program (FGI PEAC):** offer of Treasury guarantees – through FGI – for financial agents, aiming to facilitate access to new loans mainly by small and medium-sized enterprises (SMEs) with revenue of up to R\$ 300 million in 2019. Created in partnership with the Special Secretariat for Productivity, Employment and Competitiveness (Sepec/ME).
- **Standstill – Suspension of payments:** possibility of suspension of interest and principal interest to direct, indirect and mixed customers, for six months. In a second phase, it specifically served private clients in selected sectors, such as audiovisual, hotels and airports.
- **Transfer of funds from PIS-PASEP to FGTS:** transfer to Caixa Econômica Federal, operator of FGTS, of the portion of PIS-PASEP Fund equity in our possession. The measure allowed the withdrawal of up to R\$ 1,045.00 per worker holding an account linked to FGTS, according to criteria established by the Federal Government.
 [Learn more in the section Financial sustainability](#)
- **PEAC Maquininhas:** loan for individual microentrepreneurs (MEI) and micro and small-sized enterprises (revenue of up to R\$ 4.8 million), guaranteed by sales with digital payment devices.
- **Credit Funds for MSMEs:** allocation of up to R\$ 4 billion to credit rights investment funds (FIDC), selected by means of a public call, focusing on individual entrepreneurs and MSMEs. The first contracting took place in December 2020 and the remaining proposals are being analyzed, with new disbursements expected in the first quarter of 2021.
- **BNDES Emergency Support Program to Combat the Coronavirus Pandemic:** direct credit to companies and institutions that operate in the health production chain, aiming at increasing the supply of emergency beds, equipment, materials, supplies, parts, components and critical products for health.
- **Matchfunding Saving Lives:** crowdfunding campaign through which we contributed R\$ 1 from the BNDES Social Fund for every R\$ 1 donated, observing the maximum amount of up to R\$ 50 million. The

 [Learn more in the section Our relationships](#)



amount collected was applied to the acquisition of material, supplies and protective equipment for physicians, nurses and other health professionals at the forefront of the combat against the COVID-19 pandemic.

- **BNDES Emergency Direct Credit Program:** direct financing aimed at sectors (except health) affected by the crisis. It was ended without requests or approvals, since most of the companies potentially interested had debt restrictions or had already been served by the standstill.
- **BNDES Emergency Direct Credit Program – Health:** working capital for companies, cooperatives and individual entrepreneurs in health-related sectors with annual revenue above R\$ 300 million.
- **Health Innovation – EMBRAPII Partnership:** partnership with the Brazilian Company of Research and Industrial Innovation (EMBRAPII) with the objective of supporting research, development and innovation projects to combat, treat and diagnose COVID-19. Our support for the initiative will amount up to R\$ 20 million, limited to 50% of the total invested in the projects, the rest being complemented by EMBRAPII units and partner companies.
- **BNDES Productive Chains Credit Program:** offering working capital to large “anchor companies” from all sectors of the economy in order to supply the liquidity needs of MSMEs in their chains. The program required that the anchor company would not make a profit on the operation, as well as prove the transfer of the resource through contracts with the anchored ones.
- **COVID-Account:** emergency credit to energy distributors, in the form of resources in the so-called COVID-Account, contributing to the emergency financing of the electricity sector, with the objective of avoiding further increases in electricity tariffs for the final consumer, which were planned in the ordinary tariff process of distributors.
- **BNDES Audiovisual:** mode of emergency and transitory support, entirely through resources from the Audiovisual Sector Fund. Created in partnership with the National Film Agency (ANCINE) and the Far South Regional Development Bank (BRDE).
- **BNDES Securities Subscription Program for Emergency Support to Combat the Effects of the Coronavirus Pandemic – Airlines:** variable income product aimed at companies in the passenger air transportation sector, which could not compromise their debt structure. The program was ended without approvals, as the companies opted for other market solutions.
- **BNDES Support Program for the Sugar and Alcohol Sector (BNDES PASS):** working capital for the storage of fuel ethanol, aimed at companies, cooperatives and individual entrepreneurs in the sector. The program was ended without requests,

possibly due to the recovery of ethanol prices after the program was structured, making it unattractive.

Emergency measures for the public sector

- **Public sector standstill:** suspension of payments for public sector clients with the objective of providing financial relief in a critical period of the pandemic.
- **Balance to be released – states:** emergency transfer of funds to states with an active contract with the BNDES, so they could invest in actions to combat the pandemic and mitigate its economic consequences.

Monitoring of measures

We established a routine of daily meetings, with the presence of executive directors, superintendents and heads of department, to monitor the measures adopted. In this forum, in addition to the alignment between several internal units, it was possible to discuss the correction of directions and possible points of action by top management to solve existing difficulties.

In August, daily monitoring became weekly and lasted until the end of January 2021, when all actions had already ended their request periods, becoming monthly from February.

The internal administration, TCU, ME and Congress received periodic reports with the values approved in emergency actions and the number of companies and associated jobs (whenever possible). A specific [website](#) was created to monitor emergency actions.

Periodic reports were also submitted to the Board of Directors and fiscal councils of the BNDES System companies, including an integrated view on risk management.



Access at:

www.bndes.gov.br/acompanhamento-medidas-emergenciais

FINANCING TO SUPPLY CHAINS

We approved, within the scope of the BNDES Productive Chains Credit Program, a R\$ 87 million financing for Lojas Renner S.A. The working capital resources are allocated to transfers to suppliers and distributors outside of its economic group. The expectation is that the resource will be used to support 25 to 31 suppliers.

CREDIT IN TIMES OF CRISIS

The Girassol therapeutic space, in Curitiba (PR), closed for almost a month due to the pandemic and had its revenue reduced by 50%. In order to keep fixed and floating expenses paid, they contracted working capital through BNDES Credit Small Enterprises line, aiming to keep the clinic in operation and preserve the employment of four psychologists and an intern.

EDUCATION, HEALTH AND SECURITY

The social agenda is fundamental to the country's development. Thus, ensuring the population's access to better education, health and security services is one of our priorities. We also support urban development, tourism and culture, aiming to contribute to solving structural problems and enhancing touristic potential in cities.



EDUCATION

We finance private institutions and public entities, in addition to playing a nonfinancial role in inducing qualified and potentially more effective investments, in promoting partnerships between strategic actors and in fostering the consolidation of knowledge.

In 2020, we approved financing for the social project of Belo Monte Transmissora de Energia S.A. and of Xingu Rio Transmissora de Energia S.A. for the renovation and expansion of public schools in municipalities in the countryside of Pará and Tocantins, benefiting a total of 5,000 students.

We also approved the social project of Inframérica Concessionária do Aeroporto de Brasília to implement the "The School We Want Project" in 49 public schools in the Federal District, with investments in the implementation of technological infrastructure and management tools, benefiting more than 42,000 students.

We also allocated about R\$ 3 million to finance the "Light in Schools – Renovating the Future" project, which aims to renovate the infrastructure of schools in the state of Rio de Janeiro, benefiting 4,000 students.



BNDES CONNECTED EDUCATION

In 2020, we expanded the **initiative** to two more projects, involving 59,000 students and six education networks in Paraná (state and municipalities of Campo Mourão and Guarapuava) and Bahia (state and municipalities of Ilhéus and Lauro de Freitas), totaling 162,000 students and 396 schools under the initiative. In addition, 2,800 managers and teachers from 11 education networks were trained in using technology as a pedagogical tool. The *Observatório Tecnologia na Escola* [Technology at School Monitoring Body] was also established, with 32 academic and research institutions for monitoring, evaluation and dissemination of the initiative's knowledge, and the IV National Meeting of the BNDES Connected Education Initiative was held, with the participation of more than 100 representatives from 17 education networks.

Learn more at www.bndes.gov.br/educacaoconectada

TECHNICAL TRAINING – SENAI



We concluded seven new financing projects for SENAI to invest in vocational training and in productivity and technological innovation in the domestic industry. The projects are part of a financing contract signed in 2012 in the total amount of R\$ 1.5 billion.

With the financial resources related to the financing contract, SENAI made investments in the order of R\$ 12 million in molecular biology and established the SENAI Network of Molecular Biology, consisting of technology and innovation institutes for the development of new technological routes.



Automotive laboratory at the Rosário Professional Training Center, in Maranhão, with new equipment financed by the BNDES | Photo: SENAI Collection

HEALTH

We support the health sector by **direct and indirect financing** for projects in the health industry and health services, by structuring of PPPs, and by support to strategic nonreimbursable projects, through our statutory funds.

In 2020, **actions related to the COVID-19 pandemic** were emphasized and strengthened our role in supporting health. In addition to Matchfunding Saving Lives and lines of credit geared toward the sector, we conducted some relevant actions. For example, the emergency support, in partnership with the Votorantim Institute, for 151 small municipalities with a total of 7.4 million inhabitants, in managing the health crisis caused by COVID-19, in the total amount of R\$ 4 million (50% each).

We also support, with nonreimbursable funds, 35 social assistance projects, with around 800,000 people benefited with food parcels and hygiene kits during the pandemic.

We held the Public Challenges Award in partnership with the National School of Public Administration (ENAP), awarding R\$ 200,000 to the best proposals of solutions to monitor and manage the pandemic, reduce economic and



Learn more in the section
What we do?



Learn more in the highlight
Emergency measures





Health initiatives related to the COVID-19 pandemic were emphasized in 2020, such as Matchfunding Saving Lives, which donated protective equipment to health professionals | Photo: André Telles Fotografia



social impacts, and increase efficiency in the health system.

We held the Cycle of Meetings: Social Innovation in Healthy and Sustainable Territories in the Pandemic and Post-Pandemic Context, in partnership with Fiocruz, aiming to build strategies to deal with COVID-19. Issues related to food and nutrition security, prosperity, and conservation of territories were addressed.

We approved a R\$ 2.8 million nonreimbursable support for a pilot project to evaluate the cost and effectiveness of internet of things solutions for improving hospital management, to be conducted by PUC-Rio at the Rocha Faria Municipal Hospital. It is expected that the tested and validated technologies can be implemented later in other SUS units.

In the industrial sector, we approved financing for three projects aimed at increasing and modernizing the medicine production capacity of the companies Laboratório Catarinense, Apsen and Prati Donaduzzi. Emphasis on the support of R\$ 263.7 million for modernization and expansion of medicine production capacity and construction of a medicine distribution center for Prati, Donaduzzi & Cia Ltda., in Toledo (PR), allowing one of the largest companies producing generic drugs in the country to increase capacity by 5 billion therapeutic doses.

In 2020, we approved R\$ 100 million in financing for the Bahia Santa Casa de Misericórdia charity for restructuring bank and supplier debts and

implementing actions to improve management and operational efficiency. The São José dos Campos Santa Casa de Misericórdia charity, on the other hand, had a financing of R\$ 32.4 million approved to increase the number of operating rooms and hospital and ICU beds.

SECURITY

We help mobilize efforts and resources of various agents for investments aimed at strengthening the governance and management of the sector, seeking to contribute to reduce the high levels of crime and violence, with positive impacts on quality of life, competitiveness, improvement of the business environment and increased conditions for the retention and attraction of capital to the country.

In partnership with the IDB, in 2020 we continued the process of constituting a qualified project portfolio that can contribute to concrete improvement of the country's crime and violence indicators. We have advanced in the approval of projects in the municipalities of Teresina (PI), São Bernardo do Campo (SP), Jundiaí (SP) and Porto Alegre (RS), the last two contracted in late 2020.

Within the scope of the memorandum of understanding signed with the IDB and the Ministry of Justice and Public Security (MJSP) in October 2019, we made progress in structuring prison PPP projects, in conjunction with the Investment Partnerships Program (PPI) and MJSP/Depen, in the states of Rio Grande do Sul and Santa Catarina, currently under study by the teams of consultants hired by us.

SUPPORT FOR URBAN DEVELOPMENT AND TOURISM

Our support for urban development is provided through urban requalification of cities, by adapting their infrastructures to the impacts of climate change, and by strengthening the vocations that induce local development in touristic, historic, entrepreneurial or natural heritage cities.

We approved financing for integrated urbanization of the Pirapitinga river basin, including its canalization, revitalization of its surroundings and construction of an access road to the Mining Industrial District of Catalão, mitigating the chronic flood problem faced by the municipality, improving the flow of access to the main employment hub of the city and creating an important leisure area for residents of the region.



Learn more in the highlight
Privatization and project structuring



We also approved support for a project to develop a pilot model – combining public and private efforts – for large-scale rehabilitation of historic areas of cities and their built heritage, using, as a methodological framework for the implementation of innovative urban and financial instruments, the operating area of Porto Digital, in Recife.

We supplemented resources in the amount of R\$ 28 million to the project for reconstruction of the National Museum, in Rio de Janeiro (RJ), expanding the support approved in 2017 to a total of R\$ 50 million. Our support now includes the works on the facades and roof of Block 1 and the museum’s activation program.

We approved support for the restoration and modernization of the Ipiranga Museum, in São Paulo (SP). We are the largest individual supporter of the project, with 14% of the total amount of R\$ 178 million. Closed for public visitation since 2013, the museum should be reopened, completely renovated, for the celebrations of the bicentenary of the Independence of Brazil, in September 2022.

In a series of investments to promote the city of Petrópolis (RJ) as a relevant touristic destination, we approved support for restoration of the Cathedral of São Pedro de Alcântara, also known as the Imperial Cathedral, in the amount of R\$ 13.1 million, 98% of the global investment.

Within the scope of the **procurement process** for Security in Public Cultural Institutions for Guarding Memorial Collections, we approved support for the Mariano Procópio Museum complex, in Juiz de Fora (MG), in the total amount of R\$ 3.3 million.


Access at www.bndes.gov.br/seguranca-de-acervos

IMPACTFUL SOCIAL ACTIONS



We are present in impactful social investments. We supported, with more than R\$ 360 million from the **BNDES Social Fund**, the implementation of cisterns in 286 municipalities, aiming to reduce the food vulnerability of families in the semi-arid region. In partnership with the Ministry of Citizenship, we plan to install cisterns in 2,000 schools in the semi-arid region, benefiting 240,000 students by the end of 2022.



Learn more at: www.bndes.gov.br/fundo-social

In addition, through the Corporate Social Investment Line (ISE), we supported projects by companies that wish to invest in social issues surrounding their projects, mitigating possible impacts and improving the lives of the surrounding communities. In 2020, the line was used to support **Matchfunding Saving Lives**.



Learn more in the highlight **Emergency measures**

In February 2020, we held the Equity Funds seminar in Brazil. The seminar was held one year after the approval of the Endowment Law in the country and brought together experts to discuss advances, opportunities and challenges.

Matchfunding BNDES+ Cultural Heritage

We selected 24 projects, among the 175 received, to participate in the second edition of the crowdfunding campaign, which made R\$ 2.4 million available for actions aimed at the preservation and diffusion of Brazil’s material and immaterial cultural heritage.

We also launched a public notice for the Lab edition of the matchfunding, which aims to support projects that use the internet as a tool to overcome the physical boundaries in interaction of the public with heritage. The three calls (2019, 2020 and Lab Edition) combined total up to R\$ 4 million to be invested in projects.



The program for educational visits to the Castro Alves Theater complex, in Bahia, was one of the projects selected in the 2020 Matchfunding BNDES+ process.



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SUSTAINABILITY



As a development bank, we seek to be an inducer of market practices and a hub of debate for new sustainability standards.

INTERNAL ASSESSMENT

In 2020, we conducted an internal analysis of the management of the topic covering governance, policies, people, processes, communication and transparency. The improvement needs traced will largely be addressed in a 2021 corporate project. An example is the contracting of an ESG rating, which takes into account aspects, such as our business management, and internal operating issues, such as the efficient use of resources at our headquarters.

In addition, we observed a need to establish a continuous process for developing new solutions that induce companies to improve their socioenvironmental performance and achieve their ESG goals.

ORGANIZATIONAL CHART

We have a department dedicated to the environmental theme and management of the Amazon Fund, which supports the operating divisions in socioenvironmental issues of the projects. The same department coordinates the actions of the Plan for Implementation of the Social and Environmental Responsibility Policy (SERP), which is carried out by different units of the Bank.

In 2020, the sustainability agenda grew and the theme expanded to other units – planning, corporate relations, and investor relations – with new internal structures, thus materializing the transversality of the subject.

GOVERNANCE

The Board of Directors is the body responsible for approving the SERP and its implementation plan. In 2020, a subcommittee was created in the Board specifically focused on sustainability, responsible for monitoring and issuing strategic guidelines on the topic.

The implementation of the SERP is monitored by the Socioenvironmental Sustainability Committee (CSS), linked to the **Management Committee**, which also monitors the execution of other policies, such as Gender Equity and Diversity Valorization.

The Credit and Operations Committee, in turn, is responsible for validating the socioenvironmental risk classification (ABC).

The Bank appointed the executive director responsible for the Public and Socioenvironmental Management Division of the BNDES as the executive director responsible for the SERP before the BCB.

SERP

Our **SERP**, launched in 2010, encompasses the principles and guidelines related not only to operational work, but also to our strategic role in promoting sustainability.

It was last updated in 2019, as the result of a public consultation process open to everyone on our website.

SDG PORTAL

In 2020, we completed the methodology for determining the contribution of our disbursements to the SDGs.

We expanded the scope of our **portal** to present the distribution of these disbursements in all 17 sustainable development goals, with data georeferenced by states and annualized in graphs.

We also made available an **interactive panel** with indicators of the results of our direct operations, which provides transparency to indicators and targets monitored throughout the implementation of the project and at the end of the intervention.



Access at www.bndes.gov.br/ods



Access at www.bndes.gov.br/entregas-ods

The SERP execution strategy follows the implementation plans. There were two, referring to the 2015–2017 and 2018–2020 periods. In the latter, we underscore the alignment with the themes of climate change and international agreements, such as the SDGs, which were incorporated into our strategic planning.

Some deliveries of the plan are linked to the performance assessment and to the payment of profit sharing or results to our employees.

OTHER POLICIES

In addition to the SERP, in the corporate sphere, our ESG policy framework also includes the Sustainable Procurement Policy (2011), the Transparency Policy (2014), the Code of Ethics (2016), the Money Laundering and Terrorism Funding Prevention Policy (revised in 2020), the Gender Equity and Diversity Valorization Policy (launched in 2015 and updated in 2020), and the Integrity Policy (2020).

In the operational sphere, in addition to the socioenvironmental policy focused on our work in domestic credit operations, we have the Socioenvironmental Policy for Exports (2016) and the Socioenvironmental Policy for Operation in Capital Markets (2018), in addition to sectoral instruments that establish criteria for support to more sensitive sectors, such as cattle raising, sugar and alcohol, and mining.

The policies are applicable to the BNDES and to all entities with which we have a relationship.

ENVIRONMENTAL REGULARITY

We were not imposed significant fines, nor nonmonetary sanctions for failure to comply with environmental laws and/or regulations in 2020.

Our support is preceded by an examination of the project's regularity with the competent environmental agencies, by a classification of the socioenvironmental risk category of the enterprise, and by a socioenvironmental analysis.

The supported projects' environmental regularity is established as a contractual commitment of the clients and their noncompliance can lead to interruption of disbursements and even early maturity of the debt. We also monitor environmental risks, recording data referring to effective losses in lawsuits due to socioenvironmental damage. In 2020, there was no record of losses linked to socioenvironmental origin related to clients.



Access at: www.bndes.gov.br/politica-compras-sustentaveis

www.bndes.gov.br/politica-transparencia

www.bndes.gov.br/code-of-ethics

www.bndes.gov.br/PPLD-en

www.bndes.gov.br/politica-genero

www.bndes.gov.br/integrity-policy

www.bndes.gov.br/politica-socioambiental-mercado-de-capitalis

www.bndes.gov.br/diretrizes-socioambientais-pecuaria-bovina

www.bndes.gov.br/criterios-ambientais-acucar-alcool

www.bndes.gov.br/politica-socioambiental-mineracao



Learn more in the section **Governance, ethics and integrity**



Access at www.bndes.gov.br/PRSA


Governance, ETHICS AND INTEGRITY

GRI
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GOVERNANCE

GOVERNANCE MODEL


Learn more about the people responsible for managing the BNDES at www.bndes.gov.br/rol-de-responsaveis


Learn more in the highlight *Review of the Bylaws*

Our governance structure aims to strengthen our **management**, fostering a transparent and collective decision-making process. It comprises the Board of Directors, Fiscal Council, Auditing Committee, Risk Committee, Remuneration Committee, Eligibility Committee (the last two unified in one committee – Personnel, Eligibility, Succession and Remuneration Committee – in our **new bylaws**), Executive Board, specific advisory and monitoring subcommittees of the Board of Directors, among other committees.

In March 2020, the composition of the members of the boards of directors and fiscal councils of the BNDES System companies was unified to improve management and save costs. The three companies already shared the same Executive Board and the same organizational structure.

In 2020, thematic advisory subcommittees under the Board of Directors were created to optimize the work during the meetings and make it possible to deepen the knowledge of the counselors in relation to the matters submitted to their examination.

BNDES GENERAL ASSEMBLY


It is called by the Board of Directors or, in cases provided by law, by the Executive Board, the Fiscal Council or the Union. It is carried out ordinarily once a year or extraordinarily according to the interest of the BNDES. Its duties include: approval of the BNDES annual management report; alteration of share capital and bylaws; election and removal of members of the Board of Directors and Fiscal Council; and fixing the remuneration of the Bank's managers and members of the Fiscal Council and Auditing Committee.

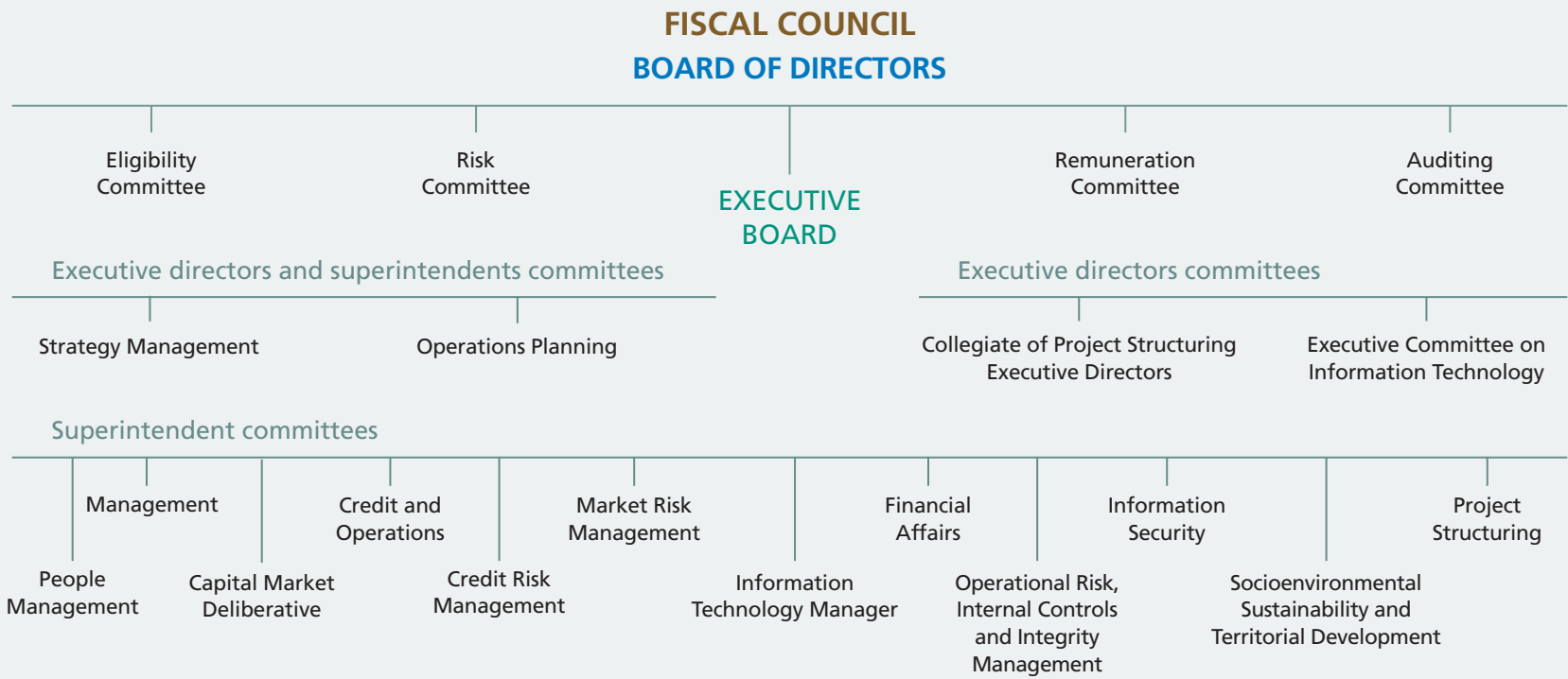
Subcommittees to monitor our strategic operations have also been created.

As provided in the bylaws, the Executive Board examines, as a general rule, all matters that go to the Board of Directors, with each executive director participating in the board meetings reporting matters related to their areas.

Economic, social and environmental aspects are dealt with in all spheres of our governance, being delegated to superintendents and heads of department, according to the duties defined in our Basic Internal Organization.

Our president, **Gustavo Montezano**, has held the position since July 16, 2019.


See the résumé of the president of the BNDES at www.bndes.gov.br/gustavo-montezano-en



Note: Representation of the collegiate bodies on Dec 31, 2020. With the new bylaws, the Eligibility Committee and the Remuneration Committee were merged into the Personnel, Eligibility, Succession and Remuneration Committee.

COMPOSITION OF COLLEGIATE BODIES

FISCAL COUNCIL: its attributions include supervising the acts of administrators and examine the fulfillment of their legal and statutory duties; analyzing the quarterly financial statements of the BNDES System; and examining and issuing an opinion on the institution’s half-yearly financial statements.



BOARD OF DIRECTORS: our highest degree of governance. Its duties include issuing an opinion on relevant issues of the country’s economic and social development related to our actions; advising the Bank’s President on the general guidelines for his actions; approving general policies and long-term operation programs; and issuing an opinion on the institution’s financial statements. The president of the BNDES’s Board of Directors does not perform any other executive role at the Bank.



EXECUTIVE BOARD: has deliberative power and a **wide structure of specific advisory committees** that act as an instrument of strategic alignment, bringing together several hierarchical instances, such as executive directors, superintendents and heads of department, according to the purpose. As per statutory provision, the Executive Board must rule on all matters to be submitted to the Board of Directors.

[Learn more about the committees’ duties at www.bndes.gov.br/ra2020](http://www.bndes.gov.br/ra2020)



How are Board of Directors members selected?

The Board of Directors is composed of 11 members, all elected by the General Assembly, namely: four nominations from the Ministry of Economy, one nomination from the Ministry of Foreign Affairs, five nominations from the State Ministry currently supervising the BNDES, and one representative of the BNDES employees, chosen among active employees by direct vote of peers. At least three of the members nominated by the ministries must be independent. As of December 31, 2020, there were nine active counselors and two vacancies.

The nominees must meet specific requirements for holding the position, such as having a well-known knowledge and academic training compatible with the position. The Secretariat of Coordination and Governance of State-owned Enterprises (SEST) makes a prior analysis of the supporting documents of the nominee and consults the Chief of Staff Office of the Presidency of the Republic to confirm the nomination. Once this phase has been completed and there are no objections, the Ministry of Economy submits the documentation for analysis by our Personnel, Eligibility, Succession and Remuneration Committee. After the committee, by an absolute

majority, has verified the fulfillment of all requirements and the absence of restrictions, the ministry responsible for nominating the counselor submits their final decision to the Attorney General of the National Treasury (PGFN). The nomination is then submitted to the BNDES General Assembly, which has the exclusive responsibility to deliberate on the election and dismissal of the members of the Board of Directors. The work of the assembly was directed by our president, or, in his absence, by an executive director appointed by him, until the approval of our new bylaws by the BCB, when it began to be led by the president of the Board of Directors, who delegated the function to the legal executive director. At least one member of the Fiscal Council, depending on the matter, and one attorney from PGFN, representative of the Union, sole shareholder of the BNDES, must attend the meeting.

Remuneration of executive directors and counselors

The global remuneration policy for executive directors and counselors – composed of fixed remuneration, variable compensation, benefits, rights and obligations – is prepared and analyzed by the BNDES’s Personnel, Eligibility, Succession and Remuneration Committee, with support from the Personnel and Organizational Culture Management and Strategic Planning divisions, in addition to the President’s Office, following the guidelines of SEST. Subsequently, it is submitted for deliberation by the Board of Directors and the BNDES General Assembly. The remuneration and benefits granted to our officers can be found on our **website**.

Executive directors

The members of our statutory Executive Board are entitled to fixed monthly payments, in addition to rights and benefits such as Christmas bonus, thirty-day paid vacation, housing allowance, food allowance, meal allowance, health insurance plan and compensatory remuneration during the quarantine period. The variable remuneration of the executive directors, agreed with SEST, does not include bonuses and earnings based on shares.

Long-term benefits, including loans, are not granted under any circumstances to the BNDES staff or officers, not even to the temporarily hired executives, as this is a practice prohibited to all financial institutions under BCB regulation.

The Annual Variable Remuneration (RVA) policy, as a form of profit sharing, includes the members of the Executive Board. The remuneration is provided for in a specific program and is subject to the existence of book profit. The maximum amount to be distributed, per officer, in the form of variable remuneration, is limited to three times the base amount of the remuneration in effect on the date of the effective payment, respecting the



Access at www.bndes.gov.br/remuneracao-administradores-e-conselheiros

same established for the profit or result sharing program (PLR) of the other employees.

Counselors

The unification of the composition of boards of the BNDES System companies aimed, among other objectives, to promote the economy of public resources.

The remuneration cap for members of the Board of Directors and Fiscal Council, provided by Law 9,292/1996 and the BNDES Bylaws, is 10% of the average monthly remuneration of the members of the Bank's Executive Board, being prohibited the receipt of profit sharing.

ORGANIZATIONAL STRUCTURE

Our Executive Board is organized into specific managements, composed of divisions. Each division is the responsibility of a superintendent.

We currently have nine managements grouped into back office (financial and business control and support activities) and front office (project and partnership structuring and financial support granting).

INTERNAL AUDIT

Our Internal Audit unit is directly linked to the Board of Directors and its mission is to strengthen corporate governance, risk management and the internal control system through objective assessments and consultancies, in addition to centralizing the demands, recommendations and determinations of the following external control and supervision bodies (OEC): TCU, CGU and BCB.

In 2020, these bodies made 1,336 demands, including due diligence and audits, to which we gave due treatment. In addition, during the course of the year, we received 71 notes from the OEC, among recommendations and determinations, of which fifty were met or answered and the rest are being addressed. We also monitored 221 ongoing processes or audits at TCU. As for the CGU, six audits were carried out during the year and 35 recommendations were monitored – from 2019 and previous years. In the same period, BCB carried out three special checks remotely, in addition to starting the process of reviewing the BNDES rating, to be completed in 2021.



BACK OFFICE

FRONT OFFICE

OPERATIONS	PEOPLE AND CULTURE	FINANCE	COMPLIANCE AND RISKS	LEGAL	INFRASTRUCTURE, CONCESSIONS AND PPPS	COMPANY STRUCTURING AND DIVESTMENT	CONCESSION OF DIRECT CREDIT AND GUARANTEES	SHAREHOLDING, CAPITAL MARKET AND INDIRECT CREDIT
RICARDO BARROS	ÂNGELA LINS	BIANCA NASSER	CLAUDENIR BRITO	SAULO PUTTINI	FÁBIO ABRAHÃO	LEONARDO CABRAL	PETRÔNIO CANÇADO	BRUNO LASKOWSKY
STRATEGIC PLANNING DIVISION	PERSONNEL AND ORGANIZATIONAL CULTURE MANAGEMENT DIVISION	FINANCIAL DIVISION	INTEGRITY AND COMPLIANCE DIVISION	LEGAL DIVISION 1	GOVERNMENT AND INSTITUTIONAL RELATIONSHIP DIVISION	COMPANY STRUCTURING AND DIVESTMENT DIVISION	ENERGY DIVISION	CAPITAL MARKET, SHAREHOLDING AND COMPANY RESTRUCTURING DIVISION
INFORMATION TECHNOLOGY DIVISION		CONTROLLERSHIP DIVISION	RISK MANAGEMENT DIVISION	LEGAL DIVISION 2	INVESTMENT PARTNERSHIP STRUCTURING DIVISION		PUBLIC AND SOCIOENVIRONMENTAL MANAGEMENT DIVISION	DIGITAL CHANNELS AND OPERATIONS DIVISION
BUSINESS SUPPORT DIVISION							SANITATION, TRANSPORTATION AND LOGISTICS DIVISION	
							INDUSTRY, SERVICES AND FOREIGN TRADE DIVISION	

Note: Organizational chart on Dec 31, 2020. With the new bylaws, the Ombudsperson's Office is now directly linked to the Board of Directors.

As a result of the internal audit work carried out in 2020, 249 new recommendations were issued to process managers, which resulted in the implementation of risk mitigating actions. Throughout the year, 289 recommendations were met – from 2020 and previous years. The implementation of risk mitigating actions by the audited units is monitored by the Internal Audit, which reports the situation on a quarterly basis to the Auditing Committee and to the Board of Directors and Fiscal Council.

The main control activities carried out by the unit are disclosed annually in the *Annual Internal Audit Activity Report*. The results of the annual account audits conducted by CGU, the inspections and audits carried out by TCU and the monitoring of the measures taken as to the corresponding recommendations or determinations issued by these control bodies are available on our [website](#).



Access at
www.bndes.gov.br/auditoriainterna

LEGISLATION AND REGULATIONS

Compliance

We are part of one of the most regulated sectors of the economy. Therefore, we maintain mechanisms to mitigate the risk of noncompliance with the multiple rules to which we are exposed, which can cause damage to the reputation or sanctions to the institution. These mechanisms are consolidated in our [Compliance Program](#), which encompasses the practices for complying with obligations in the internal and external regulations and in the agreements signed by the Bank.



See more at
www.bndes.gov.br/vps/vanityurl/compliance_program

- Some of our current compliance management practices are:
- daily assessment of the proposals for normative acts (laws, decrees, provisional measures, etc.) presented at the National Congress, with monitoring of those considered to be of high priority and impact on the Bank;
 - monitoring of the issuance of external standards, as well as monitoring the compliance with these standards by our units;
 - maintenance of the base of agreements signed by the BNDES System; and
 - compliance assessments to measure the degree of compliance with internal and external standards.

Any noncompliance and control deficiencies traced by the compliance and operational risk management units are discussed with the units involved, which propose action plans for their correction and improvement of procedures.

The results of these works are presented to the competent BNDES committees.

Legislative changes

In 2020, it is worth noting the legislation edited due to the need to combat the effects of the COVID-19 pandemic: Legislative Decree 6, of 2020, recognizes the existence of a state of public calamity resulting from the COVID-19 pandemic; Provisional Measure 944/2020 establishes the PESE; Provisional Measure 958/2020 establishes rules for facilitating access to credit and mitigating the economic impacts resulting from the pandemic; and Law 14,042/2020 establishes PEAC.

Law 13,709/2018 ([General Data Protection Law](#)) impacts the activities of several of our units, which are adapting to comply with it. During the year, we implemented the adaptation to the new regulatory framework for prevention of money laundering and terrorism funding, complying with the requirements of BCB Circular 3,978/2020 and CVM Instruction 617/2019 through new regulations, approved in November 2020. We have also adapted to various regulations issued by the National Monetary Council and the BCB in 2020, in order to improve the consistency of Brazilian financial statements with international regulations.



Learn more in the section
[Transparency and Effectiveness](#)

THE MAIN EXTERNAL REGULATIONS GOVERNING OUR OPERATION ARE:

- Law No. 1,628/1952 – Law of creation of BNDES
- Constitution of the Federative Republic of Brazil
- Law No. 4,595/1964 – regulates the National Financial System
- Law No. 5,662/1971 – places the BNDES in the category of public company
- Law No. 6,404/1976 – Law of Publicly-Traded Companies
- Law No. 6,938/1981 – provides for the National Environment Policy, its purposes and formulation and application mechanisms
- Complementary Law No. 101/2000 – Fiscal Responsibility Law
- Law No. 12,527/2011 – Law of Access to Information
- Law No. 12,813/2013 – provides for conflict of interests in the exercise of a position in the Federal Executive Branch
- Law No. 12,846/2013 – Anticorruption Law
- Law No. 13,303/2016 – Law of State-Owned Companies
- Decree No. 8,945/2016 – regulates, in the scope of the Union, Law No. 13,303/2016.
- Law No. 13,483/2017 – institutes TLP and provides for the remuneration of resources from PIS-PASEP, FAT, FMM and financing granted by the National Treasury to BNDES.
- Law No. 13,709/2018 – General Data Protection Law
- Law No. 13,898/2019 – 2020 Budget Guidelines Law

Revision and update of contractual clauses

We update the clauses of our contracts whenever necessary to adapt them to regulatory changes and to the revision of processes and **operational policies**. Among the events in 2020 are the inclusion of the fiduciary alienation guarantee of real estate in the contractual drafts and the exclusion of the mandatory insurance requirement for property given as guarantee for loans or financing from public financial institutions.



Learn more in the section
Our strategy

PUBLIC BIDDINGS AND CONTRACTS

In order to carry out our activities, we use inputs and services acquired through public biddings that follow the judgment criteria stipulated by art. 54 of the Law of State-Owned Companies, or the trading modality, pursuant to Law No. 10,520/2002.

Our contracts are public and can be accessed on our **website**. In 2020, 243 contracts were signed and R\$ 285.2 million were paid to suppliers. See below the public biddings conducted with sustainability criteria and the contracts signed in the period.



Access at www.bndes.gov.br/licitacoes-contratos

PUBLIC BIDDINGS*	TOTAL	WITH SUSTAINABILITY CRITERIA
Divestitures (through private initiative and auction)	11	-
Bidding	2	-
Electronic trading	55	10

*There were no biddings in the Contest mode, which was in the 2019 report.

CONTRACTS/ADDITIVES/PAPS	TOTAL	ORIGIN
Contracting through bidding	58	Biddings and Art. 28 (only 1 occurrence)
Contracting through waiver and nonrequirement of bidding (except for low-value contracts)	72	Waiver and nonrequirement of bidding
Low-value contracts	113	Bidding waiver without future obligations
Additives	99	
PAPs (Punishing Administrative Procedure)	10	

Consultancy services

Throughout 2020, we implemented a new model for contracting consultancy services for structuring privatization projects, based on pilot projects indicated by our Executive Board, pursuant to art. 28, § 3, of the Law of State-Owned Companies. The new model incorporates the best international practices for structuring complex projects and thereby contributes to improving the quality of public deliveries for Brazilian society.

The implementation was carried out by a working group and involved interaction with several public bodies, such as Ministry of Economy, Ministry of Infrastructure, CGU, Attorney General's Office, PGFN and TCU, which, at our request, designated secretariats responsible for monitoring the pilot projects.

COSTS MANAGEMENT

We perform the cost and result calculation of companies in the BNDES System by division, department, line and program operated, with the main objective of providing managers with information for analysis and decision making. Our process also allows the analysis of incremental costs in the creation of new organizational structures and new products, for example.

The Federal Government's Cost Information System (SIC) is not adopted as the main cost calculation system because it is a tool aimed at agencies of direct public administration, autarchies and foundations.

ENCOURAGING GOOD GOVERNANCE PRACTICES IN INVESTEE COMPANIES

We always seek to encourage investee companies to achieve ever higher standards of corporate governance, whether through the exercise of voting rights in the collegiate bodies of the companies in which we invest, or through the rights contractually provided for in our shareholders' agreements. Good corporate governance increases investor confidence, mitigating conflicts of interest.

In 2020, we revised our **policy for nominating counselors**, which establishes the rules for choosing suitable candidates to constitute the collegiate bodies of investee companies. Among the changes, we highlight the preferential nomination of independent members external to the BNDES for collegiate bodies of private companies; the obligation to carry out a data survey of the candidate; and conduct of a prior assessment of the external nominee.

The policy revision was followed by the disclosure of our **Base of Counselors**, which allows the registration of individuals interested in being part of these collegiate bodies.

As we understand the relevance of the role of shareholders in the corporate governance of our investee companies, in 2017 we adopted the Stewardship Code of the Association of Capital Markets Investors (Amec). Thus, we annually publish the **BNDESPAR Stewardship Report**, reporting in more detail the activities carried out during the year.



Learn more at
www.bndes.gov.br/politicas-mercado-de-capitais



Access at <https://web.bndes.gov.br/bic/#!/bemVindo>



Access at <https://web.bndes.gov.br/bib/jspui/handle/1408/17880>

REVISION OF THE BYLAWS

In 2020, SEST launched model governance bylaws for state-owned companies in order to systematize and standardize their bylaws. With the purpose of complying with the guidelines of this model, we made several changes to our bylaws.

It is worth mentioning the reorganization and inclusion of new items in the article that deals with our corporate purpose, to make it clearer and more organized, and to provide greater visibility to activities that, although already implicitly authorized by the current bylaws, are still not fully exploited by us, such as the provision of guarantees.

Another novelty is the inclusion of the public interest in the orientation of our activities, with the provision that “the BNDES may have its activities, whenever in line with its corporate purpose, oriented by the Union in order to contribute to the public interest that justified its creation.”

Provisions were also included that establish that the assumption of obligations and responsibilities under conditions different from those of any other private sector company operating in the same market will only be allowed when it is defined by law or regulation and when its costs are determined in a transparent manner in its accounting plan. This change reflects the orientation of the model bylaws of SEST and the provision already existing in the Law of State-Owned Companies.

Regarding the Board of Directors, we note the inclusion of the competences of:

- issuing an opinion on the management report and the accounts of the Executive Board, in compliance with the request of CGU; and
- approving the appointment and/or dismissal of the members of the Internal Audit body and Ombudsperson's Office, by proposal of the president of the BNDES, submit them to the approval of the CGU and, after approval by that body, formalize it.

The Internal Audit unit, the Integrity and Compliance and Risk Management divisions and the Ombudsperson's Office become internal governance units, and the Board of Directors must establish a selection policy for the heads of these units. In the case of the Ombudsperson's Office, the bylaws link it to the Board of Directors, which will be responsible for appointing the ombudsperson.

Reflecting guidance of SEST, the distribution of the coordination of divisions among their members falls under the responsibility of the Executive Board, as proposed by the president of the BNDES. The Executive Board is now responsible for approving the divestitures of noncurrent assets, the constitution of real liens and the provision of guarantees for third party obligations, which, thus far, were under the authority of the Board of Directors.

Another novelty is the unification of the Remuneration and Eligibility committees, adopting the suggestion of the SEST model bylaws for a single committee to deal with issues related to eligibility, succession, personnel and remuneration.

To the chapter dealing with the fiscal year, financial statements and profits, suggestions from SEST were added, in particular the exclusion of the limitation that prevented the BNDES and its sole shareholder from fully having the option of distributing dividends as interest payments on equity.

The new BNDES Bylaws were approved by the BCB on March 16, 2021. During this year, reviews of the regulations impacted by changes in the bylaws will be carried out.

ETHICS AND INTEGRITY

Ethics is a duty of our employees, managers and service providers. The commitment to ethics is expressed in our values statement and in our Code of Ethics, which is also applicable to those who interact with us, including clients and financial institutions accredited for onlending funds.

In 2020, there was no record of losses resulting from fraud or corruption cases, nor was there any record of fines for noncompliance with laws and regulations, except for the payment of fines due to the reprocessing of taxes and payment of overdue taxes. In the latter case, only one of them is considered relevant when its value is compared to the risk appetite of the BNDES System. Nevertheless, when this value is compared to the history of losses of this nature, it is considered a typical value.

ETHICS MANAGEMENT

The BNDES Ethics Committee and its executive secretariat – both linked to our presidency – are responsible for ethics management at the Bank. In 2020, 295 preliminary procedures were conducted, such as consultations related to ethical conduct, and internal preventive actions were carried out to disseminate ethical values, such as communication campaigns, courses and events. We also had an active participation in the coordination of the National Forum for Ethics Management in State-owned Companies.



See more at
www.bndes.gov.br/etica

Regulations

Integrity Program: gathers measures, procedures and controls adopted to combat embezzlement, fraud, irregularities and illegal acts, practiced in the BNDES System, serving as a benchmark for the dissemination of ethical principles in the corporate environment.



Learn more at
www.bndes.gov.br/integrity-program

Code of Ethics: presents principles, ethical values and commitments that must be observed by all entities, whether individual or legal, under public or private law, that, by virtue of law, contract or any legal act, provide services to the BNDES System, whether permanent, temporary, exceptional or occasional, even without financial remuneration.



Access at
www.bndes.gov.br/code-of-ethics

BNDES System's Corporate Integrity Policy:

approved in September 2020, establishes guidelines and attributions necessary to strengthen integrity, aiming at preventing, detecting and remedying corruption, embezzlement, fraud, irregularities or other illegal acts practiced against the BNDES System or against third parties, in the country and abroad, in accordance with the applicable Brazilian and foreign legislation.



Access at
www.bndes.gov.br/integrity-policy



Learn more at
www.bndes.gov.br/PPLD-en

Money Laundering and Terrorism Funding

Prevention Policy: we revised the policy and prepared the following set of internal regulations related to the theme, in compliance with the new regulations of the BCB (Circular 3,978/2020) and CVM (Normative Instruction 617/2019): Internal Risk Assessment; Procedure Manual Aimed at Knowing the Client; Procedure Manual for Knowing the Third Party; and Procedures Manual for Monitoring, Selection, Analysis and Communication to COAF of Operations or Situations Suspected of Money Laundering and Terrorism Funding.

INTERNAL CORRECTION SYSTEM



Learn more at www.bndes.gov.br/sistema-de-correicao

Our **internal correction system** consists of Internal Affairs division, the commissions for investigative procedures and investigation processes, the appeals commissions and the competent collegiate authorities or bodies for judging the investigation processes and the respective appeals. This system is part of the BNDES System Integrity Program and its operation is supervised by the Board of Directors and the Audit Committee.

The purpose of the system is to detect and correct irregularities related to the activities of the legal entities that are part of the BNDES System and that may constitute a disciplinary infraction, an act of administrative improbity, an injurious act against a legal entity that is part of the BNDES System and/or a criminal offense.

Its scope involves examination processes, which must be conducted with guarantees of due legal process to those processed; and investigative procedures, of a confidential, nonpunishing and optional nature, initiated when observed minimum elements indicating irregularities that do not constitute sufficient evidence for the establishment of investigation processes.

The Internal Affairs division is linked to the president of the BNDES and led by the executive director responsible for compliance.

Investigative procedures and examination processes

Under the coordination of the newly created Internal Affairs division, ten investigative procedures and three examination processes were instituted in 2020.

In addition to these, there are also three disciplinary administrative processes (PAD); an internal examination committee (CAI); and a special accountability committee (TCE), established prior to the creation of the Internal Affairs division.

A conduct adjustment term (TAC) was also established, which aims to ensure efficiency and rationality, which can be applied when a disciplinary offense of low offensive potential is observed.

INTEGRITY CHECK FOR POSITIONS

Prior to election, appointment or hiring of external advisers and members of statutory bodies, we consult different databases containing information related to negative media coverage, administrative and judicial proceedings, shareholdings, previous relationship with the Bank, among others. Based on the information collected, we check the existence of legal impediments to the institutional relationship with the professional. Such assessment may result in measures such as nonelection, non-hiring or nonpermanence of the individual, the establishment of investigation procedures and/or the submission of information to the Prosecutor's Office, control bodies or regulatory entities. The check is updated annually or when there is news of a relevant fact.

HUMAN RIGHTS

In our **SERP**, respect for human rights is a principle of action. We have adopted a set of practices related to this theme, such as checking, during the registration analysis of companies requesting direct financing, for the existence of acts, on the part of the applicants, that imply race or gender discrimination, child or slave labor, crime against environment or that characterize moral or sexual harassment – all of which are impediments to approval.

Our Gender Equity and Diversity Valorization Policy was launched in 2015 and updated in 2020. In this year, we also approved the Operational Gender Policy applied to programs and projects supported with resources from the Green Climate Fund (GCF), the first document that establishes commitments in gender equity in operations financed by us, being applied exclusively to operations with resources from the GCF.



Learn more in the section
Our performance >
Sustainability

ETHICS AND INTEGRITY WEEK (SEI)

In celebration of the International Anti-Corruption Day (December 9), the 5th SEI was held, which brought four actions to strengthen the culture of ethics and integrity:

- **ONLINE COURSE ON PREVENTING AND COMBATING FRAUD**, with participation of 91% of the staff.
- **VIRTUAL ESCAPE GAME**, using information about the Bank's integrity measures.
- **ETHICS AND COMPLIANCE COURSE FOR SERVICE PROVIDERS**, with participation of around 65 BNDES providers and 198 accesses to the material by the EDSERJ condominium providers.
- **VIDEO ON ETHICS AT BNDES**, with testimonials from employees on the importance of the topic and its evolution at the Bank.

Transparency and EFFECTIVENESS

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Transparency and effectiveness are two of our principles. As a state-owned company aware of our responsibilities, we seek to make our information accessible to all audiences. We also monitor and evaluate the effectiveness of our actions in relation to our mission and purpose.

TRANSPARENCY

ACCESS TO INFORMATION



Learn more in the section
Our relationships

In compliance with the Access to Information Law, our **Citizen Information Service (SIC)** offers assistance: in person, in our office in Rio de Janeiro, by telephone (0800-887-6000), by correspondence, by the email address sic@bndes.gov.br or by the Fala.BR platform, which gathers in a single site all contacts received through the SICs and Ombudsperson's Offices of all federal agencies.

CONFIDENTIALITY

All of our information not legally defined as confidential is made available to society, in accordance with the Access to Information Law. The main types of confidentiality we are required to maintain are:

- **Banking secrecy:** the individual right of clients and third parties to the maintenance of secrecy of their economic and financial data. Thus, financial institutions have the duty not to disclose, except as permitted by applicable law, data obtained from their clients and third parties in the exercise of their banking activities. Observance of banking secrecy is a guarantee of public interest, in favor of the credibility, stability and soundness of the financial system.
- **Corporate secrecy:** guarantee of protection of the data and documents produced by a company in the exercise of its economic activity. The purpose of corporate secrecy is to protect information that provides competitive advantages to the entrepreneur or company that is essential to the success of the business, such as brands, patents, know-how and industrial secrets, the disclosure of which could lead to material or moral damages.

TRANSPARENCY ON OUR WEBSITE

Our website is set up to be an instrument of active transparency, with a specific section on the topic. It contains data on funding sources, loan contracts and biddings, as well as accountability reports and disbursement statistics.

Outstanding features in 2020 included:

- **"Monitoring of emergency measures against coronavirus"** page: daily updated figures on the evolution of measures, estimated impacts on society and volume of funds released.
- **Information on operations:** a special filter of our operations search to present loan contracts linked to emergency credit lines and programs.
- **"Transparency and Accountability"** page: with the goal of rendering accounts to supervisory bodies and to society, the page compiles the main information related to the Bank's operation, such as organizational structure, boards, scrutiny, planning and results, and its transactions.
- **Contributions to SDGs:** expanded access to information on all 17 SDGs and result indicators of direct operations related to the SDGs.



Access at www.bndes.gov.br/acompanhamento-medidas-emergenciais



Access at www.bndes.gov.br/consulta-operacoes



Access at www.bndes.gov.br/prestacao-de-contas



Learn more in the section
Our performance> Sustainability

GENERAL DATA PROTECTION LAW (LGPD)

Law No.13,709/2018 governs the processing of personal data. Since 2019 we have adopted measures to comply with the law, such as the creation of an inventory of personal data processing procedures; structured mapping of personal metadata; inclusion of privacy policy agreements on our portals; definition on how to meet the rights of data subjects; internal communication actions to explain the law to staff; and appointment of the BNDES Head of Personal Data, among others.

OPEN DATA PLAN

To facilitate the use of our data by interested parties and make our performance even more transparent, we are developing an **open data plan** as part of a strategy of structured disclosure of information.

As an organization of the indirect public administration, we were the first state-owned company to voluntarily adhere to federal regulations on the matter. In 2020 we set up the **Open Data Portal** with open-format information on risk management, in compliance with BCB Circular/DC 3930. The platform will provide input for the BNDES 2021-2023 Open Data Plan.



Learn more at
www.bndes.gov.br/dados-abertos



Access at
<https://dadosabertos.bndes.gov.br/>

BLOCKCHAIN

We strive to promote the blockchain ecosystem in Brazil and encourage solutions that make it possible to track investment of public funds.

In 2020, a project was launched in partnership with the Special Department for State Modernization to create the Blockchain Brazil Network, aiming to support public sector investments that use technology. We organized a roadshow in partnership with said department to present the network project to bodies such as the Ministry of Economy, Office of the Comptroller General, Ministry of Justice and Federal Court of Accounts.

We also gave a course for federal civil servants at the National School of Public Administration (ENAP), enabling the creation of 38 blockchain solution proposals for the public sector.

We are members of the OECD Blockchain Expert Policy Advisory Board, which is drafting a recommendation for member countries. In 2020 we also became members of the Blockchain Working Group of the Federal Government **Data Governance Central Committee**, created in July 2020.

Learn more at
www.gov.br/governodigital/pt-br/governanca-de-dados/comite-central-de-governanca-de-dados

PROMOTION OF EFFECTIVENESS

Learn more at
www.bndes.gov.br/efetividade

Our Effectiveness Promotion System (SPE) comprises three layers. The first consists of monitoring the efficacy and effectiveness indicators for each operation or financial instrument and carrying out regular evaluation throughout the funding cycle. The goals are to monitor whether the objectives that led us to support each project have been met and strengthen organizational learning.

The second layer addresses the planning and development of more in-depth effectiveness studies on specific types of support granted by the Bank, prioritized by the administration. The evaluations may be internally performed, outsourced or done in partnership with external evaluators.

Finally, the system's third layer addresses the targeted use of the information produced in the previous layers. In this stage, the set of available data and evidence is consolidated in order to disclose and improve our effectiveness.

The SPE was updated in December 2020 to adjust the monitoring and evaluation activities to recommendations by the supervisory bodies, simplify them and improve the system. Among the changes

made, the figures of efficacy and effectiveness indicators are now compiled together with the monitoring of operations and the Effectiveness Report is analyzed by all the BNDES senior management.

Over the last decade we developed corporate projects to address effectiveness, created a unit dedicated to monitoring and evaluation, underwent two operational audits by TCU and greatly expanded the transparency of our operations.

EFFECTIVENESS REPORT

The fourth **BNDES Effectiveness Report** was released in 2020, related to our results in 2019 and evaluations done after the previous report.

This report features not only data on expected deliveries of operations approved in 2019, but also, for the first time, an overview of deliveries achieved by operations approved in previous years. The compiled data show a bank strongly focused on infrastructure and with relevant deliveries in the provision of services to the public sector.

A highlight of the section that evaluates the impact of our support is the relevant growth of external studies, made possible by the greater transparency of data on our operations, which contributed to an even greater independence of the results.

Lastly, for the first time the report includes effectiveness recommendations aiming to transform the main results of monitoring and evaluation into practical recommendations for action.

IMPACT EVALUATIONS

Three specific effectiveness evaluation reports were released in 2020. In May, the **BNDES Exim Post-shipment Services** impact evaluation report was published, which assessed whether support to exports of engineering services also increased the demand for products by sub-suppliers, thus generating jobs. In August, the evaluation report on **local impacts of investments in large industrial plants** was released, providing an estimate of the local effects of the introduction of 33 greenfield industrial projects funded by the BNDES in 2005-2018. Lastly, in October we published the evaluation report of the **ReDes program for sustainable development**, a joint initiative with the Votorantim Institute to support projects that structure productive activities and professional training for the productive inclusion of low-income populations.

Also published was the **Report on the impact of credit operations on the combat against inequalities**, which features data on the regional distribution of our loans and its impact regarding gender, ethnicity and people with disabilities.



Access at
<https://web.bndes.gov.br/bib/jspui/handle/1408/20141>



Access at <https://web.bndes.gov.br/bib/jspui/handle/1408/19700>



Access at <https://web.bndes.gov.br/bib/jspui/handle/1408/19983>



Access at <https://web.bndes.gov.br/bib/jspui/handle/1408/19640>



Access at
<https://web.bndes.gov.br/bib/jspui/handle/1408/19640>

RISK MANAGEMENT

GRI

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Learn more in the section
Our performance >
Emergency measures



Learn more in the section
Governance, ethics and integrity

Throughout 2020 we set up a risk assessment process of the **emergency actions** taken to fight the COVID-19 pandemic, considering the identification of operational, market, liquidity and credit risks; survey of identified risk controls and mitigators; and analysis of aspects related to **compliance**.

The main goal was to identify and mitigate possible risks that could compromise the operation of new products, should they occur.

The evaluation results rank the risks as high, moderate, low or nonexistent, according to their maximum impact and available controls and mitigators.

Compliance issues are investigated in relation to operations submitted to the approval of the Credit and Operations Committee (Ccop) and the Executive Board and the existence of procedures to assess aspects of integrity related to third parties involved in the actions.



Learn more in the section
The Brazilian Development Bank

Risk management actions related to **business continuity** also played an important role in adapting our activities to the new context of remote work.

We provided staff with distance training aiming at a more widespread transmission of concepts related to operational risk, internal control and business continuity. Emphasis was also given to the organization and governance of those topics through detailed explanations about structure, management model, roles and main practices.

Our updated risk matrix is shown at the side.

	MAIN RISKS	MITIGATION MEASURES
MACROECONOMIC	Changes in the macroeconomic context The financial return of our operations depends on the performance of the Brazilian economy, since clients' payment capacity is affected by macroeconomic factors, such as inflation, fall in GDP and income levels, rise in unemployment levels, fluctuations in exchange and interest rates, etc.	<ul style="list-style-type: none">Periodic monitoring of economic performance and analysis of its impact on our operations.Establishment of risk limits, monitored periodically, to subsidize senior management's decision-making process.Diversification of the financial support portfolio.Performance of the Financial Affairs Committee
	SO: Integrated risk management; Financial management of assets and liabilities; and all objectives related to deliveries to society	
MARKET	Volatility of the stock market Considering the volume of our stock portfolio, which comprises some of the main assets listed at B3, we are subject to the high volatility of the Brazilian stock market, which affects the behavior of our capital over time, also representing a risk to compliance with regulatory limits.	<ul style="list-style-type: none">Risk monitoring and control through limits and regular reports.Performance of the Market Risk Management Committee, with recommendations to improve the management of the variable income portfolio.Revision of the BNDES's risk appetite regarding exposure to variable income operations.
	SO: Integrated risk management; Financial management of assets and liabilities	
CREDIT	Concentration of credit portfolio The portfolio reflects the typical concentration observed in the Brazilian corporate market.	<ul style="list-style-type: none">Quantification of the individual concentration risk.Monitoring of high risk exposures to anticipate possible adverse situations.Additional provision for doubtful accounts, compatible with estimated risk increase, aiming to prevent against future economic uncertainties.
	Deterioration of credit Increased risk of loss due to the COVID-19 pandemic.	
SO: Solutions for clients; Integrated risk management; Financial management of assets and liabilities		
OPERATIONAL	Losses resulting from external events or from failure, deficiency or inadequacy of internal processes, people or systems, inherent to any business.	Identification and systematic analysis of main operational risks and their internal controls to implement corrective measures and improve methodologies used to manage operational risk.
	SO: All strategic objectives	
LEGAL	Nonobservance of legal orders and internal standards due to the complexity of the legal and normative frameworks, in addition to changes in laws or regulations that are applicable to our performance.	Adoption of operational risk management methodologies, emphasizing conformity to laws and standards that are applicable to our performance, with special attention to rulings by administrative and judicial courts.
	SO: All strategic objectives	
SOCIOENVIRONMENTAL	Possibility of losses due to the association of socioenvironmental damages with the deterioration of the institution's image.	<ul style="list-style-type: none">Monitoring of legal conformity with and observance of criteria established in our analysis and monitoring processes and policies, according to the specificities of each operation.Advances in the execution of the Multi-Year Plan for Implementation and Monitoring of our Policy of Social and Environmental Responsibility, under the management of the Socioenvironmental Sustainability Committee (CSS).
	SO: Sustainability; Integrated risk management; Financial management of assets and liabilities	
REPUTATION	Negative perception of the institution by relevant stakeholders, which could affect our ability to maintain or expand business relationships.	<ul style="list-style-type: none">Monitoring and management of the institution's image.Analysis of clients' registration, with identification of aspects of integrity that require attention.Monitoring of clients' negative media.Evaluation and handling of complaints received by the Ombudsperson's Office
	SO: All strategic objectives	
CYBER AND INFORMATION SECURITY	Events that may affect the integrity, confidentiality and availability of information assets required to achieve the Bank's strategic goals.	Identification and analysis of main information security risks, monitoring of cyber threats and internal information security controls, as well as preparation and planning of measures for the timely handling of incidents.
	SO: All strategic objectives	

Note: SO – Main strategic objectives impacted.



See more at www.bndes.gov.br/risk-management

INTEGRATED RISK MANAGEMENT

The Board of Directors is responsible for approving corporate risk management and internal control policies, besides determining the implementation of management practices and overseeing those already established to prevent and mitigate the main risks to which the Bank is exposed.

The Board of Directors also defines the overall risk appetite level and approves the stress-testing program. The Board is continuously informed about risk management practices through regular bulletins and presentations of specific issues. The main activities and highlights of the fiscal year related to operational risk, internal control and compliance are published in a specific annual report, submitted to the Executive Board and the Board of Directors.

Any nonconformities and control deficiencies identified in the work carried out by the compliance and operational risk management units are discussed with the relevant units, which propose action plans to correct and/or improve procedures. The results of these works are submitted to the Operational Risk, Internal Controls and Integrity Management Committee, and, when relevant, to the Risk Committee.

In 2020, a methodology was developed to measure the interactions between credit, market and operational risks, as well as to determine aggregate risk measures such as expected loss, value at risk (VaR), economic capital and expected shortfall, taking into account the interactions among the three types of risk cited. This makes it possible to diversify and reduce the overall risk of our portfolio compared to the sum of the three risks individually.

To enable the implementation of this initiative, a methodology was defined to calculate the economic capital of operational risk and its allocation to the **business segments** of the BNDES System – Treasury, Variable Income, ALM and Credit.

RISK MANAGEMENT POLICIES

The policies formalize concepts, goals, principles and responsibilities applicable to the processes of operational risk management and internal control and of business continuity management. They are reviewed annually to be adapted to relevant changes in the internal and external environments. The main goal of the 2020

review was to reflect changes in the organizational structure, and it was approved by the Board of Directors on January 22, 2021.

EVALUATION PRINCIPLE

The evaluation principle, set out in our Operational Risk and Internal Control Policy, provides that operational risks and controls associated with processes and activities must be continuously analyzed by the managers of the respective organizational processes, including with regard to the adoption of new products, services and systems.

In the case of the creation of products or of relevant changes in their operational procedures, a feasibility report is filled out addressing several relevant aspects of the product, including issues associated with operational risks. This operational risk assessment process is complemented to offer a more in-depth analysis of the new exposures introduced by those changes.

Once the relevant points have been identified, the existing controls and mitigators are jointly evaluated with the managers, as well as those that may be implemented to reduce the likelihood of operational risk events occurring or of their impact.

RISK APPETITE

Since 2013, we have adopted market risk monitoring policies for our equity and treasury portfolios. These policies provide governance principles for monitoring risk limits. It is common practice in both private and public banks, besides being a requirement of local regulations. The greatest benefit of setting limits is to provide clear guidelines for risk takers regarding the maximum loss tolerated by our managers.

Our *Risk Appetite Statement* (RAS) defines the institution's operational, credit, market and liquidity risk tolerance in qualitative and quantitative terms and enables the Bank's areas to manage their risks and establish priorities according to their performance strategy. Approval of limits is the responsibility of the Board of Directors and the Executive Board, depending on the case.

CAPITAL INDICATORS

Prudential indicators remained at comfortable levels throughout 2020, with the Basel Index reaching values close to 40% and the Tier I Capital Index stabilized at around 30%, as shown in the table below.



Learn more in the section
[Our performance > Economic and financial performance](#)



Learn more in the section
[Our performance > Financial Performance](#)

LIMIT OF EXPOSURE TO COMPANIES OF THE SAME GROUP

On January 1, 2019, CMN Resolution 4,677/2018 came into force, limiting the exposure per client to 25% of Tier I Capital, which is a bank's core capital, intended to measure the institution's financial health and used when it is necessary to absorb losses without ceasing operations. With the reduction of exposure to our major clients in 2020, we are completely within the limit of 25% of Tier I Capital established by the resolution.

EXCLUSION OF FAT FROM REFERENCE EQUITY

As provided by CMN Resolution 4,679/2018, **FAT** resources will no longer form Tier II Capital (supplementary capital of a bank) in a progressive manner. The amount of resources recognized in Tier II Capital will be reduced by ten percentage points per year until 2029, when it will be zeroed. In 2021, the value of Tier II Capital will be 80% of the balance of 2019.



Learn more in the section
Financial sustainability

INFORMATION SECURITY

The following actions can be highlighted in 2020:

- Implementation of the international payment network annual security program of the Society for Worldwide Interbank Financial Telecommunication (Swift) and its mandatory controls.
- Organization of the first contest of information security and data protection good practices (hacker rangers), with increased information security readiness for employees and interns.
- Implementation of the cybersecurity event monitoring service, with permanent monitoring, enabling the identification and timely correction of weaknesses in the IT environment.
- Performance of two intrusion tests by a specialized company, with assets testing of the IT infrastructure and ten of the Bank's systems, including the MSME Channel APIs and the institutional website.

OWN RESOURCES AND RISK-WEIGHTED ASSETS (R\$ MILLION)	DEC. 2016	DEC. 2017	DEC. 2018	DEC. 2019	DEC. 2020
Reference Equity (RE)	135,620	146,368	166,805	191,684	194,493
(+) Tier I Capital	90,413	97,579	114,126	139,005	147,082
Core Capital (CC)	90,413	97,579	114,126	139,005	147,082
(+) Tier II Capital	45,207	48,789	52,679	52,679	47,411
Risk-weighted assets (RWA)	624,850	532,011	574,956	521,228	472,197
(+) Credit risk	534,199	478,161	468,555	450,484	404,084
(+) Market risk	58,312	18,465	70,110	26,847	30,298
(+) Operational risk	32,339	35,385	36,291	43,896	37,815
Basel Index + ACP (RE/RWA) (regulatory minimum – 10.5%)	21.70%	27.51%	29.01%	36.78%	41.19%
Tier I Capital Index + ACP (NI/RWA) (regulatory minimum – 8.5%)	14.47%	18.34%	19.85%	26.67%	31.15%
Core Capital Index + ACP (CC/RWA) (regulatory minimum – 7.0%)	14.47%	18.34%	19.85%	26.67%	31.15%



Our RELATIONSHIPS

GRI

102-13 | 102-21 | 102-40
102-42 | 102-43 | 102-44 | 103-2

In line with our strategy and the mediating role we must play to promote development, we maintain relationships with different audiences. Through such interaction we collect information to improve our services and adjust our strategy, whenever necessary.

The BNDES System Relationship Policy provides the guidelines and recommendations of relationship with our different audiences, listing the principles that should guide our actions (trust, ethics, integration, closeness and transparency) and defining the main stakeholders.

Next, we present our most relevant relationship initiatives in 2020.

PUBLIC ADMINISTRATION

FEDERAL EXECUTIVE BRANCH

Over the year we cooperated with the Ministry of Economy (ME) and other sectoral offices in designing public policy and structuring and operationalizing priority projects of the federal government, especially those related to emergency measures to fight the COVID-19 pandemic, infrastructure and improving the country's business environment.

We also cooperated with the Office of the Vice President in the Amazon Council, with the Ministry of Science, Technology and Innovations in smart city studies, and with the Presidency of the Republic in creating the National **Blockchain** Network, among others. We also took part in the reform of the New Public Model to Support Brazilian Exports coordinated by the Executive Secretariat of the Foreign Trade Chamber of the ME.

We interact regularly with the Special Secretariat of PPI, with the Special Secretariat for Debureaucratization, Management and Digital Government and with the Ministry of Infrastructure in order to monitor the evolution of **privatization and project structuring** initiatives.

FEDERAL LEGISLATIVE BRANCH

We continuously monitor legislation debated in Congress that has a significant impact on our activities, directly or indirectly, seeking to

contribute to the design and improvement of the most important proposals for us and for society.

In 2020, we took active part in the process to convert provisional measures 944/2020 (Emergency Employment Support) and 975/2020 (Emergency Credit Access Program) into law, aiming at greater effectiveness and benefits in the **fight against the economic effects of the COVID-19 pandemic**.

We are currently monitoring more than four hundred legislative proposals ranging from macroeconomic, fiscal and budgetary issues to issues of microeconomic and sectoral reform.

In 2020, we responded to 21 requests for information and four budgetary proposals forwarded by the ME, prepared more than fifty letters in response to requests from members of Congress and answered questions through various channels.

STATES AND MUNICIPALITIES

In 2020, we interacted with all Brazilian states and the Federal District in order to consolidate our performance in services and strengthen our presence in all regions of the country. This strategy allowed us to support **important projects** in 2021.

JUDICIAL BRANCH AND CONTROL AND SUPERVISION BODIES

We interacted with control and supervision bodies such as the Federal Court of Accounts (TCU), Office of the Comptroller General (CGU), Central Bank of Brazil (BCB), Brazilian Securities Commission (CVM) and Secretariat of Coordination and Governance of State-owned Enterprises (SEST) by routinely providing information and explanations and developing partnerships, with the goal of improving our performance.

In addition, we seek to interact permanently with these bodies for the sake of understanding, monitoring and implementing contributions, rather than merely providing information when requested.

We maintained an interface with the Public Prosecutor's Office, the Federal Police and the Judicial Branch to monitor legal proceedings and meet requests for information and comply with judicial orders.



Learn more in the section
Our performance >
Emergency measures



Learn more in the section
Our performance



Learn more in the section
Transparency and Effectiveness



Learn more in the section
Our performance > Privatization
and project structuring

Prior to the municipal elections, we signed with the Superior Electoral Court (TSE) a memorandum of understanding to jointly support the fight against disinformation during election periods, focused on expanding the knowledge of society and of potential public managers on issues associated with economic, social and urban infrastructure in Brazil.

In July, we signed a Technical Cooperation Agreement with the Labor Public Prosecutor's Office to jointly carry out initiatives for the adoption of practices aimed at preserving jobs and income in Brazil. The document also provides the performance of studies and debates that enable the adoption of social compensatory measures in our actions, in addition to those already in place.

We also took part in the Environment Observatory of the National Council of Justice, which aims to foster dialogue that contributes to increase resources to deal with environmental law violations.

CLIENTS

PERSON-TO-PERSON ASSISTANCE

Between January and March 2020, 81 person-to-person contacts were made. This kind of assistance was suspended as of March 13, when we adopted **contingency** measures due to the COVID-19 pandemic.

CALL CENTER

We answered around 160 thousand contacts over the year: 73% by telephone (rated as excellent or good by 95.5% of respondents in a satisfaction survey), 21% via web form and the remaining 6% by other channels, such as around 2,800 active contacts to support, mainly, operations with the BNDES Card and accreditation processes.

A new feature was the implementation of a Virtual Assistant Bot on our website, initially scheduled for late 2020 but moved forward to May to answer questions about **emergency measures**. Available 24 hours a day, the BOT answered around 9 thousand calls in 2020. For 2021 there are plans to expand it to other areas of the website.

RECLAME AQUI PORTAL

We received 52 complaints in 2020, most of them related to the difficulty of obtaining loans through **financial agents**. Although all were

answered, only nine evaluations were made, not enough to make up a reputation index.

CLIENTS PORTAL

In 2020, we gradually transitioned from the Online Protocol (POL) to the Clients Portal. Thanks to this transition, by the end of the year the portal had become the official channel to submit **direct credit applications** and request information on eligibility/registration analysis. A total of 858 eligibility/registration analysis processes and 225 credit applications were filed in the year, totaling R\$ 14.8 billion in requests for financial support in the new system.

One of the advances afforded by the portal is the use of e-CNPJ, a digital certificate that increases security in the processing of information with our clients, besides allowing integration with various internal and external databases, facilitating the submission of required information. It was also possible to automate the monitoring of minimum economic-financial indicators for direct operations, redirecting the application, when necessary, to indirect products, which greatly speeded up the response time to these applications from weeks or months to minutes.

MSME CHANNEL

Besides enabling clients to find financial solutions suited to their profile and needs, the **MSME Channel** allows us to offer them a number of services that complement our traditional credit lines. There are already over 60 partners registered in this environment.

In 2020, in addition to the previously established partnerships with institutions such as SEBRAE, National Confederation of Industry (CNI) and financial efficiency fintechs, a new segment was added to the channel: credit and financing fintechs.

These companies started being accredited with the aim of granting their own credit to complement the performance of financial agents and expand the offer to companies that use the tool. By December, there were already seven credit fintechs registered with the MSME Channel.

A few improvements in usability and customer experience were introduced in 2020, besides an even safer log-in system, with authentication via gov.br, the same used for various digital services offered by the Federal Government.



Learn more in the section
What we do?



Learn more in the section
The Brazilian Development Bank



Access at
www.bndes.gov.br/canal-mpme



Learn more in the section
*Our performance >
Emergency measures*



Learn more about our
relationships with financial
agents in the subsection *Partners*

In 2020, the MSME Channel recorded approximately R\$ 400 million in loans granted through approximately 8 thousand operations. The financial management systems presented on the platform were hired by more than 4 thousand companies.

SOCIETY

CITIZEN INFORMATION SERVICE

We received 700 requests for information, all answered within the deadline, with an average response time of 16 days. 89.57% of requests were granted, 4.68% were partially granted and 2.14% were denied.

The most recurring topic was **privatization**, with requests for information on public notices issued. In second came requests for documents and explanations on **bid and contracts** for service providers. Next came questions about the **Amazon Fund**.

OMBUDSPERSON'S OFFICE

In 2020, the Ombudsman's Office received a total of 4,261 contacts. Compared to 2019, there was 180% increase in total contacts, 42% in valid requests, 71% in complaints and 22% in reports and doubts, taken together.

Most of the requests considered as nonvalid concerned the pandemic Emergency Aid, having no relation with the BNDES. In these cases, the Ombudsperson's Office assisted citizens based on information released by the Federal Government, besides directing them to the relevant channels.

Learn more in the section
Transparency and Effectiveness

Learn more in the section
Our performance > Privatization and project structuring

Learn more in the section
Governance, ethics and integrity

Learn more in the section
Our performance > Sustainability

The Entrepreneurship Challenges series on YouTube shares experiences of small- and medium-sized Brazilian entrepreneurs



WEBSITE

The disclosure of emergency measures to fight the effects of the coronavirus pandemic was the main initiative in 2020. The new section "**BNDES against the effects of coronavirus**" compiled the pages on the new initiatives, making it easier to access relevant information and disclosing information, updates and latest news related to the measures.

The working capital line "BNDES Credit Small Enterprises" page was a highlight, with new instructional content such as videos, FAQ and easy access to the list of accredited institutions that operate the line of credit to help clients obtain a loan.

The number of visits to the website grew 25.7% compared to 2019, reaching around 8.2 million hits. This increase reflects the great demand for emergency measures and credit-related pages, which occupied seven positions among the top ten most visited.

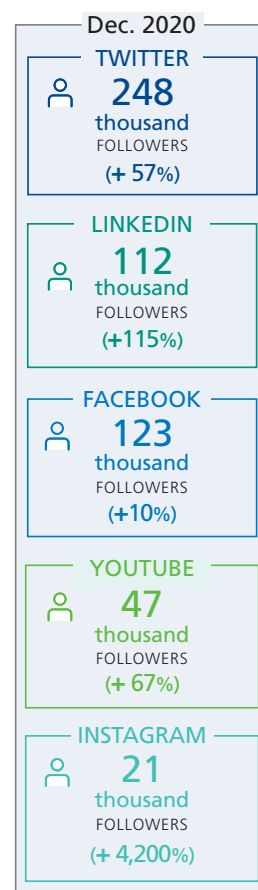
SOCIAL MEDIA

Performance on social media in 2020 also focused on the disclosure of emergency measures, ensuring greater visibility to the initiatives and a more targeted performance via advertising campaigns and always-on marketing, which contributed to an increase of about 57% in the total number of followers on our profiles, reaching almost 551 thousand.

On YouTube, in addition to live streams, which increased in number during lockdown, two series were launched: **BNDES Green**, focused on sustainability with interviews hosted by president Gustavo Montezano, and the **Entrepreneurship Challenges** series, addressing the difficulties and successes of small companies.

The new section "BNDES against the effects of coronavirus" on our website compiled updated information on emergency measures

Access at
www.bndes.gov.br/covid-19



Access at www.bndes.gov.br/serie-bndes-verde
Access at www.bndes.gov.br/desafios-de-empreender

**Tenha certeza, o Brasil
pode contar com o BNDES.**

^
The advertising campaign
“Brazil can count on the BNDES”
publicized our efforts in fighting
the effects of the pandemic

ADVERTISING

The main advertising highlight of the year was the campaign “Brazil can count on the BNDES”, focused on publicizing our efforts in fighting the pandemic. The campaign aimed to emphasize the Bank’s proximity to Brazilians and our commitment to minimizing the effects of the crisis.

With investment worth around R\$ 4.5 million and focused on the internet, the campaign’s ads were shown 680 million times (327% above projections) and totaled 2.4 million clicks (134% above projections). The videos were viewed 137 million times, and the audio ads were heard almost 2 million times. Consequently, during the campaign the webpage on emergency measures on our website received more than 330 thousand visits. In a survey carried out by the Brazilian Institute of Public Opinion and Statistics (Ibope) between August and September, the campaign had positive feedback from 88% of respondents, and 60% replied that BNDES’ performance during the pandemic improved the Bank’s image with them.

In 2020 we also continued the always-on strategy on social media. Content produced for our channels was boosted by purchasing advertising space on Facebook, Instagram, LinkedIn and Twitter. The strategy aimed to expand the scope of our messages and the number of followers on our social media sites, contributing to increase knowledge about the Bank and how it operates.

The total investment in advertising in the year was R\$ 6,049,444.96 (cash basis, which means that

part of the amount paid each year relates to actions carried out in previous years, just as part of the expenses is settled in the following year). The amount corresponds to 0.058% of the gross operating income (GOI) in 2019.

EVENTS

In 2020, due to the social distancing measures imposed by COVID-19, our events were transferred to the digital environment, held on virtual meeting platforms and our YouTube channel.

Forty-three online events were held over the year, still available on YouTube, with more than two million impressions (views of video thumbnails) and 214 thousand views by the end of the year.

Besides events related to our support to various sectors in fighting COVID-19 and its effects, we also discussed our role in structuring major infrastructure projects and privatization. This included webinars, panel discussions and the disclosure of reports and studies, all of them attended by authorities and/or specialists in the respective subjects. The outstanding events are listed at the side.

ESPAÇO CULTURAL BNDES

From January to March 2020, Espaço Cultural BNDES held a total of 18 classical, instrumental and popular music shows at the BNDES Theater as part of the traditional Quartas Instrumentais and Quintas no BNDES series. In addition, it opened the year with the exhibition “Everyday Views of Modern Brazil”, which brought to the BNDES Gallery great artworks by Brazilian modernists such as Di Cavacanti, Djanira and Anita Malfatti, among others.



GAS FOR DEVELOPMENT WEEK (May)

Theme: New natural gas market in Brazil



BNDES SANITATION WEEK (June)

Theme: Impact of improving the basic sanitation system for the population and the potential impacts of the new Sanitation Legal Framework



BNDES GREEN WEEK (October)

Theme: Issues related to environment, economics and sustainability



BNDES WITH S FOR SOCIAL AND SANITATION – 2ND EDITION (December)

Theme: Results and progress of projects in the sector and prospects for the coming years, one year after the event of the same name held on-site at the BNDES Theater in December 2019



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The exhibition 17 SDGs for a Better World raised reflection on the UN sustainable development goals | Photo: André Telles Fotografia

In February, the venue hosted in its gardens the exhibition *17 SDGs for a Better World*, featuring 17 sculptures in the shape of terrestrial globes representing the UN sustainable development goals.

Due to the pandemic, the Espaço Cultural BNDES cancelled all on-site events and attractions but continued to offer quality cultural programming online. In October it launched **its own YouTube channel**, featuring videos of musical concerts and talks with producers and artists of various cultural fields, as well as a wide range of cultural content, providing knowledge and entertainment to an even wider audience.

↗ ↻ ↺
Access at www.youtube.com/espacoculturalbnades

PRESS

In 2020, we focused on communicating clearly to the press our joint initiatives with the ME and the Federal Government to fight the impacts of the new coronavirus pandemic on the Brazilian economy. To this end we held 11 virtual presentations and press conferences. In addition, we organized four live streams to disclose the Bank's financial result, five press conferences on specific concession and privatization projects and a virtual training session on sanitation, focused on regional media outlets.

We answered 1,149 requests from media outlets over the year and were cited in a total of 63,375 articles published by the press. We also produced and published 190 press releases, notes, statements and agenda notices.

↗ ↻ ↺
Access at <https://agenciadenoticias.bnades.gov.br>

The **BNDES News Agency** released 216 news reports that attracted over 450 thousand visits to the website, revealing the widespread interest of national and regional media outlets in our countercyclical performance.

INVESTORS

In 2020, an Investor Relations department was created with the goal, among others, of having closer contact with different kinds of investors.

During the year, webinars were held with local and international investors to disclose the results of each quarter, our strategy and the emergency measures adopted to help offset the effects of the COVID-19 crisis.

Relations with financial and strategic investors were also established and continued for the disclosure of the **project factory** portfolio, especially sanitation project roadshows, with more than ninety meetings held, and joint webinars with the embassies of China and Italy, in which the Bank's portfolio of concessions and PPPs was disclosed to dozens of companies in those countries.

We also attended conferences organized by financial institutions, holding individual and small group meetings. In addition, several meetings were held for investors interested in specific topics, such as sustainability and BNDESPAR's strategy.



Learn more in the section
*Our performance > Privatization
and project structuring*

PROJECTS HUB

November saw the launch of the **BNDES Projects Hub**, a platform created to disclose concessions, PPPs and privatizations structured by us to potential investors. Besides providing information about each project, the hub features texts on different sectors of the Brazilian economy, as well as content in other media. The goal is to give visibility to the projects of the project factory, monitor the evolution of our portfolio and provide useful information to investors, including those less familiar with the Brazilian market, thus reducing mismatched information and increasing competition for privatization projects.

Hub users can subscribe to receive newsletters with portfolio highlights and ask questions to the technical teams responsible for structuring the projects.

↗ ↻ ↺ Access at <https://hubdeprojetos.bnades.gov.br>



^ In the BNDES Projects Hub it is possible to monitor the evolution of our portfolio of concessions, PPPs and privatizations

PARTNERS

FINANCIAL AGENTS



Learn more in the section
What we do?

In our **indirect operations**, we operate with more than 60 accredited financial institutions, such as funding agencies, automotive banks, credit unions and cooperative, private and public banks.

Thus, we meet the funding needs of companies of various sizes and of individuals, as well as public sector organizations. This kind of performance also contributes to reducing concentration in the Brazilian banking sector. According to data from the BCB, in September 2020 the five largest banks in the National Financial System concentrated 71% of credit portfolio in Brazil. In our indirect credit portfolio, in turn, the five largest banks accounted for less than 39% of total onlending operations.

The advances in the relationship with financial agents in recent years were crucial in 2020, enabling the rapid structuring and implementation of **emergency lines of credit**, essential to minimize the recessive effects of the crisis caused by COVID-19.



Learn more in the section
*Our performance >
Emergency measures*

We took part in almost two hundred meetings, individual or mediated by representative associations, to align our solutions with the operational structures of financial agents, explain the characteristics of the lines of credit and answer questions about implementation, besides supporting the communication efforts of agents with their commercial networks and with companies.

The operation of emergency lines, especially by FGI PEAC and PEAC Maquininhas, also provided partnerships with new financial agents and fintechs.

We are implementing a structure of officers who will be in charge of a portfolio of financial agents. This group will centralize and coordinate our relationship with banks, being responsible for meeting various kinds of requests and executing or supporting modeling and promotion initiatives.

We have advanced in the development of a methodology to obtain more in-depth knowledge of each financial agent based on data science and partner-focused relationship. The use of this tool, which is already operational, together with the structure of officers will allow us to improve our ability to help financial agents expand their credit supply, by either identifying the adequacy of existing solutions or developing improvements and new financial products better aligned with their actions and strategies.

PARTNERS NETWORK

In 2020 we launched a strategic initiative called Partners Network aiming to set up a solid database of our partner institutions with a view to developing joint operations in the fixed income capital market, both domestically and internationally.

Direct contacts were made with more than 130 interlocutors from different market segments (banks, pension funds, assets, development banks, sovereign wealth funds, among others), in order to identify potential interest in future issuances of the BNDES bonds in capital markets, as well as participation in joint funding operations to third parties originated by us.

The results are seen in the expressive number of financial institutions that took part in the emergency support operation for electricity distributors carried out in July (**COVID-Account**) and the contacts with local investment and pension funds that were necessary for the issuance of the BNDS' first **Green Financial Letter**.



Learn more in the section
*Our performance >
Emergency measures*



Learn more in the section
Financial sustainability

BNDES ONLINE

By integrating our automated systems with those of financial agents, the BNDES Online platform provides greater efficiency, speed and security in transactions. In 2020, the platform automatically analyzed more than 99% of indirect loans approved (except for BNDES Card operations), concluding the process of making all automatic indirect credit lines available through BNDES Online, which was decisive for the speed observed in the implementation of the emergency measures made available throughout the year.

AFFILIATIONS

We are affiliated with 24 nonprofit entities, both Brazilian and foreign, from a wide range of sectors. Among other benefits, they enable access to and exchange of knowledge in specific areas of activity, expanded relationships and institutional actions of common interest, our insertion in spaces and forums for debate on themes associated to our mission and greater visibility/institutional exposure for the achievement of our strategic goals.

REPRESENTATIVE ASSOCIATIONS

We are members of different representative associations, such as the Brazilian Development Association (ABDE) and the Brazilian Bank Association (ABBC), with whom, together with the Brazilian Federation of Banks (FEBRABAN), we keep in constant contact for the development, implementation and monitoring of our solutions.

Our regular meetings with FEBRABAN in 2020 deserve special mention, as they were vital for the success of the modeling and operation of emergency lines.

In 2020 we also carried out joint initiatives with corporate organizations, educational centers, companies, local administrations and government agencies for the modeling, promotion and disclosure of solutions related to the needs of different sectors of the economy, whether emergency or not.

DEVELOPMENT BANKS AND MULTILATERAL AGENCIES



Learn more in the section
The Brazilian
Development Bank

We interact with international **development banks**, either bilaterally or through participation in associations and initiatives that bring together financial institutions. Prominent among them are the International Development Finance Club (IDFC) and the Long-Term Investors Club (LTIC), whose main goals are to position development banks as relevant players in the sustainability agenda and attract investments in infrastructure. There is also The Montreal Group (TMG), focused on supporting MSMEs, and the Latin American Association of Development Financing Institutions (ALIDE), which aims to stimulate the exchange, spread and reproduction of financial experiences and practices among its members.

Relevant initiatives carried out in 2020 include our contribution, as an IDFC member, to the organization of the “Finance in Common” summit, which brought together in November 2020, for the first time, the entire community of 450 development banks and their stakeholders to share best practices, make collective commitments and build a broad, powerful and concrete international coalition, mobilizing forces from different countries at the service of the SDGs.

ESG PARTNERSHIPS

In 2020, we sought to build partnerships with the corporate sector to favor sustainable development. To this end, we permanently map their goals and difficulties in carrying out the **environmental, social and corporate governance (ESG) agenda**, aiming to support companies through our portfolio of products and services or seek new solutions together with them.

A portfolio of three hundred potential corporate sector partners was mapped out and by the end of 2020 more than 180 companies had been contacted and invited to develop a joint ESG agenda with us. We sought the engagement of companies, clients and nonclients, public and private, national and



Learn more in the section
Our performance > Sustainability

SECTORAL CONTRIBUTIONS

Historically, we have an important role in helping design public policy in different sectors of the economy. In energy, for example, we contributed in 2020 to the structuring of COVID-Account and to the discussion of the **new natural gas framework**, interacting with different agents in the sector such as ministries, regulatory agencies, clients, associations, banks, investors, experts and members of congress.

In urban mobility, in turn, we held several talks with public managers and promoted projects with potential clients regarding nonrefundable loans for pre-feasibility studies of projects in partnership with the German development bank KfW and Agence Française de Développement (AFD).

The initiatives related to sanitation also involved a high degree of institutional relationship, due both to the approval of the **new legal framework for the sector** and to projects being structured that started to be auctioned. This resulted in intense interaction with providers, investors, associations, civil society and municipal, state and federal agencies to make them viable, contributing to the improvement of the regulatory and institutional environment in the quest for universal sanitation coverage.

In the Defense sector, we have had a four-year technical partnership with the Brazilian Navy for construction projects for four Tamandaré Class ships and an Antarctic Support Ship (NapAnt), stimulating the country's industrial development.

Learn more about the legal frameworks in the section Our performance > Infrastructure

international with potential for relevant performance in the socioenvironmental agenda.

Besides the Technical Cooperation Agreement already signed with Coca-Cola with the aim of supporting initiatives related to access to water and to the small business supply chain, other agreements are in progress.

Moreover, due to the COVID-19 pandemic, we raised donations with the corporate sector for the Matchfunding **Saving Lives**. More than 90% of the amount donated by third parties came from companies, most of them contacted by the Bank.



Learn more in the section
Our performance >
Emergency measures

ACADEMIA AND OPINION LEADERS

PUBLICATIONS

The knowledge we produce is shared with society through the different publications that we edit and make available for free, in digital and/or printed versions.

All of them can be accessed in our digital library and in the **Knowledge section** of BNDES's website, where you can also register to receive printed copies. As of March 2020, the distribution of these copies was interrupted due to the social distancing measures imposed by the COVID-19 pandemic.

A highlight in 2020 was the Text for Discussion 149 – **What we learned about BNDES**, by Ricardo Barboza (BNDES and COPPEAD-UFRJ/Alumni), Samuel Pessoa (FGV), Eduardo Ribeiro (UFRJ and FGV) and Fábio Roitman (BNDES). The



Access at
www.bndes.gov.br/conhecimento



Access at <https://web.bndes.gov.br/bib/jspui/handle/1408/19800>

authors discuss the empirical evidence available on BNDES, analyzing seventy academic works that aimed to identify causal relationships involving the Bank.

Digital library



Access at
www.bndes.gov.br/digitalibrary

Our **digital library** had almost 1.3 million visits in 2020, maintaining the result of 2019. More than two million items were viewed. During the year, 109 new documents were added to the platform, which became part of the ME Digital Library Network.

BLOG OF DEVELOPMENT



Access at
www.agenciadenoticias.bndes.gov.br/blog

We continued disclosing, through the **Blog of Development**, content related to knowledge produced by the BNDES in the form of articles, infographics, lists and videos. In 2020, we had more than 126 thousand views on the blog and produced 49 posts on different aspects of development, addressing sectoral issues, transversal themes related to our performance and aspects of the Brazilian and global economic scenario, including analyses of the health sector and the COVID-19 pandemic.

The content is released periodically to over 4.7 thousand subscribers to the newsletter, a 30% increase over 2019.

BNDES DIALOGUES



Access at
<https://anchor.fm/bndes>

In the **BNDES Dialogues** podcast, a representative from the Bank and an external guest discuss the main themes of Brazilian development. The episodes, which last about 30 minutes, are released every two weeks on the Blog of Development and on the main podcast platforms.

Nine episodes were released in 2020, addressing topics such as health, sustainability and privatization, with the participation of representatives from the BNDES and agencies and entities such as FIOCRUZ, World Resource Institute (WRI) and IFC, among others.

BNDES ECONOMICS AWARD



Learn more at www.bndes.gov.br/premio-bndes-economia

Granted since 1977, the **BNDES Economics Award** aims to stimulate research on national, regional and sectoral economic issues, in the fields of pure and applied economic science. The winners receive a cash prize and have their works published by the Bank.

A total of 53 master's dissertations and 25 doctoral theses were submitted to the 38th edition.

In the Doctorate category, the first prize went to the thesis *Deindustrialization and Regressive Specialization in the Brazilian Economy between 2000 and 2014: A Critical Assessment Based on the Input-Output Analysis*, by Patieene Alves Passoni (UFRJ).

In the Master's category, the first prize was won by the dissertation *Climate Change Mitigation Policies for Brazil: Analysis with a Dynamic Sraffian Supermultiplier Model with Consistency of Flows and Stocks (SFC)*, by Daniel Herrera Pinto (Unicamp).

INTERNAL PUBLIC

The rapid transition from onsite work to home office in mid-March 2020 required intense internal communication activity to disclose guidelines on the use of IT tools and operation of administrative services and human resources (HR). It also required a partnership with **FAPES** to provide physical and mental support, besides medical care, to employees in these difficult times for everyone.

In this context, we took several measures to keep staff well informed about the Bank's events and aware of relevant issues.

Several handbooks were produced with a focus on home office: *Good practices and Information Guide and Questions and Answers: Coronavirus Contingency 2020*, published on the intranet and on the **contingency** website. Email was the main channel used to disclose urgent and relevant information, with 241 communications forwarded in 2020 (37% higher than 2019). The production of internal news articles also increased, with the publication of 309 articles on the intranet which generated more than 66 thousand views in 2020.

A new communication channel with staff was created: a WhatsApp account to forward internal communications to interested parties.

194 internal communication campaigns were produced, such as for the Bank's 68th anniversary, attended by more than 659 employees in the internal webinar, and for the **Retirement Incentive Plan (PEA BNDES 2020)**, with the adherence of 137 employees – about 75% of the program's target audience.

Besides the internal communication channels, we have a channel for employee requirements (HR and Services Channel). We evaluate employee satisfaction with HR services in order to monitor and respond to their requirements.



Learn more in the section
Our team



Learn more in the section
Our team



Learn more in the section
The Brazilian Development Bank



Learn more in the section
Our team

Our TEAM

We count on a committed staff, selected through open competitive examinations, always in search of excellence – one of our principles.

PERSONNEL PROFILE

Our team ended 2020 with 2,518 employees: 2,490 hired for an indefinite period, through an open recruitment examination (1,606 men and 884 women), 17 were temporarily hired to hold positions in a committee linked to senior management, and one was assigned to us by a state body with the same purpose (in total, 14 men and four women), **besides the nine executive directors and the president**. All employment contracts are based on the Consolidation of Labor Laws (CLT) and are full-time.

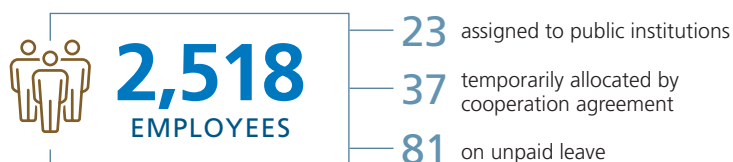
Indefinite period hiring makes no distinction between men and women in its admission process – all participate in an open recruitment examination and are selected according to their performance.

The last open recruitment took place in 2012, and its reserve records expired in June 2015.

In addition to our own personnel, we have outsourcing contracts only for services not related to our core activities, such as cleaning, technical support, security and messaging, based on the pertinent regulations. In order to mitigate the labor and social security risks of outsourced workers, we monitor the compliance of the contracted companies with the associated legislation.

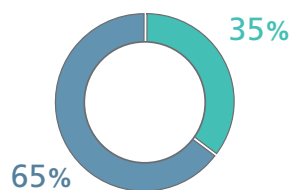
During the pandemic, similarly as with our employees, several outsourced services began to be performed remotely, with the implementation of home office. The BNDES issued general guidelines to the contracted companies with work force allocation, as well as to the contract managers, to base the relations in the contingency period. Other measures were also adopted, such as adjustments in the price formation spreadsheets, removing the inputs not spent by the contractors, for example, the commuting assistance in applicable cases. We also intensified the monitoring of compliance with labor and social security obligations.

PERSONNEL PROFILE



GENDER

Male Female

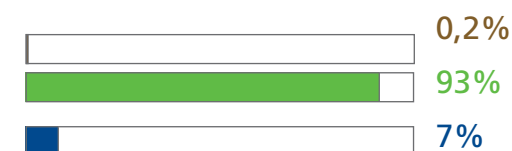
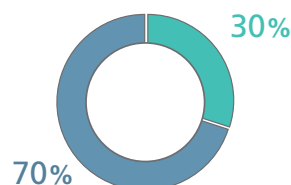


AGE GROUP

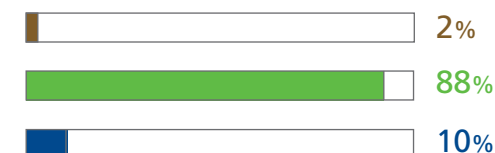
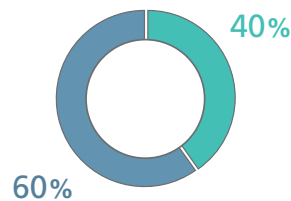
Up to 29 years old 30 to 50 years old More than 50 years old



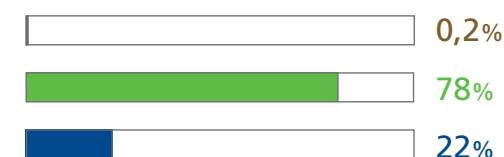
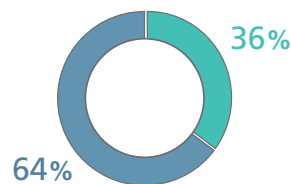
MIDDLE MANAGEMENT (superintendents, heads of department and managers)



OTHER FUNCTIONS (coordinators, handlers, secretaries and others)



NO FUNCTION



IN 2020

11 ADMISSIONS

145 RESIGNATIONS

2,9% TURNOVER RATE

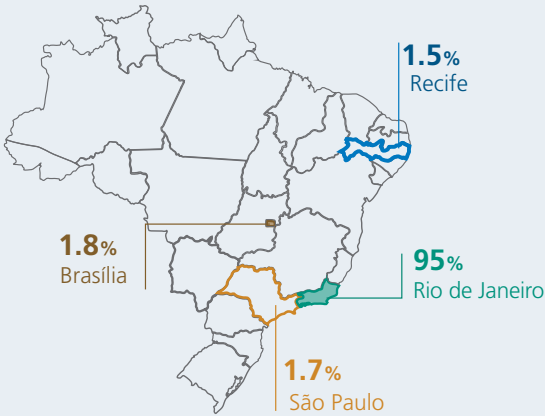
12.8 YEARS OF MEAN WORKING TIME

Note: Admissions include temporary employees and those assigned to the BNDES by other public administration institutions. In addition to these cases, resignations also include those due to retirement or requested.

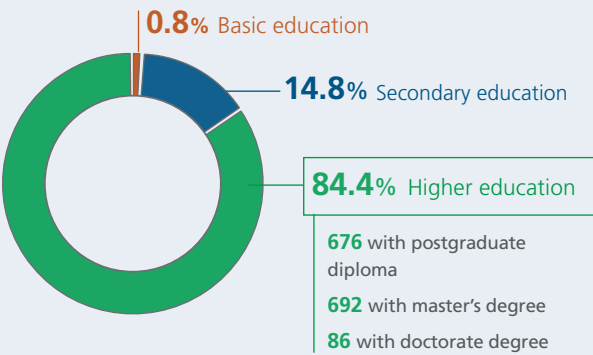
Learn more in the section
Governance, ethics and integrity

DISTRIBUTION OF EMPLOYEES

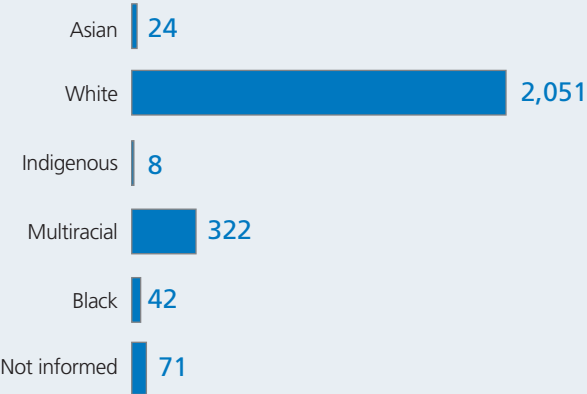
BY OPERATIONAL UNIT



BY EDUCATION LEVEL



BY RACE



BY UNDERGRADUATE DEGREE (%)

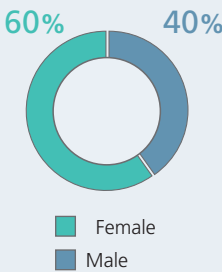


Note: The category "Others" includes architects, archivists, librarians, geologists, psychologists, communication technicians and external advisors.

INTERNSHIP AT BNDES

In 2020, we carried out a new selection process to hire interns, in partnership with the School-Business Integration Center (CIEE) and proposed the assessment of a new behavioral competence, the sense of purpose. This change corroborates the ongoing process of cultural evolution, reinforcing BNDES' values.

In December 31, 2020, we had 285 interns, of which



DIVERSITY AND INCLUSION

This year, we renewed our Gender Equity and Diversity Valorization Policy, reaffirming our continuous commitment to eliminating all forms of inequality and discrimination in our work environment and in the institutions of our relationship chain. As a result, a work plan will be prepared with internal actions and initiatives related to our stakeholders.

In 2020, our personnel had 39 people with disabilities, representing 1.5% of all employees, as well as 12 interns with disabilities, corresponding to 4% of all interns. All of them were monitored by the teams of the Psychosocial Care Service and the Specialized Service of Safety Engineering and Occupational Medicine (SESMT), from the initial interview until the end of the internship's first semester.

We included as a criteria in the selection process of the internship program the candidates' socioeconomic background. The initiative aims to reduce the inequality of opportunities of students who faced more difficulties in the early teaching stages, contributing to greater diversity in the work environment and social inclusion of these students.

VOLUNTEER PROGRAM

In 2020, an internal resolution was approved to establish the guidelines, standards, and procedures for implementing the BNDES System's Corporate Volunteer Program. Topics such as education, health and social inclusion of children, youth and the vulnerable, environmental sustainability, and employment and income generation were prioritized.

CLIMATE SURVEY

We conducted an organizational climate survey between December 7 and 18, 2020, with the support of Great Place to Work (GPTW) and participation of 52% of the employees. The goal was to identify which factors have the most positive or negative impact on employee engagement, and thus structure improvement actions during 2021.

The trust index averaged 63%, below the 70% needed for the BNDES to be considered a "great place to work." The result analyses pointed to a feeling of distancing from the high leadership, of a Bank perceived as divided into compartments, affecting the promotion and development of talents.

On the other hand, the survey showed that employees are very proud to work at the BNDES, to see the impact their work have on society and in Brazil. Another strong point was the identification that exists between personal values and the institution's values: ethics, public spirit, and commitment to development. Of all respondents, 78% said they are proud to tell others that they work at BNDES; 84% intend to work at the institution for a long time; and 71% feel good about the way we contribute to society.

To give broad transparency to the survey results, in February 2021, we held a webinar for the whole company.

CULTURAL EVOLUTION

In December 2020, the consulting business Deloitte was hired to provide a two-year support for the **cultural evolution** process. The work will start in 2021 and will encompass, among other integrated steps: diagnosis, awareness-raising, and training of human resources and communication employees.

EMPLOYEE ALLOCATION

In 2020, we established a new reference quantitative (QR) for each of our divisions, defining the minimum and maximum limits of employees in each unit. There was a QR increase in the divisions working in investment project structuring, concession structuring, privatization, and governmental relationship in the three spheres, due to the growth of their strategic importance, and of the capital market division, which is undergoing a phase of recycling mature investments and expanding the offer of credit funds for MSMEs, innovation, and infrastructure. The QR of the back office divisions, in turn, has been reduced. In this context, at the end of 2020, employees were allocated as shown in the table below.

Caption:
■ Back office
■ Front office

EXECUTIVE BOARD	QUANTITY	%
Operations	525	20.8
People and Culture	99	3.9
Finance	188	7.5
Compliance and risks	163	6.5
Legal	341	13.5
Infrastructure, Concessions and PPPs	125	5.0
Company Structuring and Divestment	81	3.2
Concession of Direct Credit and Guarantees	478	19.0
Shareholding, Capital Markets and Indirect Credit	257	10.2
Presidency	135	5.4

Note: In December 2020, eight employees were on leave due to illness (0.3%); 47 were allocated to the Internal Audit (1.9%); and 71 were assigned to other institutions (2.8%).

SQUAD FORMATION

In 2020, temporary multidisciplinary teams (squads) were set up to increase agility and flexibility in delivering **emergency measures**.

Squads were set up to analyze operations from the BNDES Emergency Direct Credit Program – Health; to support standstill; to approve functionalities of the first phase of contracting operations with FGI PEAC guarantee; to reinforce the team responsible for the qualification processes; among others. In total, 17 squads were set up in 2020, with 68 employees.

SELECTION OF EXECUTIVES

In 2020, internal selections were held for three superintendent, eight head of department, and eight management positions, all with wide dissemination and formation of a specific selection committee for the analysis of candidates.

TEMPORARY ALLOCATIONS

Under the cooperation agreements signed in 2019 for temporary allocations, 26 BNDES employees were allocated to the Brazilian Securities Commission (CVM) in 2020; six to the Superintendence of Private Insurance (SUSEP); and five to the Brazilian Institute of Geography and Statistics (IBGE). Throughout the year, three new selections were made, one for each agency. The new allocations will take place in 2021, after approval by the Ministry of Economy.

In addition to increasing the staff of the institutions of destination, these allocations enable knowledge exchanges and closer collaboration between the agencies involved.

REMUNERATION AND BENEFITS

When hired, employees are obligatorily admitted at the first level of the position and salary plan, regardless of previous experience, gender or selection score, earning the same remuneration.

Salary progression occurs through readjustments in the Collective Bargain Agreement (ACT), level-to-level evolution in the positions and salary plans according to a process of annual promotion, or by taking office in executive positions. Employees at the same level or in the same executive function earn equal remuneration regardless of gender.

As of April 2020, we started publishing the remuneration of all our employees, by name, on our **website**. We were the first federal state-owned company to make this kind of disclosure.



Learn more in the section
[Our performance >](#)
[Emergency measures](#)



Access at www.bndes.gov.br/informacao-empregados

The ratio between the annual total remuneration of the highest paid individual and the annual average remuneration of all employees (excluding the highest paid) is 246%.

In turn, the ratio between the percentage increase in the annual total remuneration of the highest paid individual and the average percentage increase in the annual total remuneration of all other employees (excluding the highest paid) is 98%.

Our demands related to supplementary social security, personnel policy, salaries and benefits are analyzed and approved by the Secretariat of Coordination and Governance of State-owned Enterprises (SEST). All employees fall under the ACT, with the right to health and dental care benefits, life insurance, educational assistance programs (babysitter, nursery school, and basic and high school modalities), and meal and food assistance, in addition to profit or result sharing program (PLR) and remuneration that is compatible with the market.

PLR is only paid in case of net profit and payment of relevant dividends, and depends on the achievement of target **indicators** of financial sustainability and strategic and division-specific priorities. The PLR agreement is approved by BNDES' Board of Directors and SEST, and negotiated with the unions.

Since 2018, employees receive commuting assistance, covering up to 4% of the base salary, as approved in an ACT. In compliance with Resolution CGPAR 23/2018, we instituted the healthcare benefit in the reimbursement modality – up to 50% of the value contracted in a private plan – for employees admitted after March, 2018.

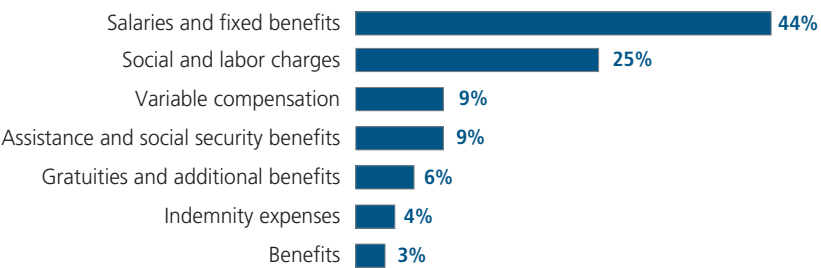
We also offer, in accordance with the Citizen-Company Program, paternity leave of 20 days and the option to extend the maternity leave to up to 180 days. In 2020, 73 maternity leaves and 72 paternity leaves were granted, with 100% return of those that ended by December 31.

We also provide breastfeeding support rooms and a daily allowance of one hour for the mother until the child is one year old, and special leave is granted to mothers or fathers of preterm infants in need of hospitalization.

PERSONNEL EXPENSES

In 2020, the total expenditure on active employees – permanent staff, employees assigned to other institutions, professionals in commissioned transitory positions, members of the Executive Board and of statutory boards and committees – was R\$ 1.9 billion.

DISTRIBUTION OF EXPENSES WITH ACTIVE EMPLOYEES



INDIVIDUAL PERFORMANCE MANAGEMENT (GDI)

This tool allows managers and subordinates to align their expectations regarding activities and behaviors planned for the year, for subsequent monitoring, evaluation, and feedback. Such evaluation is used to define annual merit promotions.

In 2020, we conducted communication campaigns during the agreement – to stimulate reflection on the employee’s individual contribution to our strategy – and evaluation – to stimulate dialogue between managers and subordinates – stages.

PROFESSIONAL AND PERSONAL DEVELOPMENT

In 2020, we invested approximately R\$ 7 million in training, certification and language programs, as well as graduate programs (the latter with 63 new participations). Excluding graduate programs, which often take place in more than a year, we had 77,566 hours of training, with an average of 30 hours per employee in 2020.

Due to the social isolation measures resulting from the pandemic, distance learning had a significant boost in 2020.

NUMBER OF HOURS AND TOTAL NUMBER OF PARTICIPATIONS IN TRAINING

TYPE OF TRAININ	NUMBER OF HOURS	NUMBER OF PARTICIPATIONS
Short term and certification	66,674	907
Customized (contracted and internal instructor)	8,379	600
Abroad	24	1
Languages (including online)	2,489	847
Graduate program*	26,602	63
Grand total	104,168	2,418

* Total number of hours of all graduate programs started in 2020.

LEADERSHIP DEVELOPMENT PROGRAM

Given the challenges of the **Triennial Plan**, a development plan was drawn up for executive directors and superintendents. The program structured a learning path for our managers



Learn more in the section
Our strategy



Learn more in the section
Our strategy

through on-the-job actions, sharing actions (good practices and lessons learned, reverse mentoring, meeting with peers) and training actions.

The executive directors and superintendents also participated in a leadership training, which will continue with the other executives in 2021.

eSOCIAL

Phase IV of the eSocial project (for transmission of data to the Federal Government regarding occupational health and safety events) was postponed due to the pandemic.

We are working on the implementation according to the new schedule defined by the Federal Government.

COMPLEMENTARY PENSION PLAN

The BNDES System's companies support the Basic Benefit Plan (PBB) – complementary pension plan, in the defined benefit modality (BD), offered to our employees and managed by the BNDES' Social Security and Assistance Fund (FAPES) – and comply with CGPAR Resolution 9 of May 10, 2016, which regulates the supervisory activities on the management of FAPES and the benefit plan.

PBB is closed for new additions since December 18, 2018 and already includes part of the changes determined by CGPAR Resolution 25 of December 6, 2018 (items I, II, VII and VIII of art. 4). For the remaining adjustments (items III to VI), an additional deadline was requested to conclude the negotiation between the BNDES and FAPES.

Currently, there are two equation plans in effect, with the collection of extraordinary contributions from the participants, parity with the supporter's, for a maximum period of 25 years (until February 2042 and 2044). In 2020, PBB was affected by the crisis resulting from the COVID-19 pandemic, but has already registered a gradual recovery in assets and technical result.

RETIREMENT INCENTIVE PLAN

In the second half of 2020, we implemented the Retirement Incentive Plan (PEA), which 137 employees joined, about 75% of the target public. To support the employees who joined the PEA, we promoted the Retirement Preparation Program, which offered content related to health and well-being, finances, sustainable longevity, planning, purpose, and life project.

Complementarily, we created the Knowledge Transmission Program, carried out with guidance and implementation of knowledge management

practices, with the development of training material, recording of testimonies and registration of activities from employees undergoing the retirement process.

HEALTH AND SAFETY IN THE WORKPLACE

We have three formal commissions on health and safety at work (SST), which act on behalf of all employees, namely: the Internal Commission for the Prevention of Accidents (CIPA), the Auxiliary Escape Teams (EAE), and the paramedic teams.

Collective labor agreements have been encompassing topics of this nature, such as the regular performance of evacuation simulations from the BNDES' main building in Rio de Janeiro; the provision of information on accidents and occupational diseases to the labor union; and the establishment of the SESMT, in partnership with FAPES.

We maintain our Environmental Risk Prevention Program (PPRA) updated and carry out the Medical Control and Occupational Health Program (PCMSO) and other preventive care programs in accordance with the legal requirements. All these initiatives help us to reduce the rates of absenteeism and avoid activities that represent a high risk of onset of occupational diseases.

SST RATES ⁽¹⁾	2020 ⁽²⁾
Injury rate (TL) ⁽³⁾	0.59
Occupational disease rate (TDO)	zero
Rate of working days lost (TDP) ⁽⁴⁾	zero
Absenteeism rate (TA) ⁽⁵⁾	1.73
Deaths caused by work accidents or occupational diseases	zero

(1) The data refer to the period from 1.1.2020 to 12.31.2020.

(2) The year 2020 was atypical, due to the COVID-19 pandemic. All of our employees have been put on home office as of March 23, 2020.

(3) Frequency of accidents with injury, considering 2,000 hours of annual exposure per employee (NBR 14,280), i.e., 2,000 hours x No. of employees, based on the staff's composition on 12.31.2020. There were a total of three typical accidents, all without leave.

(4) Working days, considered from the day after the injury to the day before the return. Total of working days lost due to labor accidents (typical and en route). The total number of days scheduled is 5 days/week x 44 weeks/year (considering vacations) for each employee involved. TDP = working days lost/days scheduled x 100.

(5) Medical absence. Weekends and holidays, study leave, maternity/paternity leave, leave extension and in advance, bereavement, marriage/honeymoon license and monitored time-off are not included. The total number of days scheduled is 5 days/week x 44 weeks/year (considering vacations) x No. of employees, based on the staff's composition on 12.31.2020. TA = days absent/days scheduled x 100

MONITORING EMPLOYEES DURING THE PANDEMIC

With the support of FAPES, which operates the Health Care Plan (PAS) of the BNDES employees in the self-management modality, we implemented several **measures to prevent COVID-19** in our processes and work environments, as well as actions to monitor health and provide psychological, social and emotional support for our entire workforce.



Learn more in the section
The Brazilian
Development Bank

Challenges and VISION FOR THE FUTURE

GRI

102-15

The main current challenge, in Brazil and worldwide, is to combat the COVID-19 pandemic. The end of the loss of life caused by the virus; the recovery of employment and income, especially in activities most directly affected by social isolation; the resumption of social interaction; the full return of classes in schools; among other benefits for our society, depend on this confrontation.

At the time of writing this report, a broad vaccination program is underway in Brazil and in many other countries to immunize the population against the virus. This herculean task involves vaccine production, transportation logistics, and activity management. In a continental-sized country with the fifth largest population in the world, this challenge is even greater. Fighting the pandemic also requires fighting mutations of the virus, which demands an ongoing worldwide scientific and technological development in creating and updating new vaccines.

As a development bank, we act in an important countercyclical and emergency manner to cushion the negative economic and social impacts of the pandemic. As in 2020, we must continue to mobilize efforts in the areas of health, both in the short term, supporting measures to combat COVID-19, and in the medium and long term, concentrating actions on improving the health system aimed at other diseases. We need to expand and improve the population's access to medical and hospital services, which involves investing in more efficient management and payment systems, in digitalization, and in incorporating new technologies.

In addition to the emergency support resulting from the COVID-19 pandemic, the environmental, social and governance agenda permeates our entire strategy. Through it we aim to contribute to the UN's SDGs and to reduce the impacts on climate change.

This theme is at the heart of all our actions, from credit to the project factory. We want to attract private and foreign investments to green economy, natural and resilient infrastructure, green and innovative industry, and intensive agriculture with recovery of degraded land. We seek to disinvest, reducing our participation in mature companies and reallocating our resources and risks towards high impact projects, such as social infrastructure, renewable energies or micro-, small- and medium-sized enterprises.

We need to invest in infrastructure. Brazil currently invests less than 2% of its GDP in this segment. In 2018 – the most recent estimate – the sector's capital stock amounted to about 36% of GDP. For the country to reach a capital stock closer to the average of the main world economies (70%), the rate of investment in infrastructure would have to increase to 4.2% of GDP and remain at that level for at least two decades.

Within social infrastructure, the goal of “clean water and sanitation” (SDG 6) is particularly challenging for Brazil. The country has been investing only 0.2% of its GDP in the sector, much less than countries with similar degree of development. In 2019, less than half (49.1%) of the total sewage generated by the country was treated. Our great challenge in this segment is to contribute to universalize the population's access to water supply and sanitary sewage, as well as promoting the treatment of urban solid waste.

The topic of “decent work and economic growth” (SDG 8), in turn, is directly related to our many areas of activity, including support for MSMEs. These companies play an important role in generating jobs and income, being responsible for more than half of the jobs in the country. We must raise their productivity and facilitate their credit access, which is restricted due to obstacles such as the provision of guarantees.

In line with the SDG on “industry, innovation and infrastructure” (SDG 9) and “partnerships and means of implementation” (SDG 17), we want to establish partnerships with the public sector, new investors, and qualified operators in defining and structuring projects; in modeling project finance operations with co-financing from other financial institutions; and in structuring guarantee mechanisms.

Our vision is “being the Brazilian Sustainable Development Bank.” To achieve this, our ongoing challenge, besides initiatives such as those listed above, is to ensure the transparency of our actions, to promote partnerships with other institutions, and to have a meaningful **dialogue** with society. These attitudes are essential to improve our performance and to be a bank even more at the service of the population today and in the future.



Learn more in the section
Our relationships

GRI

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CREDITS

Positions occupied on December 31, 2020

PRESIDENT OF THE REPUBLIC

Jair Bolsonaro

MINISTER OF THE ECONOMY

Paulo Guedes

BOARD OF DIRECTORS

BNDES | BNDESPAR | FINAME

Marcelo Serfaty (president – independent)

Fábio de Barros Pinheiro (independent)

Heloisa Belotti Bedicks (independent)

João Laudo de Camargo (independent)

Pedro Maciel Capeluppi

Sonia Consiglio Favaretto (independent)

Waldery Rodrigues Júnior

Walter Baere de Araújo Filho

William George Lopes Saab

FISCAL COUNCIL

BNDES | BNDESPAR | FINAME

Eduardo Garcia de Araújo Jorge

Pricilla Maria Santana

Diogo Mac Cord de Faria

AUDITING COMMITTEE

BNDES

Fábio de Barros Pinheiro

Maria Salete Garcia Pinheiro

Paulo Marcelo de Miranda Serrano

EXECUTIVE BOARD

BNDES | BNDESPAR | FINAME

President

Gustavo Montezano

Executive directors

Ângela Estellita Lins

Bianca Nasser

Bruno Laskowsky

Claudenir Brito Pereira

Fábio Abrahão

Leonardo Cabral

Petrônio Cançado

Ricardo Barros

Saulo Puttini

Telephone numbers AND ADDRESSES

CALL CENTER

0800 702 6337

www.bndes.gov.br/faleconosco

OMBUDSPERSON'S OFFICE

0800 702 6307

Post office box: 15054

20031-120 | Rio de Janeiro | RJ

www.bndes.gov.br/ouvidoria

OFFICES

EDSERJ – Rio de Janeiro

Av. República do Chile, 100 | Centro

20031-917 | Rio de Janeiro | RJ

Phone: +55 21 2052-7447 / 3747-7447

Brasília

Centro Empresarial Parque Cidade

Setor Comercial Sul – SCS

Quadra 9 | Torre C | 12º andar

70308-200 | Brasília | DF

Phone: +55 61 3204 5600

São Paulo

Av. Presidente Juscelino Kubitschek, 510

5º andar | Vila Nova Conceição

04543-906 | São Paulo | SP

Phone: +55 11 3512 5100

Recife

Rua Padre Carapuceiro, 858 | 18º e 19º andares

Centro Empresarial Queiroz Galvão

Torre Cícero Dias | Boa Viagem

51020-280 | Recife | PE

Phone: +55 81 2127 5800

COORDINATION

President's Office

Controllership Division

EDITING

President's Office

Department of Communication

Publishing and Memory Management

Editorial coordination

Fernanda Costa e Silva

Luisa de Carvalho e Silva

Writing

Flávia Castellan Braga

Gabriel Canedo

Luisa de Carvalho e Silva

Sérgio Maranhão Carijó

Rodrigo Feyth de Negreiros

Graphic Design and Layout

Refinaria Design

Translation

Tikinet

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