

**ANNUAL
REPORT** | **2013**





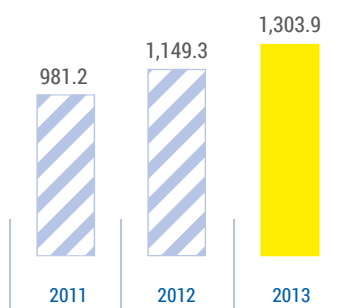
Main Indicators

GRI G4-9 | G4-EC1

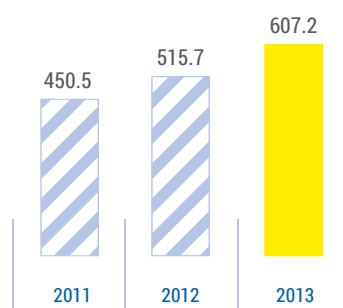
Market Share (%)	2011	2012	2013	13/12 Variance p.p.
Assets	20.9	21.2	21.7	(0.1)
Credit	19.2	20.3	21.1	0.8
Agribusiness	62.8	63.9	66.1	2.2
Deposits	26.4	27.9	27.1	(0.9)
On-lending from the National Economic and Social Development Bank (BNDES)	21.5	28.6	26.6	(4.3)
Asset Management ⁽¹⁾	21.6	20.0	20.9	0.9

(1) Does not include the assets managed by Banco Votorantim.

TOTAL ASSETS (R\$ BILLION)

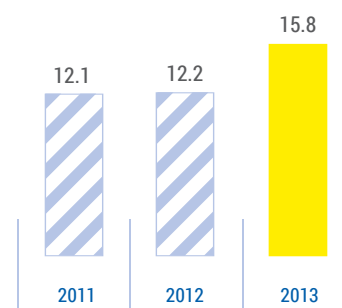


FUNDING ⁽¹⁾ (R\$ BILLION)

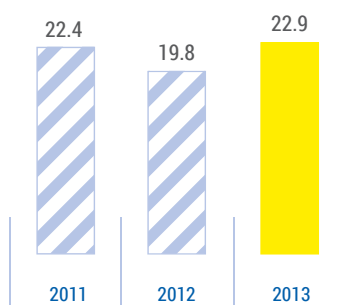


(1) Includes total deposits, Agribusiness Letters of Credit (LCA), Mortgage Bonds (LCI) and private security repo transactions.

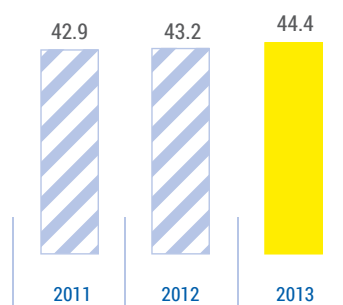
NET INCOME (R\$ BILLION)



RETURN ON SHAREHOLDERS' EQUITY (ROE - %)

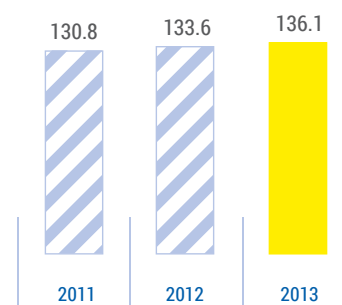


COST TO INCOME RATIO ⁽¹⁾



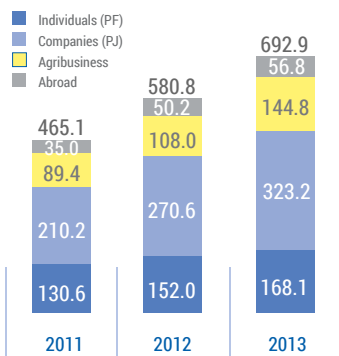
(1) Ratio of administrative expenses to operating revenue, based on the Income Statement with Re-allocations.

COVERAGE RATIO ⁽¹⁾



(1) Ratio of operating revenue to personnel expenses, based on the Income Statement with Re-allocations.

COMPOSITION OF THE LOAN PORTFOLIO – BROAD CONCEPT (R\$ BILLION) ⁽¹⁾



(1) Includes private securities and sureties provided.

DELINQUENCIES (INAD + 90 DAYS)

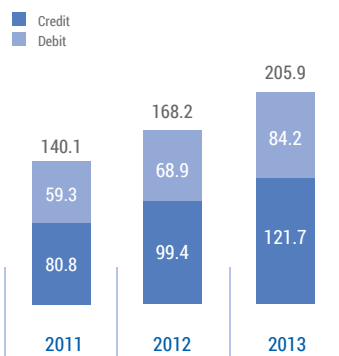


THE LOAN PORTFOLIO OF BB SHOWS GROWTH AND A LOW DELINQUENCY RATIO

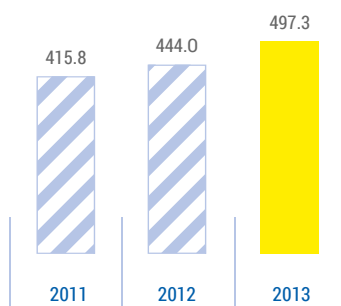
Social Businesses – Total Portfolio in 2013 (R\$ thousand)	2013
The Student Financing Fund (Fies)	10,311,496
BB Accessibility Loans	73,201
Minha Casa Minha Vida Program (Real Estate Lending) ⁽¹⁾	3,940,972
Oriented Productive Microcredit (MPO) ⁽¹⁾	1,592,981
Family Agriculture Development Program (Pronaf)	31,794,706
Total	47,713,356

(1) Individual + Businesses.

CARDS – TOTAL TURNOVER (R\$ BILLION)



ASSET MANAGEMENT (R\$ BILLION)



THE SOCIAL BUSINESS OF BB EXCEEDED THE R\$47 BILLION MARK IN THE PORTFOLIO IN 2013

Structural Data	2011	2012	2013	13/12 Variance (%)
Service Network	57,531	64,192	67,629	5.4
Customers (thousand)	56,001	58,551	61,375	4.8
Employees	113,810	114,182	112,216	(1.7)

2,371,408 m³ WAS THE TOTAL WATER CONSUMPTION BY BB IN 2013 ⁽¹⁾

(1) Beginning in 2013 Annual Report, BB starts disclosing the consolidated consumption.

GRI G4-EN6 | G4-EN7 | G4-EN15 | G4-EN16 | G4-EN17

PAPER CONSUMPTION (TON)

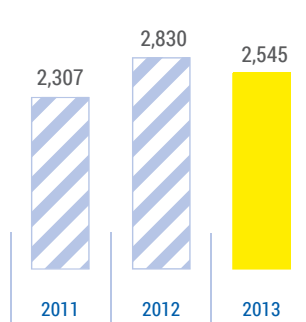
■ Paper consumption in offices ⁽¹⁾
■ Paper material stocked in the storeroom and at the printing company of BB ⁽²⁾



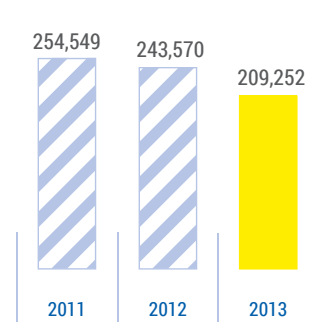
(1) White and recycled A4 legal-size and letterhead.

(2) TAA envelopes, TAA rolls and boxes, envelopes, sundry files and cardboard boxes.

ENERGY CONSUMPTION (TJ)



WATER CONSUMPTION (M³) ⁽¹⁾



(1) Takes into account the head office buildings (I, II, III and IV), the Central Technology Complex (CCT) and the Tancredo Neves Building, all located in Brasília.

CO₂ Emissions Inventory ⁽¹⁾

Scope	Emission Source	2012	2013	(%) Variance
Scope 1 ⁽¹⁾	Fleet of Own Vehicles for Use in Branches (liters)	5,831 tCO ₂ e (Ethanol – 621,000) (Gasoline – 2.93 million) (Diesel – 89,000)	5,284 tCO ₂ e (Ethanol – 632,000) (Gasoline – 2.90 million) (Diesel – 55,000)	(9.4)
	Electricity Generators (liters)	1,612 tCO ₂ e (Diesel – 642,000)	2,020 tCO ₂ e (Diesel – 803,000)	25.5
	Biomass	1,539 tCO ₂ e	1,692 tCO ₂ e	9.9
Scope 2 ⁽²⁾	Electricity Acquired (kWh)	54,235 tCO ₂ e (794 million)	68,774 tCO ₂ e (714 million)	26.8
Scope 3 ⁽³⁾	Air Travel (tickets)	7,954 tCO ₂ e (57,810)	5,917 tCO ₂ e (50,147)	(25.6)

(1) The increase in fuel consumption by energy generators is due to the bank's organizational growth, which increased its inventoried base, in addition to the adaptation of the systematic safety testing of the equipment which now takes place every six months in compliance with changes to the regulatory rules. The Biomass source values take into account emissions prevented by substituting fossil fuel with renewable fuel.

(2) Banco do Brasil has been taking actions to optimize electrical energy consumption at all its units, and in 2013, it managed a reduction of around 10% in kWh; the positive variance in the volume of greenhouse gas (GHG) emissions shown in Scope 2 is due to the higher conversion factor of the National Interconnected System in relation to the same period of the previous year, on account of the constant use of thermoelectric power generators that are more pollutant and non-renewable energy sources.

(3) Banco do Brasil has encouraged the use of its 237 videoconference rooms that have been set up throughout Brazil. This measure will enable a gradual reduction in the number of air tickets and GHG emissions arising from this source.



Corporate Profile

FOR MORE THAN TWO CENTURIES THE BANK HAS CONTRIBUTED TO BRAZIL'S DEVELOPMENT AND HAS BEEN A MAJOR PLAYER IN THE DOMESTIC AND INTERNATIONAL BANKING SECTORS

GRI G4-3 | G4-4 | G4-6 | G4-7 | G4-8 | G4-9 | G4-13

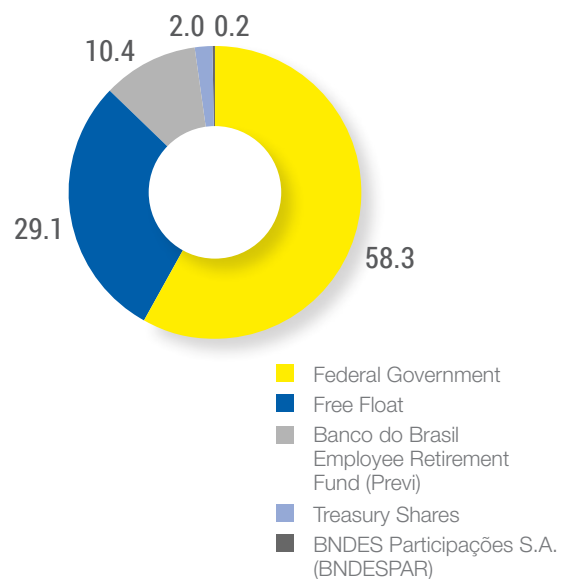
Founded in 1808, BB is established as a private, mixed-capital corporation, whose controlling shareholder is the Brazilian government, and listed since 2006 on the Novo Mercado segment of the São Paulo Stock, Commodities and Futures Exchange – BM&FBovespa, the segment that hosts companies with best corporate governance practices. The bank currently has 112,000 employees and stands out within the segment thanks to a series of competitive differentials.

Latin America's largest financial institution in assets, reaching R\$1,3 trillion in 2013, BB provides, solutions, services and products in the banking, investment, asset management, pension plan, savings bond and payment means segments, among others, to its 61.4 million customers. Among the bank's main results last year, worthy of note was the evolution of 19.3% in the loan portfolio – broad concept, which reached a balance of R\$692.9 billion, and record net income of R\$15.8 billion.

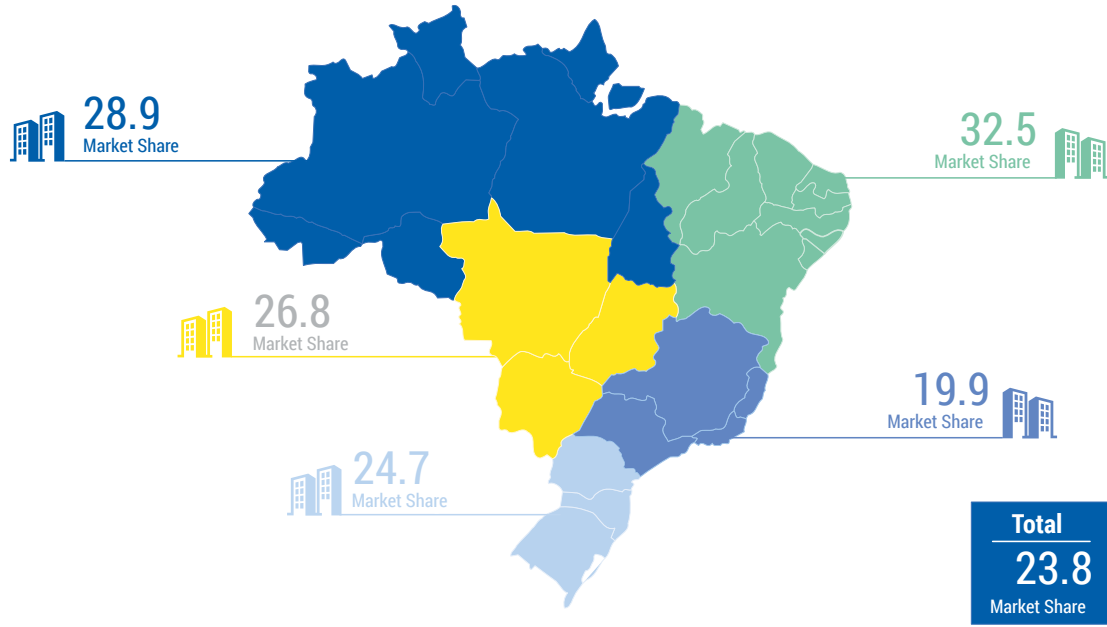
BB has the largest in-house service network in Brazil among financial institutions, with 19,143 service outlets, and is present in 99.9% of Brazilian

municipalities. When the network of Mais BB and Banco Postal correspondents is added, the total comes to 67,600 service outlets in Brazil. Abroad, the network consists of 49 own outlets located in 24 countries, in addition to 1,200 partner banks that function as correspondents in 134 countries. Thus the bank also has the largest own overseas service network among the Brazilian banks.

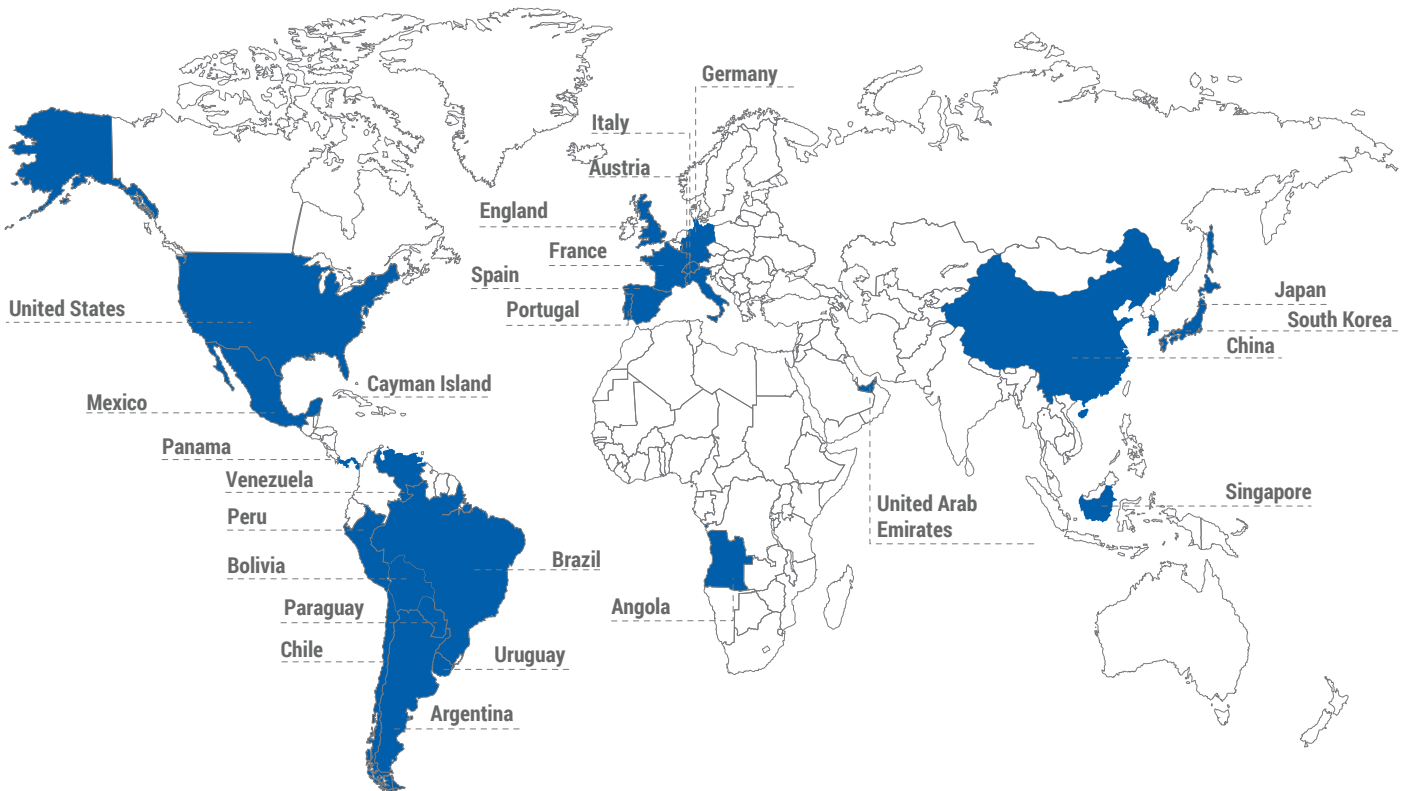
SHAREHOLDER BREAKDOWN (%)



BB MARKET SHARE BY NUMBER OF BRANCHES (%)



INTERNATIONAL PRESENCE



GRI G4-56

Mission

To be a competitive and profitable bank, promoting the sustainable development of Brazil and fulfilling its public function in an efficient manner.

Vision

To be the number one bank for Brazilians, companies and the public sector; a benchmark abroad; the best bank to work for, recognized for its performance, long-lasting relationships and socio-environmental responsibility.

Values

- Ethics and transparency;
- Commitment to the sustainable development of communities and Brazil as a whole;
- Socio-environmental responsibility;
- Respect for the consumer;
- Excellence and specialization in customer relationships;
- Participative management, collegiate decision-making and team work;
- Merit-based professional advancement;
- Brand name with a competitive differential;
- Proactivity in risk management;
- Commitment to solidity, profitability, efficiency and innovation;
- Respect for diversity;
- Commitment to shareholders and society.

BB LEADERSHIP POSITIONS

- Largest financial institution in Latin America, with assets that amounted to R\$1.3 trillion in 2013.
- In loans within the Brazilian Banking Industry (SFN), with a 21.1% market share and a portfolio of R\$623.4 billion.
- Absolute leader in loans to Brazilian agribusiness with a market share of 66.1%. The broad concept portfolio in this segment amounted to R\$144.8 billion in 2013.
- In the payroll loan segment, with a market share of 27.9%.
- Largest network of own branches in Brazil, according to data from the Central Bank of Brazil (Bacen).
- Since 1994 in the investment funds business with a market share of 20.9% in 2013 and R\$493.7 billion in funds under management.
- In the trade finance market, with market shares of 26.6% and 21.9% in export and import exchange products, respectively. Transactions involving Adiantamento sobre Contrato de Cambio (Pre-Shipment Export Finance – ACC)/Adiantamento sobre Cambiais Entregues (Post-Shipment Export Finance – ACE) amounted to US\$11.8 billion, with a market share of 30.8%.
- In transactions involving on-lending from the National Economic and Social Development Bank, with a 25.4% share in 2013.

BRAND STRENGTH

- Since 1992, BB is the bank most recalled by Brazilian consumers, according to the annual Top of Mind survey by Datafolha.
- Banco do Brasil is Brazil's 3rd most valuable brand and 94th in the world, valued at US\$9,9 billion, according to consultancy company, Brand Finance.
- The bank's reputation scored 71.99 according to the Reputation Institute in Brazil (the banking industry scored 43.31).

STRATEGIC RELATIONSHIP WITH GOVERNMENTAL BODIES

BB is the financial agent of the National Treasury, looking after the government's sole account and in charge of transferring funds to other components of the Federation. With other federal entities it operates in funding and programs. It also provides specific solutions for Brazilian states and municipalities.

MODERN PLATFORM WITH LEADING-EDGE TECHNOLOGY

Banco do Brasil was the first institution in the retail segment in the Americas and in the Southern Hemisphere, as well as the tenth worldwide, to be awarded ISO 20000 certification in technology, according to IT Service Management Forum. In 2013, information technology (IT) investments amounted to R\$2.8 billion, with the emphasis on operating efficiency, the highlight being the inauguration of the Digital Capital Datacenter. It is also developing an integrated program of Green IT actions to foster the efficient use of resources along the entire production and relationship chain, involving, for example, socioenvironmental requirements when procuring equipment and services.

HIGH STANDARDS OF GOVERNANCE AND MANAGEMENT

Since 2002, the bank has adhered to the sound corporate governance practices required by the Novo Mercado segment of the BM&FBovespa, having been admitted to this segment in 2006. The bank's executive and operational positions are held by highly-trained professionals with extensive knowledge of the financial and banking sectors.

ONE OF THE GLOBAL BENCHMARKS IN SUSTAINABILITY

BB figured on the Dow Jones Sustainability Index (DJSI) of the New York Stock Exchange for the second consecutive year, and for the ninth consecutive year on the Corporate Sustainability Index (ISE) of the BM&FBovespa since it was created. In 2013, it was also the winner in the Finance category of the Época Green Company award and took 3rd place in the Public Institutions category of the ranking of the Best Companies to Work For of the Guia VOCÊ S/A.



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GRI Index



Message from the Management

**BB RESULTS IN 2013
WERE POSITIVE, ATTAINING
OR EXCEEDING OUR EXPECTATIONS,
WITH RECORD NET INCOME OF
R\$15.8 BILLION**

GRI G4-1 | G4-2

The economic scenario continued to oscillate in 2013, given the slow recovery in the United States, the slowdown in China, low gross domestic product (GDP) growth in Brazil and the benchmark interest rate (Selic) by the Central Bank. Within this context, one of the major challenges for the financial sector was to adapt to a level of lower spreads, in which there is a need to enhance the risk management models in order to keep delinquencies under control.

In spite of this scenario, Banco do Brasil (BB) achieved positive results, attaining or exceeding our expectations. In 2013, we produced record net earnings of R\$15.8 billion, assets amounting to R\$1.3 trillion, and we reaffirmed our position as leader in lending within the Brazilian Banking Industry (SFN), with a broad concept portfolio of R\$692.9 billion. The bank was also successful in the public offering (IPO) of BB Seguridade S.A., our holding company responsible for consolidating all activities in the insurance, supplementary pensions, saving bonds and similar segments. The BBSE3 shares debuted on the BM&FBovespa, listed on the Novo Mercado segment as the world's largest IPO in 2013.

Strengthening our role as a partner in Brazil's development, we expanded our presence to 99.9% of Brazilian municipalities, which has contributed to bankarization and financial education. We continue with our social businesses in line with public policies such as the Minha Casa Minha Vida (PMCMV) Program, The Student Financing Fund (Fies), Family Agriculture Development Program (Pronaf), Oriented Productive Micro Credit (MPO) and BB Accessibility Loans.

Given its size, capillarity and the values in which it believes, the bank is an institution capable of bringing a positive influence to bear on society to adopt more sustainable practices. To that end, we manage the Agenda21 of Banco do Brasil, our strategic sustainability plan, which includes steps for inducing customers and suppliers to adopt sustainability criteria, among other actions. We also reiterate our full commitment to the 10 principles of the Global Compact, through a series of initiatives and by participating with the 30 companies that comprise the Brazilian Committee of the Global Compact. The efficacy of our strategy was once again acknowledged by the market in 2013, when we retained our position for the 2nd year on the Dow Jones Sustainability Index (DJSI), and for the 9th year on the Corporate Sustainability Index (ISE) of the BM&FBovespa. This endorses the strategy of doing business with a management team whose every decision-making process takes into account the environmental and social impacts of its activities.

As undisputed leaders in agribusiness loans, our challenge is to continually increase the offer of funds to the sector, so as to contribute to its competitive position on the global market. Infrastructure investments in Brazil – notably in the energy, shipbuilding, oil and transportation sectors – will require even greater capacity to provide loans.

**OUR PERFORMANCE
ATTESTS TO THE FACT
THAT OUR STRATEGY
OF DOING BUSINESS
WITH SUSTAINABLE
MANAGEMENT
WAS CORRECT**

For the period 2014 to 2018, we will continue to allocate priority to enhancing efficiency and productivity and to generating sustainable results. We will strive to establish long-lasting relationships with customers, based on transparency and on reliability of service, in addition to introducing innovative solutions in channels and differentiated products and services for each requirement.

Finally, we would like to thank our more than 112,000 employees for their dedication and efforts, without which Banco do Brasil would not have attained such significant results. The ethical and responsible behavior of the teams and each employee's quest for personal and professional development are the sources of our growth. The content of this Annual and Sustainability Report is, above all, the portrait of our daily efforts to be the bank that helps Brazil grow.

**PAULO
ROGÉRIO
CAFFARELLI**
Chairman of the
Board of Directors

**ALDEMIR
BENDINE**
President of
Banco do Brasil

About this Report

BASED ON BEST MARKET PRACTICES, THE BANK STRENGTHENS TRANSPARENCY WITH ITS STAKEHOLDERS THROUGH THE ANNUAL REPORT ON ITS ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCES

GRI G4-17 | G4-18 | G4-22 | G4-28 | G4-30 | G4-31 | G4-32

Banco do Brasil (BB) is introducing in this Annual Report for 2013 its main business results, as well as initiatives and projects it has developed. The information described in the ensuing chapters cover the period between January 1st and December 31st, 2013, and its purpose is to disclose to its stakeholders how the bank manages its business and the impacts on the economic, environmental and social spheres.

In line with its strategy of adopting the best market practices, BB abides by the guidelines of the Global Reporting Initiative (GRI), version G4, which was rolled out globally in 2013, and includes specific supplement indicators for the financial industry, following comprehensive option. The bank also adheres to the guidelines established by the Brazilian Association of Publicly-Quoted Companies (Abrasca).

The financial data presented refer to the performance of Banco do Brasil Conglomerate. The information referring to social and environmental indicators refers solely to the Multiple Bank, which in 2013 contributed 79.8% of the Conglomerate's operating result.

Focusing on the trend towards integration of economic and socioenvironmental information, the report was also produced to show the socioenvironmental bias in the business carried on by Banco do Brasil within the Analysis by Business Segment section. Thus, investors and analysts will have a comprehensive dimension of how sustainability is managed across the board within BB. More information is available in the

Financial Statements (DCs) and in the Reference Form, both of which are available at www.bb.com.br/ir. Further information of sustainability management and other aspects involving the bank's stakeholders is available at www.bb.com.br/sustentabilidade.

Since the year 2000, Banco do Brasil has published annual reports, all of which are available on the Investor Relations site. As of 2008, to reiterate its commitment to sustainability, the bank began publishing these reports in electronic format only. The publication is currently available in the on-line version, in PDF format and on memory sticks.

For additional clarification about the form and content presented here please contact the following departments of BB:

Investor Relations Unit | www.bb.com.br/ir | ir@bb.com.br

Sustainable Development Unit | www.bb.com.br/sustentabilidade | sustentabilidade@bb.com.br



TRANSPARENT AND RELIABLE ACCOUNTABILITY

GRI G4-33

The accounting information presented in this report is in accordance with Law No. 6,404/76, the instructions of the Brazilian Securities Commission (CVM) and those of the Central Bank of Brazil (Bacen), as well as the pronouncements of the Accounting Pronouncements Committee. The managerial information was collated and validated by the departments of BB, in a process that includes data monitoring, control and storage systems. Any alterations to how the information is measured and presented are introduced during the text. The publication has been audited on an annual basis since 2008 by KPMG Auditores Independentes.

DEFINITION OF MATERIALITY

GRI G4-18 | G4-19 | G4-20 | G4-21 | G4-23 | G4-24 | G4-25 | G4-26 | G4-27

The definition of the principal themes to be covered by the Management of Banco do Brasil and reported in its Annual Report are aligned with the Agenda 21 of Banco do Brasil, the sustainability plan that channels the investments, actions and efforts of BB in developing its business. Updated in 2012 through a systematic process developed to involve and engage the principal stakeholders, with biannual validity, the Agenda 21 2013-2015 enabled the construction of the materiality matrix that supports the content presented in this document.

This process for updating and prioritizing the challenges of the Agenda 21 began with the bank's technical body defining the 30 challenges for consultation with

stakeholders. This identification was based on market parameters such as the Dow Jones Sustainability Index (DJSI), the Corporate Sustainability Index (ISE) of BM&FBovespa and the Brazilian Consumer Protection Institute (IDEC).

The set of challenges was evaluated by representatives of the stakeholders – employees, suppliers, customers, civil society, investors/shareholders and sustainability specialists – at an engagement meeting. Debate was encouraged by creating multidisciplinary tables to promote the exchange of opinions. Subsequently, BB executives evaluated the 30 challenges at the 13th Sustainability Forum.



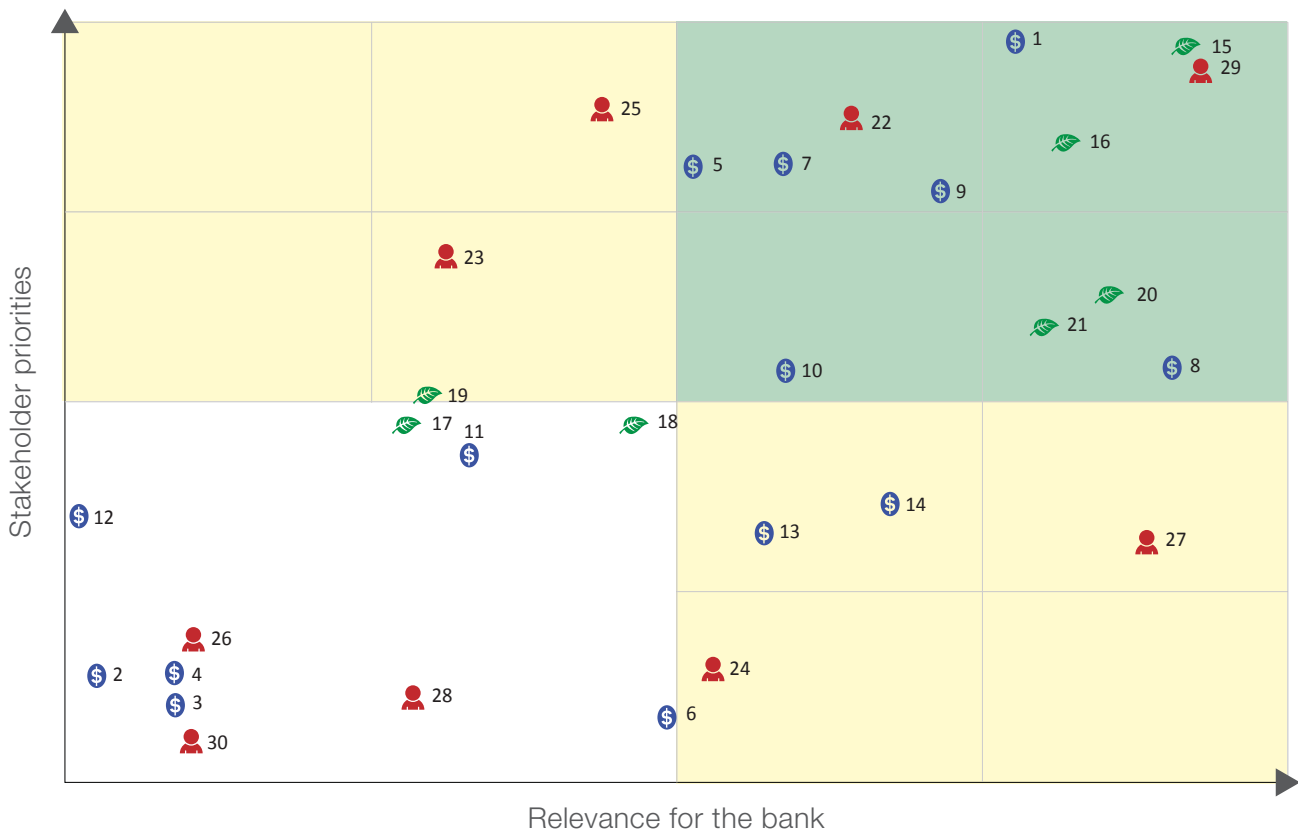
**ALIGNED WITH THE
BB'S STRATEGIC
SUSTAINABILITY PLAN,
THE THEMES TO BE REPORTED
ON ARE IDENTIFIED EVERY
TWO YEARS AND INVOLVE THE
DIFFERENT STAKEHOLDERS**

The highlights and findings were submitted to the Officers, the General Managers of the Strategic Units and the Executive Managers of the bank at a specific workshop. During an entire day, the group analyzed each challenge and defined actions aimed at developing solutions, products and services that respond to the demands of the shareholders and other stakeholders. The actions were consolidated into the Agenda 21 for the period from 2013 to 2015 and validated by the Board of Officers.

As the scope of this report, 12 priority challenges were selected and these comprise the upper right-hand quadrant of the matrix, and will be detailed throughout the document, accompanied by the GRI indicators. In the GRI Index, all the indicators are presented, together with their correlation with the principles of the Global Compact.

Since the materiality process took place in 2012, the priority challenges are related to the indicators of the GRI version G3. In the case of this report, an attempt was made to adapt the reporting of these challenges so as to include the guidelines of the recently-launched G4 version. In the second semester of 2014 there will be a new Banco do Brasil stakeholder consultation process that will enable material themes to be ratified and others defined, including a better definition of internal and external limits and impacts, bearing in mind the Brazilian and global economic and socioenvironmental context. Thus, the alignment with version G4 will take place during the entire materiality and reporting process beginning in 2015.

THE SUSTAINABILITY PLAN CHALLENGES MATRIX – AGENDA 21 OF BANCO DO BRASIL



Key:

- \$ Economic themes
- 🌿 Environmental themes
- 👤 Social themes

\$ Economic Dimension

- 1) Enhancing the sustainability governance structure by involving senior management (Board of Directors and the Executive Board) in order to strengthen the Bank's commitment to the theme.
 - a) GRI Indicators: G4-2 | G4-34 | G4-38 | G4-40 | G4-44 | G4-45 | G4-47
- 2) Enhancing the Executive Board's recognition/variable remuneration system based on socio-environmental attributes.
- 3) Enhancing the formal performance appraisal of the members of the Board of Directors.
- 4) Expanding gender diversity among the senior management (Board of Directors and Executive Board).
- 5) Enhancing the management of sustainability compacts and commitments assumed.
 - a) GRI Indicators: G4-11 | G4-15 | G4-16 | G4-45 | G4-47 | G4-LA5 | G4-LA6 | G4-LA8 | G4-LA10 | G4-LA11 | G4-LA12 | G4-HR1 | G4-HR2 | G4-HR3 | G4-HR4 | G4-HR5 | G4-HR6 | G4-HR7 | G4-HR10 | G4-SO3 | G4-SO4 | G4-SO5
- 6) Improving the brand management process using clear monitoring metrics linked to risk management and financial returns.
- 7) Enhancing economic, social and environmental risk management within the supply chain.
 - a) GRI Indicators: G4-HR5 | G4-HR6 | G4-HR7 | G4-HR10
- 8) Identifying socio-environmental opportunities within the supply chain that create business benefits for the Bank (lower costs/higher revenues/risk mitigation).
 - a) GRI Indicators: G4- EC7 | G4-EC8 | G4-EC9
- 9) Strengthening the bank's role as an agent for advancing sustainable practices in its supply chain.
 - a) GRI Indicators: G4-HR1 | G4-HR2 | G4-HR3 | G4-HR5 | G4-HR6 | G4-HR7 | G4-HR10 | G4-EN30
- 10) Improving the bank's practices on the question of sustainable procurement.
 - a) GRI Indicators: G4-EN2 | G4-EN31
- 11) Improving the stakeholder engagement process (defining the department responsible, mapping critical stakeholders and managing expectations).
- 12) Revealing deviations from the Code of Ethics, the Standards of Behavior and the anti-corruption and anti-bribery policies.
- 13) Putting in place mechanisms to strengthen employee commitment to the Code of Ethics and the Standards of Behavior.
- 14) Improving the monitoring of customer satisfaction and making the result of these surveys public.

Environmental Dimension

15) Enhancing and systematizing the identification of business opportunities for developing products that meet the demands created by environmental matters (trends/new regulations on the use of natural resources) and climate change (demands for infrastructure financing in order to adapt to climate change).

a) GRI Indicators: G4-EC2 | G4-EN6 | G4-EN27

16) Enhancing the management of eco-efficiency indicators (reduction/compensation of emissions, energy consumption, paper consumption, use of renewable energy, waste generation and water consumption).

a) GRI Indicators: G4-EN1 | G4-EN2 | G4-EN3 | G4-EN6 | G4-EN8 | G4-EN10 | G4-EN15 | G4-EN16 | G4-EN17 | G4-EN19 | G4-EN23

17) Enhancing the Environmental Management System (SGA) based on ISO 14000.

18) Improving climate change risk management in financing transactions.

19) Improving climate change risk management in the Bank's own investments and those of third parties.

20) Better socio-environmental risk management in financing (except for climate change-related risks).

a) GRI Indicators: G4-EN29 | G4-HR5 | G4-HR6 | G4-SO8 | G4-PR4 | G4-PR7 | G4-PR9 | G4-FS2 | G4-FS3 | G4-FS5 | G4-FS9

21) Better socio-environmental risk management in the Bank's own investments and those of third parties (except for climate change-related risks).

a) GRI Indicators: G4-HR1 | G4-HR5 | G4-HR6 | G4-FS2 | G4-FS3 | G4-FS5 | G4-FS9 | G4-FS11

Social Dimension

22) Enhancing the relationship between Private Social Investment (ISP) and the business strategy.

a) GRI Indicators: G4-SO1

23) Improving the Bank's position with regard to controversial subjects and dilemmas involving loans and investments.

24) Strengthening knowledge management by minimizing the impacts arising from employee transfers and redundancies.

25) Boosting internal education and sustainability awareness programs.

26) Enhancing employees' variable remuneration system, including the Executive Board, taking into account individual performance.

27) Raising the employee satisfaction index.

28) Improving Occupational Health and Safety (SSO) management (the system, indicators, targets, risk map, transparency, training etc.).

29) Maintaining and expanding the Bank's role as a driver of sustainable development through financial inclusion and social businesses (Oriented Productive Microcredit – MPO, the Student Financing Fund – Fies, Minha Casa Minha Vida Real Estate Lending Program – MCMV Program and the BB Accessibility Loan Program, among others), so as to integrate with programs and public policies, partnerships with the private sector and BB sustainable development strategies (private social investment, volunteer work, digital inclusion and sustainable regional development).

a) GRI Indicators: G4-SO1

30) Improve gender representation at all hierarchical levels within the Organization.



Corporate Governance

ALIGNED WITH BEST PRACTICES, THE GOVERNANCE OF BB ENSURES THE CREATION OF SHAREHOLDER VALUE AND TRANSPARENCY FOR ALL STAKEHOLDERS

GRI G4-7 | G4-34 | G4-38 | G4-56

Banco do Brasil (BB) adopts the best corporate governance practices that ensure transparent management, a balance between shareholders' rights, accountability to investors and society, ethics when dealing with its various stakeholders and the sustainability of the business. The management directives include the Code of Corporate Governance and the Code of Ethics, both of which are available on the Investor Relations site (www.bb.com.br/ir). Governance is built using monitoring tools that align the conduct of executive officers with the interests of the bank's stakeholders and shareholders and of society in general.

Since 2006, BB has featured on the Novo Mercado segment of the BM&FBovespa, in addition to being listed on the Corporate Sustainability Index (ISE), the Carbon Efficient (ICO2) Index, the Special Tag-Along Stock Index (Itag) and the Special Corporate Governance Stock Index (IGC). Also, since 2012 the bank has been included on the Dow Jones Sustainability Index (DJSI) of the New York Stock Exchange.

ORGANIZATIONAL STRUCTURE

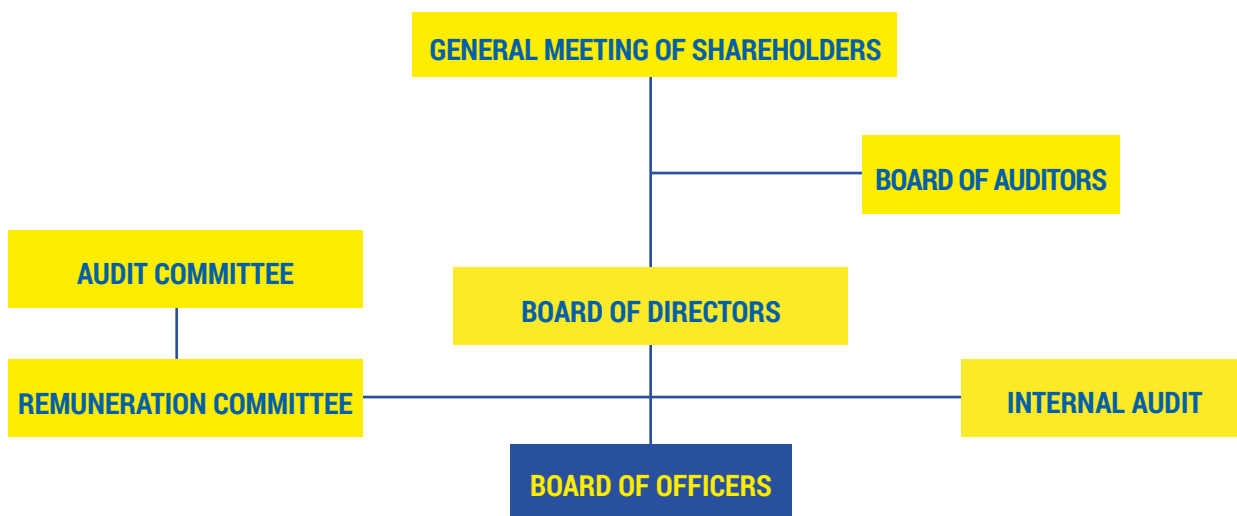
The bank's corporate governance structure consists of the Board of Directors (CA) – advised by the Audit and Remuneration Committees – by the permanent Board of Auditors and by the Executive Board, consisting of the Board of Officers and the Statutory Executive Officers. So that decisions are taken in a collective manner, the decision-making process is continually supported by strategic-level committees, sub-committees and commissions.

The executive officers and directors of these bodies are recognized for their market experience, as well as for their knowledge, reputation and the technical capacity to perform their functions. A set of instruments evaluates the performance of the Board of Directors, the advisory committees and the Executive Board, in order to identify opportunities for enhancing their respective performances. Since 2012 the bank also uses a Statutory Executive Officer Performance Appraisal process. **GRI G4-43 | G4-44**

With regard to sustainability themes, the members of the Board of Directors annually monitor the Agenda 21 actions, the Executive Board undergoes training through biannual workshops, while the heads of department take part in the quarterly sustainability forums.

The bank's Bylaws, approved at the Shareholders General Meeting, contain rules for avoiding potential conflicts of interest. Article 14 of the document, for example, stipulates abstention by members of the management bodies in subject matters involving transactions in which they are interested parties.

Article 18, dealing with the composition of the Board of Directors, prohibits the member who represent the employees from participating in discussions involving union relations, remuneration, benefits and advantages, including supplementary and auxiliary pension plans. **GRI G4-41**



GENERAL MEETING

Main attributions | The main functions of the General Meeting include deliberating on any amendments to the composition of the bank's capital stock and opportunities for splits, mergers or acquisitions, approving the Financial Statements, electing the members of the Board of Directors and defining the remuneration of the members of the management bodies.

Frequency | Pursuant to Law No. 6,404/76, the general meeting is held annually by the end of the month of April. Special meetings can be convened at the behest of the Board of Directors and to comply with other conditions contemplated in the Law.

Participation | All shareholders are entitled to vote, since the bank has common shares only.

Highlight of the year | The approval of the capital increase by incorporating part of the balance registered in the Statutory Reserve for Operating Margins, with the respective amendment to articles 7 and 8 of the Bylaws was the highlight of 2013.

CHALLENGE 1 |

To enhance the sustainability governance structure by involving senior management (Board of Directors and the Executive Board) in order to strengthen the bank's commitment to the theme. See how BB is facing up to this challenge on [page 33](#).

BOARD OF DIRECTORS

GRI G4-35 | G4-36 | G4-37 | G4-40 | G4-42 | G4-44 | G4-45 |

G4-46 | G4-47 | G4-49 | G4-51 | G4-52 | G4-53 | G4-57 | G4-58

Main responsibilities | The main functions of the Board of Directors are to define the operating guidelines of BB, approve the Banco do Brasil Corporate Strategy (ECBB), which supports the decisions for the five-year period, establishing actions and setting goals for economic, social and environmental performance, in addition to accompanying the bank's economic and financial performance on a monthly basis.

Sustainability | Once a year, at the general meeting in October, there is a rendering of accounts concerning the socioenvironmental performance of BB.

Composition | The Board of Directors consists of eight members, namely, four chosen by the Minister of Finance, one by the Ministry of Planning, Budget and Management, two by the minority shareholders and one by the employees of BB. The directors indicated by the Minister of Finance are responsible for choosing the Chairman and Deputy Chairman of the Board of Directors, positions that cannot be held by the President of the bank, which contributes to avoiding conflicts of interest. **GRI G4-39**

CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS

In 2013, the bank added a Director to represent the employees, elected directly by the votes of current employees in a competition jointly organized by BB and the union entities. The process took place electronically, in two rounds, in the manner contemplated in the electoral regulations. The Director will hold term of office for the period 2013-2015.

Contact channels | At the General Meetings, shareholders can make recommendations to the members of the Board of Directors. Employee demands are forwarded through their representative on the Board of Directors. Additionally, the Ombudsman submits six-monthly reports to the Board of Directors with tip-offs, complaints and suggestions submitted by customers.

Performance appraisal | The Board of Directors undertakes an annual performance self-appraisal. Its members are also responsible for evaluating the Executive Board and the advisory committees.

Remuneration | Fixed, pursuant to Law No. 9,292/96, and regardless of the bank's economic, social and environmental performance.

Advisory Committees to the Board of Directors			
Committee	Attributions	Composition	Term of office
Audit	<p>Review of the Financial Statements and evaluation of the effectiveness of the internal control systems and that of the Internal and Independent Auditors</p> <p>Maintaining the Fale com o Comitê de Auditoria, a channel for receiving tip-offs and information about non-compliance with the legal and normative rules applicable to the bank, equipped with mechanisms for protecting the confidentiality and secrecy of the information and the identity of the person providing it</p>	Four members chosen by the Board of Directors, two of whom are members of that Board (one from the majority shareholder, and the other from the minority shareholders)	One year, renewable for up to five years
Remuneration	Establishing and reviewing the remuneration policy for the bank's management	Four members elected by the Board of Directors, one of them an independent member	One year, renewable for up to ten years



**THE EXECUTIVE BOARD
EXECUTES THE DIRECTIVES
ESTABLISHED BY THE BOARD
OF DIRECTORS AND THE
BOARD OF OFFICERS**

INTERNAL AUDIT DEPARTMENT

The Internal Audit department, subordinated to the Board of Directors, has responsibility for undertaking audits and advising the Board of Directors, the Board of Auditors, the Executive Board and the subsidiaries. Its head is chosen from among the active employees and appointed by the Board of Directors.

BOARD OF AUDITORS

The Board of Auditors operates on a permanent basis, with monthly meetings, and has responsibility for overseeing what the management does, in order to protect the shareholders' interests. It consists of five members chosen by the General Meeting, with a one-year term of office, and two of them are elected by the minority shareholders.

BOARD OF OFFICERS

The Board of Officers is a collegiate body consisting of the President and Vice Presidents of the bank. It meets at least once a week to establish the plans and actions required for carrying out the policies, the corporate strategy, investment plan, master plan and the overall budget set by the Board of Directors. The President of

BB is appointed by the President of the Republic. The Vice Presidents and Executive Officers are elected by the Board of Directors, following indications from the President of the bank.

EXECUTIVE BOARD

The Executive Board, consisting of members of the Board of Officers and Statutory Executive Officers, has responsibility, among other things, for executing the directives established by the shareholders and by the Board of Directors, in addition to the decisions taken by the Board of Officers. The Executive Officers are active employees of BB and have a three-year term of office, with reelection permitted. The remuneration of the Executive Officers consists of a fixed and a variable portion, depending on the results during the period.

STRATEGIC UNITS

The Strategic Units take part in the deliberations of the Strategic Committees and have responsibility for managing the processes and the support for the business of Banco do Brasil.

RISK MANAGEMENT AND CORPORATE CONTROLS

GRI 64-14

Risk and capital management is strategic to the decision-making process within the Banco do Brasil, as it enhances stability, the efficient allocation of resources and the optimization of the risk-return ratio. BB is investing in enhancing governance and the attendant practices, in compliance with international market benchmarks and the Basel III Framework.

The governance of this process rests with the Global Risk Committee (CRG), which consists of members of the Board of Officers and has responsibility for establishing the general strategies, global exposure limits, compliance levels and capital allocations. The bank can also count on the Credit Risk (SRC), Market and Liquidity Risk (SRML) and Operating Risk (SRO) Sub-Committees, which speed up the management and provide the CRG with risk scenario information and analysis.

A department specializing in risk management is in charge of monitoring market, liquidity, operating and credit risks. Strategy and reputation risks are jointly managed, in turn, with the bank team that focuses on the theme of strategy. Socioenvironmental risks are jointly monitored with department dedicated to matters of sustainability. This interdisciplinary structure for managing risks enables a more detailed evaluation of the risk factors and the means of mitigation.

To prevent, correct or discourage fragilities, in addition to reducing losses and strengthening the risk culture, BB employs the Technical Risk Recommendation (RTR) tool. This tool, made available to all process or product management areas, contributes to the adoption of action plans for mitigating losses and ensuring discharge of the responsibilities defined in the risk management phases.

BUSINESS CONTINUITY MANAGEMENT (GCN)

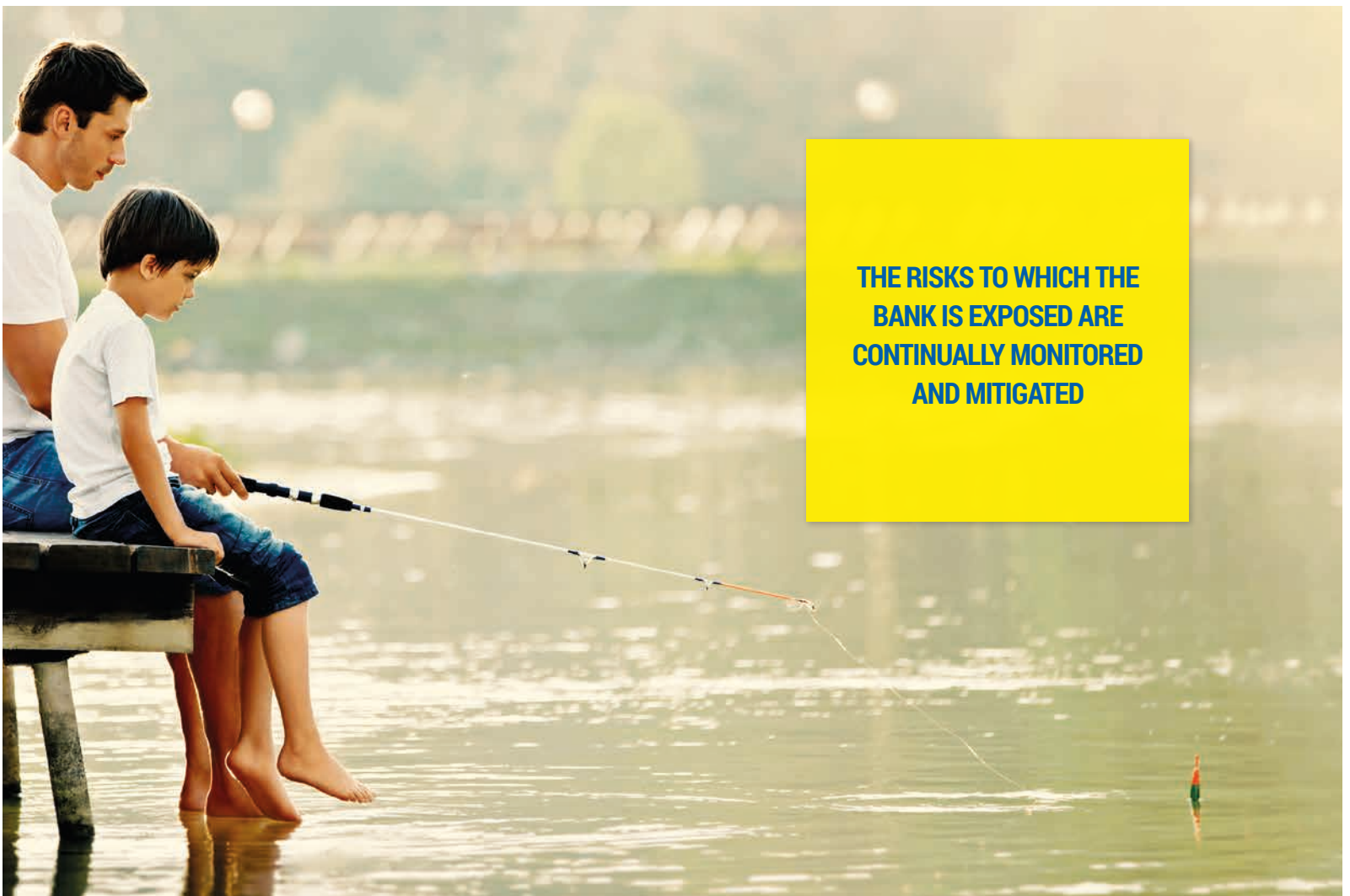
To ensure that the services essential to the business function, even in crises or emergency situations, Banco do Brasil relies on a GCN process that is the market benchmark. The practices put in place contribute to strengthening its corporate image and the sustainability of the business, as well as to compliance with regulatory demands at domestic and international level.

As part of its permanent investment in employee training and the dissemination of the GCN culture, the bank took part in external training sessions on this theme in 2013, in addition to putting on internal training courses and specific events about this matter in different cities, with the participation of speakers from the market.

PRINCIPAL RISKS

Market risk: involves the possibility of incurring losses arising from fluctuations in market prices of the positions held by a financial institution, including risks on operations subject to variances in currency rates, interest rates and share and commodity prices. BB's own positions are segregated into Trading and Non-Trading Books defined by the CRG. The main types of limits in place are Value at Risk (VaR) and stress testing. In 2013, the bank enhanced the advisory process and risk management of the overseas units. This process included revising the main Corporate Methodology Manuals and the control procedures, while monitoring and accompanying the global limits of the Trading and Non-Trading Books. It also improved risk management at its associate entities.

Credit risk: refers to the possibility of the occurrence of losses associated with non-compliance by the borrower or by the counterparty of their respective financial obligations within agreed terms; impairment of a loan agreement arising from the deterioration in the borrower's risk rating; the reduction in earnings or remuneration; the advantages granted in the renegotiation; and the recovery costs. It includes, among others, commitment, concentration, counterparty, intermediary and Country risks. Credit risk is managed based on the guidelines established in the specific policy and strategies for that risk, but also takes into account in-house methodologies for rating customer risk, in line with best market practices and the concepts of the Basel Agreement. Information about credit risk is permanently and constantly disclosed, where the assumptions are best practices, banking legislation, users' requirements, the bank's interests and the confidentiality and relevance of the information.



Operating risk: arises from the possibility of losses resulting from legal risks or from the failure, deficiency or inadequacy of internal processes, personnel and systems, or from external events. The current risk management structure in this area was defined in order to optimize management and comply with the regulatory requirements for BB's candidacy for using internal models, which primarily includes integrated risk management and segregation of the second level of control. In 2013, Banco do Brasil set up teams dedicated to enhancing the process for identifying and assessing risks, implemented improvements in the reports for managers and developed an action plan for mitigating operating losses, among other initiatives.

Liquidity risk: arises from possible imbalances between tradable assets and enforceable liabilities that might affect the bank's payment capacity and the possibility of losses arising from failure to settle a position at market prices, because of its huge size in relation to the volume normally transacted or on account of market conditions. The bank maintains liquidity levels considered sufficient to cover its commitments in Brazil and offshore, thanks to its extensive and diversified depositor base, the quality of its assets, the capillarity of its offshore branch network and the access it enjoys to the international capital market.

In 2013, regular reviews were carried out of the policies, models, methodologies, parameters and criteria used in managing this risk. Worthy of note are the enhancement in segregating the functions and responsibilities among the business areas, as well as those of liquidity management, governance mechanisms and oversight in the case of the bank's associate entities.

Strategy risk: involves the possibility of losses arising from adverse changes in the business environment or from the use of inappropriate assumptions when taking decisions. BB relies on processes that keep potential losses to a minimum, as well as activities for identifying, evaluating, controlling, mitigating and monitoring the risk.

Reputation risk: can be understood as the risk arising from a negative perception of the bank on the part of external stakeholders, which might adversely affect the sustainability of the business. To mitigate this, activities are put in place to monitor and deal with news appearing in the media, customer satisfaction surveys and the process for detecting and evaluating the risk from products, services and self-service channels.

CHALLENGE 20 |

Better socioenvironmental risk management in financing (except for climate change-related risks). See how BB is facing up to this challenge on [page 35](#).

CHALLENGE 21 |

Better socioenvironmental risk management in the bank's own investments and those of third parties (except for climate change-related risks). See how the bank is facing up to this challenge on [page 36](#).

**THE INTERNAL CONTROLS
SYSTEM WAS IMPROVED
IN 2013 TO ENHANCE
ITS ALIGNMENT WITH
THE STRATEGY**

Socio-environmental risk: involves the possibility of losses arising directly or indirectly from adverse social and environmental impacts resulting from BB's administrative or business practices or those of the players within its operating environment, as well as those arising from situational aspects involving the social and environmental non-sustainability of current means of production and consumption patterns. The highlights of the socioenvironmental risk mitigation processes are the Agenda 21, the Stakeholders Panel, the Sustainability Forum for Executive Officers, the adoption of the Equator Principles for financing classified as Project Finance and the sustainability directives for loans (forests and biodiversity, water, climate change, agribusiness, electrical energy, civil construction and mining).

In addition, a socioenvironmental risk management system is currently under development and implementation. In November 2012, the Board of Officers of BB approved the institutional responsibility and the definition of the concept and categories of socioenvironmental risk, in addition to the risk management structure, with segmentation of the responsibilities as the reference model for attributions. The socioenvironmental risk management model will encompass the systems and processes to be applied to the following risk categories: financial support, administrative practices, participations and socioenvironmental scenarios.

Further information about the governance process and risk management is available in the Risk Management Report on the IR site of Banco do Brasil.

INTERNAL CONTROLS

Internal control mechanisms are necessary if the Banco do Brasil is to achieve its strategic objectives and meet the expectation of the regulatory bodies, customers, employees, investors and society. In 2013, there was an alignment of the areas responsible in order to arrive at a new format for the risk management and controls process of BB through greater integration and alignment of the strategic objectives.

The risk model validation process evaluates whether the models used are sufficient and whether they reflect the bank's risk profile, based on critical analysis of the systems, data, technological infrastructure and models used in risk management. The results of this validation are periodically discussed with managers in technical forums and subsequently submitted to the risk sub-committees of Banco do Brasil for the purpose of making any adjustments so that they can be effectively used in the management process.

BB has developed and approved a methodology for electronic monitoring of compliance in processes, products and services, so as to detect and foresee situations that indicate possible induction of results or non-compliance with rules, so that the bank can adopt mitigation measures or adjustments to processes.

Relevant processes are given priority when evaluating the effectiveness of their controls, so as to ensure the quality of the information comprising the financial statements. All processes with close links to compliance with the Basel agreement are also analyzed. Regional Internal Controls Management verifies compliance by the important processes being employed in the service network.

STRATEGIC SECURITY MANAGEMENT

Driven by the commitment to protecting corporate information, BB adopts best management practices in information security, thereby complying with the requirements of the regulatory bodies, as well as those of the internal and external auditors. Information security directives and policies are formalized in normative instructions that are frequently reviewed and updated. Within the scope of disseminating an information security culture, employees participated in training courses, including events involving the executive, managerial and technical levels of the bank, as well as other companies of the Conglomerate.

Indicators of Security Management Training Courses by Functional Level in 2013							
Functional Level	Number of Employees	Number of Employees Trained	Number of Training Sessions	Hours of Training	Percentage of those Trained (%)	Number of Training Sessions per Employee	Hours of Training per Employee
Managerial	36,292	4,509	4,988	53,376	12.42	0.14	1.47
Technical	5,155	707	749	8,316	13.71	0.15	1.61
Advisory	7,195	1,106	1,164	12,432	15.37	0.16	1.73
Operational	20,648	2,763	3,145	31,764	13.38	0.15	1.73
Others	42,926	8,429	9,435	96,348	19.64	0.22	2.24

In 2013, the bank adapted its structure by redefining scopes and responsibilities and by segregating the definitions of execution in information technology (IT) security. This enhanced the synergy among the areas, providing greater speed of response in IT processes while improving security control mechanisms. In order to detect, analyze and notify indications of money laundering, all Brazilian branches use a specially designed automated monitoring system. Measures were also implemented to comply with the requirements of Bacen Circular No. 3.654 and to adapt to PLD/CFT Normative on the banking Self-Regulation System of the Brazilian Banks Federation (FEBRABAN). **GRI G4-S03**

During the year over 41,000 employees were trained via the intranet, resulting in 284,000 class hours of training in anti-money laundering and financing of terrorism. Around 850 employees took part in live training lasting 3 days, giving a total of 20,000 class hours. Eight exclusive workshops were developed for strategic entities and representatives of the entities of BB Conglomerate, and 1,915 employees were approved in certification examinations bearing the seal of the National Anti-Corruption and Anti-Money Laundering Strategy (ENCCLA) conferred by the Ministry of Justice.

In cases of corruption, confidentiality applies. In 2013, four administrative proceedings were concluded, establishing the responsibility of those involved in incidents of this nature. **GRI G4-S05**

ANTI-CORRUPTION TRAINING INVOLVED MORE THAN 41,000 EMPLOYEES IN 2013

GRI 64-S04

Number of Participations in Live Anti-Money Laundering Training	2011	2012	2013
Internal Certification in Internal Controls and Compliance	3,650	1,359	921
Anti-Money Laundering Synapse ⁽¹⁾	37,408	47,628	12,956
Course about Controls	8,793	5,219	2,622
Workshop on Analyzing Indications of Money Laundering	2,104	1,569	1,293
Internal Anti-Money Laundering Certification	2,695	2,626	2,214
Total	61,478	58,401	20,006

(1) The decline in the number of participations in this course in 2013 was expected, as 93% of the employees have already taken it. Since the second semester of 2011, completing this course has become a prerequisite for enrollment in in-house opportunities, which led to an increase in participations in 2011 and 2012.

Banco do Brasil is continually seeking to enhance its security systems and rules, focusing on preventing and combating electronic fraud. Internal processes are constantly reviewed, especially the identification and authentication of customers that use the service channels, in addition to the need to protect the confidentiality of the information and the transactions that take place, so as to avoid incidents of identity theft. To further enhance the level of security in the service channels, the bank has engaged in new projects that use state-of-the-art technology, such as installing biometric identification systems on ATMs and new security devices for internet banking, with the use of two-dimensional matrix bar codes known as QR Code.

In this sense the process of customer file validation has helped to detect discrepancies in information provided at the time checking accounts are opened. The files of around 7.7 million customers were submitted to automated analysis and sent for validation in cases of more relevant discrepancies.

The corporate and business environments are also the focus of security solutions for customers, employees and the property of BB. In 2013, expansion continued of the Banco do Brasil Security Complex (CSABB), which manages integrated image monitoring on the premises. The operations of the 15 Regional Monitoring Centrals, which cover 3,600 self-service spaces, enabled the prevention of potential crimes in these environments.

Furthermore, measures focused on physical cash handling sought to reduce the amount of cash available in areas identified as offering greater risk.

BUSINESS STRATEGY

The bank's strategy is channeled to increasing efficiency and productivity and to generating sustainable results. To achieve these objectives, BB is investing in a series of management, products and service development, customer relations and employee training initiatives.

The key processes are being reviewed, with the emphasis on expense management. In this sense, worthy of note is the BB Eco-Efficient Program that fosters benefits by both reducing costs and keeping the environmental impact of the operations to a minimum. Within the scope of information technology, the challenges in the years ahead involve improving the customer relations platforms, and it is intended to add solutions for mobility and strong technological integration.

Producing sustainable results is closely tied to proper returns to shareholders, as well as the bank's role as partner in the sustainable development of Brazil. With its highly-qualified management team, the bank is seeking business alternatives that produce returns and, at the same time, benefits for society. One example of this are the social businesses and the involvement with public programs and policies that generate income for the bank by inducing improvements for society in housing, education and productive investment across a range of economic segments.



**STRATEGIC PLANNING
AT BB IS EFFECTIVE FOR
FIVE YEARS AND IS
REVIEWED ANNUALLY**

One of the priorities of Banco do Brasil for the years ahead is to continually expand its loan portfolio in terms of quality, which increases the customer base and keeps delinquency under control. To that end, financial education, enhanced credit risk management and close relations with customers are seen by the bank as key factors.

Indeed, expanding sustainable relationships is a material aspect in the strategy of BB. The purpose is to establish long-lasting relationships with customers based on transparency and trust. By knowing its customer and being close to them, the bank increases its ability to offer products and services appropriate to their profile, while making room for doing more business. This is a win-win situation for both parties, since the customer's needs are met and the bank consolidates its relationship with them.

Banco do Brasil will also continue to diversify its business in the quest for consistency of performance in the medium and long term. In this respect, its presence in the cards, insurance pensions, savings bonds, capital market and asset management segments have grown in importance and are leveraging the results.

Owner of the largest overseas service network among Brazilian banks, the bank is also seeking to expand its international operations. The directives for these operations include having a presence in regions where there are Brazilian communities, the internationalization of Brazilian companies and growth in Brazil's trade relations with the world.

BB is also seeking employee satisfaction in order to enhance their perception of value regarding a range of practices in training, careers, quality of life and health and safety. This purpose is being met, as can be seen by the bank's listing in the Public Institutions category of the ranking of the Best Companies to Work For, produced by Guia VOCÊ S/A.

To allocate priority to aligning its initiatives with the medium and long-term objectives, the bank draws up its strategic plan with a five year validity period, which is reviewed on an annual basis and approved by the Board of Directors. The targets and actions established in this planning exercise are disclosed internally and continually monitored so that they are achieved in terms of efficiency and quality.

INVESTMENTS

In 2013, BB invested around R\$1.5 billion to enhance its physical and technological structure, concentrating on expanding its service network, modernizing its technology park, upgrading its self-service terminals and business solutions supported by IT. The main results of each of these are shown below. For 2014, investments are expected in the region of R\$3.1 billion.

Branches | There are 52 new branches in the Estilo segment, 32 branches opened in the retail segment, 275 premises were adapted to the new ambience model, 1 new Corporate branch, changes of address and adaptations to 2 branches and minor refurbishments and improvements at several units across the network.

Self-Service | Some 1,260 ATMs were replaced, and 730 self-service areas modernized.

Premises | Some 3,896 interventions were made to maintain and conserve physical premises, in addition to upgrading/modernizing external signposting at 1,238 branches, and the modernization and expansion of physical security solutions.

Information Technology | Hardware and software were acquired for developing solutions in mainframe environments, technological solutions were rolled out for operational efficiency and know-your-customer, while 1,735 telecommunication rooms (on-line rooms) of retail branches were modernized.

ACCOUNTABILITY

The following topics show the rendering of accounts for the objectives presented in the 2012 Annual Report, indicating the status and attainment of what was established. Later, account is also rendered of the socioenvironmental challenges set out in the Agenda 21 of BB.

Provide adequate returns to shareholders | Banco do Brasil posted net income of R\$15.8 billion in 2013, an increase of 29.1% over 2012, representing a Return on Average Shareholders' Equity (ROAE) of 22.9%. Furthermore, BB maintained its practice of paying out 40% of its net income to its shareholders and allocated R\$6.3 billion in remuneration for the year.

Increase the share of services in the result | In line with the strategy of diversifying the business, the bank has increased its presence in capital markets, asset management, insurance business and cards business. In 2013, fee income amounted to R\$23.3 billion, an increase of 10.6% compared to 2012.

Grow profitable relationships | For BB, establishing profitable relationships is essential for business growth. Thus the bank continued to create partnerships as part of its strategy. In 2013, besides continuing with the partnership with Grupo Mapfre, it centralized its insurance business by creating BB Seguridade.

Expand the loan portfolio | The loan portfolio – broad concept grew by 19.3% in 2013, rising to R\$692.9 billion, driven by loans to agribusiness (up by 34.1%), real estate financing (increase of 87.2%) and by lending to businesses in the corporate and large corporate segments.

Maintain delinquency at current levels | The main indicator of the quality of the loan portfolio is the average risk, which shows the ratio of the balance of provisions required to the total classified portfolio. This indicator showed a decline of 25 basis points in relation to 2012 – from 3.81%, to 3.56%. This result is significantly lower than the ratio for the Brazilian Banking Industry (SFN), which in the period declined from 5.50%, to 4.97%. At the same time, the delinquency ratio INAD + 90 (the ratio of transactions past due more than 90 days to the classified loan portfolio) declined in relation to December 2012 – from 2.05%, to 1.98%.

Increase customer satisfaction | The bank's service channels and products are being constantly improved to provide customers with greater facility and convenience. In that respect, 2013 was noteworthy for the new service packages on offer, the new credit

card invoice, the evolution in technology and security for cell phone transactions, the adaptation of the branches where accessibility is concerned and the restructuring of the Customer Help Desk (SAC).

Close profitable business that generates social and environmental value | BB strengthened the alignment of various products and services with the strategy for fostering sustainable development. Worthy of note are the credit facilities within the scope of the following programs: Oriented Productive Micro Credit (MPO), Programa Federal Agricultura de Baixo Carbono (Programa ABC – Low Carbon Agriculture), The Student Financing Fund (Fies) and Minha Casa Minha Vida (Real Estate Lending) Program (PMCMV), in addition to the performance of the Business Strategy for Sustainable Regional Development and the Água Brasil (Water Conservation) Program. The bank's listing on the Dow Jones Sustainability Index (DJSI) of the New York Stock Exchange and on the Corporate Sustainability Index (ISE) of the BM&FBovespa bear witness to the bank's commitment to generating social and environmental value for Brazil.

Better operational efficiency and productivity | In 2013, BB recorded growth of 7.2% in administrative expenses, concentrated primarily in personnel expenses (which rose by 8.5%) due to salary increases and a larger structure of commissioned employees. The coverage ratio, which measures the ratio of operating revenues to personnel expenses, rose from 133.6 in 2012, to 136.1 in 2013, showing higher revenue growth.

Increase employee satisfaction | In 2013 Banco do Brasil was elected one of the best companies to work for in Brazil, in the Public Institutions category of the VOCÊ S/A. The Work Satisfaction Survey carried out last year showed a ratio of 76% of employees satisfied, one of the best levels since the survey was first applied. In comparison with 2012, there was an advance of 3.2 percentage points. Another important item was the statistically significant increase in the averages of the 6 dimensions comprising the Survey.

WITH INITIATIVES ON A RANGE OF FRONTS, THE BANK HAS BEEN IMPROVING ITS BUSINESS PERFORMANCE AND THE RELATIONSHIP WITH STAKEHOLDERS

These results could only have been achieved through people management policies and practices that aim for transparency, fairness, equality of opportunity and recognition and the constant development of its employees. Several programs and actions directly influence employee satisfaction, such as the Profit Sharing Program (PLR), the Bonus Performance Program (PDG), the Meeting of Leaders and the higher number of live and distance learning scholarships, among others.

SOCIOENVIRONMENTAL RESPONSIBILITY

GRI G4-2 | G4-14 | G4-46 | G4-50 | G4-EC2 | G4-FS1 | G4-FS2 | G4-FS3

Banco do Brasil is an institution committed to the sustainable development of its business, which means taking into account the aspects and concepts of sustainability in its decision-making process and designing products, services and solutions that take into account possible impacts on society and the environment. As tangible evidence of this commitment and its sustainability strategy, BB has structured and implemented since 2005 its Sustainability Plan – Agenda 21.

The Agenda 21 of Banco do Brasil is a pioneering initiative within the Brazilian business sector. It was inspired in the principal commitments assumed at the United Nations Organization (UNO) Rio-92 Conference, which encouraged governments, business and civil society organizations to look for solutions for the socioenvironmental problems. Agenda 21 is structured along three axes on which the bank periodically reviews its challenges and defines a series of actions to ensure that the directives filter down to the operational areas.

CHALLENGE 5 |

To enhance the management of sustainability compacts and commitments assumed.

See how BB is facing up to this challenge on [page 33](#).

The three operating fronts of Agenda 21 are:

- Socioenvironmental Responsibility Processes and Management (RSA);
- Sustainable Business;
- Private Social Investment.

The performance of the initiatives is monitored by the BB Sustainability Forum consisting of 24 members of Strategic Units, as well as Fundação Banco do Brasil (FBB – BB’s Foundation), which is held on a quarterly basis to align and disseminate the concepts and practices of sustainability to all areas of the Conglomerate. The Board of Officers approves and monitors how the actions are carried out, through a six-monthly accountability process. In its turn, the Board of Directors monitors the socioenvironmental performance of Banco do Brasil and the on-going initiatives via annual reporting to the entity, at which time the principal advances, challenges, opportunities and actions to be undertaken are presented. **GRI G4-48**

Updating the actions involving Agenda 21 is a systematic process that involves all areas of the bank and representatives of its principal stakeholders (see diagram).



Defining the challenges

In a continuous cycle, a technical group analyzes the main demands of the market and of the bank based on an extensive collation of directives and references. Based on this assessment, the challenges to be taken to the stakeholders consultation are defined.

Internal: BB Strategic Studies, in-house satisfaction surveys and the In-House Ombudsman.

External: GRI, DJSI, ISE, Visão Brasil 2050 – CEBDS, Guide to Responsible Banks – IDEC, Bank Track and public policies.



Accountability

Progress and results are reported every six months to the Board of Officers and, since 2013, annually in the month of October to the Board of Directors.

Furthermore, the prioritized actions are linked to the GRI aspects and indicators, and accounts are rendered through the Annual Report.



Consultation with stakeholders

The different stakeholders are invited to reflect on these challenges and to prioritize them on the Stakeholders' Panel.

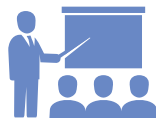
This structured consultation collates the demands perceived through continuous dialog with the stakeholders.

AGENDA 21 SUSTAINABILITY PLAN UPDATE PROCESS



Validation and execution

The actions are consolidated and forwarded for validation by the Board of Officers, after which implementation begins. A specific area of BB is in charge of coordinating and executing each action within the challenges of Agenda 21.



Engagement of BB leadership

In the Sustainability Forum the bank's executive officers allocate priorities to these challenges from the bank's perspective.

The findings from these consultations are submitted to the Executive Officers, the General Managers of the Strategic Units and the Executive Managers who analyzed the challenges and determined the actions for each one of them during the IV Sustainable Development Workshop in December 2012.

Entities in which BB participates **GRI G4-16**

- The Brazilian Industrial Development Agency (ABDI)
- The Brazilian Association of Infrastructure and Base Industries (ABDIB)
- The Brazilian Association of Publicly Held Companies (Abrasca)
- The Brazilian Association of Credit Card and Services Companies (Abecs)
- The Brazilian Association of Real Estate Credit and Savings Companies (Abecip)
- The Brazilian Association of Financial and Capital Markets Entities
- The Brazilian Association of Consumer Pool Management Companies (Abac)
- The Brazilian Association of Advertisers (ABA)
- The Brazilian Association of International Banks (ABBI)
- The Brazilian Association of Corporate Communication (Aberje)
- The Brazilian Association of Leasing Companies (Abel)
- The Brazilian Association of Development Finance Institutions (ABDE)
- The Brazilian Technical Standards Association (ABNT)
- The Brazilian Association of Private Equity and Venture Capital (ABVCAP)
- The Brazilian Agribusiness Association (Abag)
- The Association of Capital Market Investment Analysts and Professionals (Apimec)
- The Association of Banks in the Federal District (Assban)
- The Association of Banks in the State of Rio de Janeiro (Aberj)
- The Latin American Association of Financial Institutions (Alide)
- The National Association of Credit, Financing and Investment Institutions (Acrefi)
- The National Association of Banks (Asbace)
- BM&FBovespa
- Brazil Investments & Business (Brain)
- Publicly-held company that offers services related to registration, central securities depository (CSD), trading and settlement of assets and securities (Cetip)
- Derivatives Exposure Nucleus (CED)
- National Confederation of General Insurance, Private Pensions and Life Insurance, Supplementary Health Insurance and Savings Bond Companies (CNSeg)
- The China-Brazil Business Council (CEBC)
- Brazilian Business Council for Sustainable Development (CEBDS)
- Advertising Industry Standards Council (Cenp)
- Brazilian Banks Federation (Febraban)
- The Industries Federation of the State of São Paulo (FIESP)
- National Federation of Private Insurance and Savings Bond Companies (Fenaseg)
- National Savings Bond Federation (FenaCap)
- National Federation of Banks (Fenaban)
- National Forum on Ethical Management in State-Owned Enterprises
- The Foreign Trade Studies Center Foundation (Funcex)
- Getulio Vargas Foundation (FGV)
- Army Housing Foundation (FHE)/Savings and Loan Association (Poupex)
- National Quality Foundation (FNQ)
- Popular Housing Guarantee Fund (FGHab)
- Credit Guarantee Fund (FGC)
- Equity Interest Investment Funds (FIP)
- Brazilian Investor Relations Institute (Ibri)
- Ethos Institute for Corporate Social Responsibility (Ethos)
- National Institute of Advanced Studies (Inae)
- Movimento Brasil Competitivo (a public interest non-governmental organization for a more competitive Brazil – MBC)
- Representatives on Retail Distribution Network Associations
- Brazilian Support Service for Micro and Small Business (Sebrae)
- Credit Protection Agency (SPCC)
- Sociedade de Usuários de Informática e Telecomunicações (not-for-profit IT and telecommunication users entity – Sucesu)

GRI G4-15

PRINCIPAL COMPACTS, COMMITMENTS AND INITIATIVES ASSUMED BY BANCO DO BRASIL

- Corporate Charter on Human Rights and Promoting Decent Work, of the Ethos Institute of Companies and Social Responsibility (2012);
- Corporate Compact for Honesty and Against Corruption, of the Ethos Institute of Companies and Social Responsibility with PATRI Government Relations and Public Policies (2012);
- Register of Pro-Ethics Companies of the Federal Comptroller-General's office and the Ethos Institute of Business and Social Responsibility (2012);
- World Water Council (2011);
- Organizational Stakeholder GRI (2011);
- Women's Empowerment Principles (2010);
- Principles for Responsible Investment (2010);
- The CEO Water Mandate (2010);
- EPC Platform – Businesses for Climate (2009);
- The Global Compact – Caring for Climate (2009);
- Brazilian GHG Protocol Program (2008);
- Sustainable Amazon Forum (2008);
- Gender Pro-Equity Seal (2007);
- Global Reporting Initiative (2006);
- Compact Against Slave Labor (2005);
- Equator Principles (2005);
- Carbon Disclosure Project (2005);
- Millennium Objectives (2004);
- Agenda 21 (2004);
- Abrinq Foundation – Empresa Amiga da Criança (2004) (companies that work for the benefit of children and adolescents);
- Global Compact (2003);
- Ibase Social Balance Sheet (1997);
- Green Protocol (1995).

Agenda 21 Accountability

Action	Deadline	Treatment
Challenge 1 To enhance the sustainability governance structure by involving senior management (Board of Directors and the Executive Board) in order to strengthen the bank's commitment to the theme.		See how the bank is dealing with this theme on page 18 .
Negotiate the institutionalization of the periodic report to the Board of Directors regarding the Banco do Brasil's sustainability performance.	December 2013	Action concluded It was established that the annual accountability regarding BB's socioenvironmental performance will be submitted to the Board of Directors at the regular meeting in October.
Challenge 5 To enhance the management of sustainability compacts and commitments assumed.		See how the bank is dealing with this theme on page 30 .
Study the feasibility of BB's participation in the initiative for creating the Integrated Reporting (IIRC) model in which socioenvironmental information is included in the Financial Statements.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Challenge 7 To enhance economic, social and environmental risk management within the supply chain.		See how the bank is dealing with this theme on page 81 .
Review the current questionnaire for classifying suppliers based on socioenvironmental issues.	December 2013	Action concluded The questionnaire was reviewed and is being adjusted in order to capture information about the socioenvironmental processes in which the supply chain engages.
Establish a formal process for identifying socioenvironmental risks within the supply chain, including defining critical suppliers and correspondents according to economic, social and environmental criteria.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Challenge 8 To identify socioenvironmental opportunities within the supply chain that create business benefits for the bank (lower costs/higher revenues/risk mitigation).		See how the bank is dealing with this theme on page 81 .

Action	Deadline	Treatment
Establish a formal process for identifying socioenvironmental risks within the supply chain, including defining critical suppliers and correspondents according to economic, social and environmental criteria.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Challenge 9 To strengthen the bank's role as an agent for advancing sustainable practices in its supply chain.		See how the bank is dealing with this theme on page 81.
Study the possibility of BB adhering to the CDP Supply Chain Initiative.	December 2013	Action concluded The findings of the study were favorable. Other analyses will begin so as to evaluate the procedures required for adhering.
Study the possibility of including a category for recognizing suppliers in the Valores do Brasil (Brazil Values) Award.	December 2013	Action concluded A study was undertaken and it was proposed to create categories within the environmental and social dimensions.
Develop a corporate program for disseminating knowledge and sustainable practices to suppliers.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Challenge 10 To improve the bank's practices on the question of sustainable procurement.		See how the bank is dealing with this theme on page 81.
Develop sustainable procurement practices in accordance with Law No. 8,666/93.	On-Going action	On-Going action Tender processes – whenever applicable and justifiable in the proceedings, so as to preserve the competitive nature of the bidding, pursuant to article 3 of Law No. 8,666/93 and Decree No. 7,746/2012 – now include requisites involving sustainability criteria for goods and services that offer, for example, a lower impact on natural resources (flora, fauna, air, soil and water), that consist of recycled, non-toxic or biodegradable material and which have a longer useful life, among others.
Define procedures for including, whenever possible, in requests for prices referring to purchases where tendering is waived because of the value, companies with good socioenvironmental practices.	December 2013	Action concluded The rules now include items that give preference, whenever possible, to companies that employ good socioenvironmental practices that offer, for example, lower impacts on natural resources (flora, fauna, air, soil and water) and products that made of recycled, non-toxic or biodegradable materials with a longer useful life, among others.
Establish an action plan with the procurement channels so as to increase the percentage of certified paper produced from raw materials subject to the standards of the ECF and/or TCF processes and define targets.	December 2013	Action concluded For all office materials whose raw material is paper (forms, rolls, envelopes, folders, etc.) environmental certification by the Forest Stewardship Council (FSC) or the Brazilian Forestry Certification Program (Cerflor) is required. There is also a requirement that the pulp bleaching process for paper be Elemental Chlorine Free – ECF or Total Chlorine Free – TCF. This rule also applies to the bank's checks and to the materials produced by the bank's Printing Company (including collection slips) which was certified by the FSC in January 2013.
Challenge 15 To enhance and systematize the identification of business opportunities for developing products that meet the demands created by environmental matters (trends/new regulations on the use of natural resources) and climate change (demands for infrastructure financing in order to adapt to climate change).		See how the bank is dealing with this theme on pages 47 and 59.
Adjust/develop innovative products and services with the following assumptions – Wholesale Pillar: BBecoeficiente, innovation and the creation of socioenvironmental value. Examples are: credit lines with socioenvironmental attributes for financing green technologies; carbon credits market; consultancy services; equity products with environmental attributes; prefixed income investments with environmental attributes; environmental and climate change attributes throughout the entire credit and investment process.	On-Going action	On-Going action Various products and services were adjusted/ defined, such as: (i) mandatory use of electronic dossiers in new analyses of operations with Companies (PJ), which avoids the physical printing and sending of the documents; (ii) standardization of drafts, which reduces response times to customers and the consumption of structure; (iii) making available the process flow and document repository tool, so as to optimize document flows in loan transactions; (iv) simplification of the processes for providing on-lending facilities to credit cooperatives (wholesale and retail), which reduces the volume of documents and the time frame for releasing the transaction (by optimizing the analysis of the process).
Adjust/develop innovative products and services with the following assumptions – Government Pillar: BBecoeficiente, innovation and the creation of socioenvironmental value. Examples are: credit lines with socioenvironmental attributes; structured financing/transactions for the solid waste and sanitation sector; carbon credits market; consultancy services; equity products with environmental attributes; fixed income investments with environmental attributes; environmental and climate change attributes throughout the entire credit and investment process.	On-Going action	On-Going action Various products and services were adjusted/ defined, such as: (i) operating in structuring transactions for the states to finance a range of investments with socioenvironmental appeal, including the prevention of natural disasters, highway infrastructure, sanitation/sewage, housing, urban mobility, hospitals and public safety; and (ii) long-term financing using own funds, for public investment in urban mobility, housing, water systems and healthcare.

Action	Deadline	Treatment
Adjust/develop innovative products and services with the following assumptions – Retail Pillar: BBecoeficiente, innovation and the creation of socioenvironmental value. Examples are: real estate financing for purchasing, building/refurbishing sustainable development; credit lines with socioenvironmental attributes to finance green technologies; prefixed income investments with environmental attributes; environmental and climate change attributed throughout the entire credit and investment process.	On-Going action	On-Going action Various products and services were adjusted/defined, such as: (i) launch of the Programa para Construção e Ampliação de Armazéns (PCA, warehouse construction and expansion), a credit line that helped reduce pressure on highway and port infrastructure, consumption of fossil fuels, GHG emissions and wastage when transporting farm produce; (ii) reduction in remittances of printed material in the Car Insurance kit, since the customer now receives the policy and a summarized manual; and (iii) lower interest rates on BB Accessibility Loans (accessibility loans).
Challenge 16 To enhance the management of eco-efficiency indicators (reduction/offset of emissions, energy consumption, paper consumption, use of renewable energy, waste generation and water consumption).		See how the bank is dealing with this theme on page 97.
Monitor and encourage optimal consumption of natural resources (electrical energy, water, paper and toner, among others), and make the information public.	On-Going action	On-Going action Encouraging optimal consumption of natural resources (water, electrical energy, paper and toner) and monitoring them involves using instruments for monitoring and evaluating the premises.
Prepare a feasibility study for implementing BB's solid waste disposal management system.	December 2013	Action concluded A study was carried out into the current situation of solid waste disposal management at the Banco do Brasil (toner cartridges for printers, lamps, batteries, electrical and electronic equipment, selective collection and building work). A need was detected for further study, establishing rules for solid waste disposal and to make it feasible to acquire a system/application for maintaining the bank's Environmental Management System.
Study the feasibility of expanding the installation of alternative electrical energy generation technologies (solar panels, wind energy) when building new branches or refurbishing existing ones.	December 2013	Action concluded According to the study undertaken, it is not economically viable to use solar and wind energy alternatives at the bank, a situation that may change in the future on account of these sources becoming more popular and the consequent reduction in the cost of implementing such projects.
Study and propose ways of offsetting BB's emissions based on investments in the environmental projects undertaken by the FBB (the bank's foundation).	December 2013	Action in progress The deadline for this action was extended until December 2014 while awaiting the outcome of the study commissioned with the FBB – and which is expected to be delivered by the end of the first semester of 2014 – which will enable an evaluation of the capability of the TS Balde Cheio technology to absorb the offset of the bank's greenhouse gas (GHG) emissions.
Enhance the fuel consumption management system (calculation of emissions).	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Develop or procure a Corporate Socioenvironmental Indicator Panel and make it available on the intranet and internet.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Implement the Selective Garbage Collection Sub-Program in Brazilian municipalities where selective collection has been defined and implemented as a public policy and/or where there are collectors' associations/cooperatives.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Extend the reach and reliability of the Scope 3 emissions inventory, in accordance with the directives and sources set out in the Brazilian GHG Protocol Program and which are compatible with the activities in which the financial system engages.	December 2015	Action in progress The accountability statement will be included in BB's 2015 Annual Sustainability Report.
Challenge 20 Better socioenvironmental risk management in financing (except for climate change-related risks).		See how the bank is dealing with this theme on page 23.
Define the training program for the team in charge of identifying, evaluating, controlling, mitigating and monitoring socioenvironmental risk (Financial Support category).	December 2013	Action in progress The deadline for this action was extended until December 2014, given the complexity of the issue. Also under development is a socioenvironmental risk management model that will encompass the systems and processes to be applied to the following risk categories: financial support, administrative practices, participations and socioenvironmental scenarios.
Undertake assessments of the principal socioenvironmental risks involving BB's activities and propose the respective mitigation actions.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.

Action	Deadline	Treatment
Analyze the feasibility of including environmental variables in the econometric modeling of Agriculture Technical Risk Evaluations (RTA) to support the identification and evaluation of socioenvironmental risks in Farming Loans. Suggested characteristics: (i) inclusion of environmental variables in the econometric modelling of RTAs; (ii) integrating a data base from different sources when analyzing financing and the reliability of RTA data; (iii) support for massified credit analysis (Working Capital for Input Purchases) using enquiry services for non-massified analysis (investment), including geo-referenced monitoring of deforestation areas, indigenous tribal lands, conservation units and classification of the socioenvironmental risks.	December 2015	Action in progress The accountability statement will be included in BB's 2015 Annual Report.
Enhance, develop or acquire a model for identifying and evaluating the risks and/or opportunities involving climate change for the principal sectors in which the bank operates, by means of: (i) evaluation of data concerning greenhouse gas emissions by project/asset/business/sector; (ii) assessment of exposure to climate risks at the business/sector level (valuation, costs/future returns); (iii) monitoring and analysis of carbon credit prices; (iv) preparation of climate variation scenarios, such as rainfall and temperature on markets, regions, sectors and businesses, with the support of financial analysis; and (v) the use of updated maps of natural disasters/extreme climatic events for certain regions/sectors for internal consultation purposes.	December 2015	Action in progress The accountability statement will be included in BB's 2015 Annual Report.
Record the behavior of the socioenvironmental risks, so as to ensure the maintenance of exposure to these risks at the established tolerance levels by: (i) defining and implementing models for controlling the level of socioenvironmental liability associated with customers, projects, regions and sectors of the economy; (ii) defining and implementing a system that enables a unified process of collating and storing data resulting from socioenvironmental questionnaires, compliance with covenants and associated losses; and (iii) defining and implementing a system for evaluating assets provided and granted as collateral.	December 2015	Action in progress The accountability statement will be included in BB's 2015 Annual Report.
Challenge 21 Better socioenvironmental risk management in the bank's own investments and those of third parties (except for climate change-related risks).		See how the bank is dealing with this theme on page 23.
Evaluate the need for systems, routines and procedures that make it possible to identify, assess, control and mitigate the socioenvironmental risk present in the bank's financial activities and operations, in addition to monitoring the management process.	December 2013	Action in progress The deadline for this action was extended until December 2014, given the complexity of the issue. Also under development is a socioenvironmental risk management model that will encompass the systems and processes to be applied to the following risk categories: financial support, administrative practices, participations and socioenvironmental scenarios.
Develop an evaluation methodology for the categories of socioenvironmental risk.	December 2013	Action in progress The deadline for this action was extended until December 2014, given the complexity of the issue. Also under development is a socioenvironmental risk management model that will encompass the systems and processes to be applied to the following risk categories: financial support, administrative practices, participations and socioenvironmental scenarios.
Undertake assessments of the principal socioenvironmental risks involving BB's activities and propose the respective mitigation actions.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Record the behavior of the socioenvironmental risks, so as to ensure the maintenance of exposure to these risks at the established tolerance levels by: (i) defining and implementing a model(s) for controlling the level of socioenvironmental liability associated with investment and participations, according to the region, economic sectors and projects; and (ii) establishing a management model for analyzing the socioenvironmental impacts of those activities in which the bank is involved.	December 2015	Action in progress The accountability statement will be included in BB's 2015 Annual Report.
Challenge 22 To enhance the relationship between Private Social Investment and the business strategy.		See how the bank is dealing with this theme on page 85.

Action	Deadline	Treatment
Based on the diagnoses conducted, implement socioenvironmental projects of the Água Brasil Program, so as to create synergy with social technologies and businesses.	On-Going action	On-Going action After evaluating the Água Brasil Program, several projects were developed. In the Urban Environment: (i) a cooperation agreement was signed with the local authorities on Caxias do Sul (RS), to benefit seven associations of collectors of recyclable materials; (ii) organizational and economic assistance was provided to the collectors recyclers/cooperatives that are partners of the Água Brasil program in several cities; (iii) support was provided to create Catapiri (a cooperative in Pirenópolis – GO). In the Rural Environment, FBB social technologies were implemented, such as interventions for access to water in the communities, domestic use cisterns and seed banks.
Develop strategy/initiatives for leveraging sales of socially and environmentally-friendly products that transfer funds to FBB.	On-Going action	On-Going action Several strategies/initiatives were undertaken, including: (i) a banner of the BB Referenciado DI Social 50 fund (which channels 50% of the management fee to FBB) on the Investimentos site, on the Você tab; (ii) highlighting the funds intended for the youth segment, which channel 20% of the management fee to the Água Brasil Program via FBB on the Universitários site; (iii) publication of interviews with Sebastião Salgado and executives of the Cards Directorship (DICAR) and the Sustainable Development Unit (UDS); (iv) announcement and publication on the bank's YouTube channel of the mini documentary on Sebastião Salgado and his career, the actions for salvaging the Atlantic Forest and the Ourocard Origens card; (v) remittance of 5 million enclosures with the invoices to encourage adherence to the card; and (vi) printing and distribution of 500,000 folders at the branches to encourage adherence to the card.
Study and propose, together with the FBB, adjustments to the Social Technology Bank, so as to identify the technologies certified according to the thematic axes of BB's social business (housing, entrepreneurship, higher education, accessibility and family agriculture).	December 2013	Action in progress The deadline for this action was extended to June 2014 for the following reasons: (i) between September and November 2013 there was a change in the Executive Board of the FBB, and the new management is interested in becoming involved in the discussions about the work being done; (ii) the need was identified to better define adherence of the social technologies to the social business, so as to make the most of this opportunity and obtain consistent solutions that can be better applied; (iii) it was agreed that the offer of social technologies for the bank's supplementary actions must take account of several dimensions that need to be better structured, such as means of social mobilization and transfer of social technology, in addition to identifying local needs and potentialities.
Undertake a study to evaluate the possibility of implementing financial education and the concept of usability through the bank's correspondents in Brazil in telecenters/digital stations supported by the FBB.	December 2013	Action concluded With regard to the theme of financial education, FBB revitalized the Financial Education Project for implementation at digital stations and telecenters through interactive courses on CD-ROM, in addition to holding workshops. After internal analyses, no possibility was identified of implementing this using the correspondents of the Mais BB Network. GRI FS16
Reformulate the guidelines regarding the Estágio de Estudante (Student Intern) Program.	December 2013	Action concluded The reformulation involved reviewing the Term of Commitment agreed with the Labor Prosecution Office, which removed the restriction for the year in course on the entry of university-educated interns, reduced the entry age for students on the Program to 16 and increased the scholarship to R\$570.00.
Develop and implement Private Social Investment (ISP) management system designed to: (i) enhance and monitor donations made (products, equipment, services and advertising space); (ii) monetary valuation of the ISP actions according to the following categories: contributions in cash, contributions in time, contributions in kind and administration costs; (iii) categorization of all ISP actions into three main groups: charity donations, community investments and commercial initiatives; (iv) statement of the alignment of the FBB's actions with the strategy of the sponsor, so as to systematize monitoring and reporting to the board members representing the institution on the Board of Curators; and (v) establishing, implementing and monitoring financial impact indicators involving the actions of ISP.	(i) and (ii): December 2013 (iii) and (iv): December 2014 (v): December 2015	Action concluded ahead of time As expected, 2013 saw the development of a system for registering the donations made, as well as the other activities of the bank's ISP; ascertained on an annual basis, allocated a monetary value and categorized as contributions in cash, time or equipment and administrative costs. In addition, BB brought forward the conclusion of the action regarding the Board of Curators: BB's representatives on this forum receive in advance of the deliberations an analysis regarding the alignment of the votes with the Bylaws and Regulations of the FBB and the bank's strategy for the ISP. Additionally, the bank's senior management, as well as the Governance Committee of the Associate Entities and BB's Board of Officers receives quarterly information about the management and performance of the FBB.
Identify opportunities in portfolio of private social investment projects in order to create synergy with the bank's business strategy.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Challenge 29 To maintain and expand the bank's role as a driver of sustainable development through financial inclusion and social businesses (Oriented Productive Micro Credit – MPO, The Student Financing Fund – Fies, Minha Casa Minha Vida (Real Estate Lending) Program – MCMV Program and the BB Accessibility Loans, among others), so as to integrate with programs and public policies, partnerships with the private sector and BB sustainable development strategies (private social investment, volunteer work, digital inclusion and sustainable regional development).		See how the bank is dealing with this theme on page 85 .

Action	Deadline	Treatment
Define the strategy for how BB will operate given the opportunities and actions in social business at the major sporting events (the 2014 World Cup and the 2016 Olympic Games).	December 2013	Action concluded A schedule was defined, as well as the manner in which the bank will participate in the events intended for the target public of the social businesses, including major sporting events such as the World Cup and the Olympic and Paralympic Games, so as to promote the disclosure of the products to its target audience.
Define BB's concept of financial inclusion and establish indicators capable of measuring the performance of the bank's actions, monitoring these and reporting to the senior management.	December 2013	Action concluded The bank aims to adopt the same position as the Central Bank of Brazil (Bacen) with regard to the concept of financial inclusion, with actions dedicated to bankarization in order to meet the needs of the population with this profile and to contribute to improving their quality of life in a sustainable manner.
Develop and approve a methodology for a territorial overview that enables public policies, private partnerships and sustainable development practices to work together.	December 2013	Action concluded Approval was given for a New Sustainable Development Performance Model (NMADS), which suggests an integrated approach by BB based on taking advantage of business opportunities. These are identified by monitoring the initiatives being undertaken by BB's partners in areas where the branches operate.
Develop a guidance solution for customers who are the target audience of the social businesses, so as to support the closing of profitable deals that generate social and environmental value.	December 2013	Action concluded A solution was developed that provides guidance to employees and the target audience about undertaking profitable and socially responsible deals: (i) in the case of in-house customers, a social business hot site was created and the Social and Financial Business app was developed; (ii) in the case of external customers, a calendar was drawn up, as well as the manner in which the bank will participate in events intended for the target audience of the social businesses, including major sporting events (World Cup, Olympic and Paralympic Games) and specialist fairs, seminars and conferences.
Develop a line of micro insurance to be offered to the target audience of the social businesses (storm, flood, cell phone and unemployment insurance, etc.).	December 2013	Action concluded Launch of the first micro insurance product of Banco do Brasil. Microseguro Proteção Pessoal (Personal Protection Micro Insurance) is classified in the segment created by the National Superintendence for Private Insurance (SUSEP) intended for customers with income of up to R\$3,000.00, and provides cover for accidental death and guaranteed reimbursement of the funeral expenses of the policyholder, in addition to specific items covered. New micro insurance projects are under development by the insurance group of Banco do Brasil and Mapfre, and are under analysis by the regulator, so that they will be available to the public in 2014.
Develop a methodology for transmitting to the in-house public the importance of BB's role in sustainable development.	December 2013	Action concluded An Integrated Communication Plan (PCI) was developed, and will come on stream within one year, including a six-monthly report to be submitted to the Communication Committee showing the internal communication actions implemented, with enhancement and annual review up to 2018.
Develop a program for the bank to operate within the National Policy on Solid Waste (PNRS).	December 2013	Action concluded Actions were implemented to strengthen BB's image of closing profitable business that generates social and environmental value, such as: (i) the proposed structuring of BB's role within the PNRS along specific axes; (ii) building a workflow for BB within the PNRS together with the FBB; (iii) participation in events; (iv) re-publication of 2,000 copies of the leaflets about solid waste management; (v) approval of two projects for support via the Besc Club for the DS Business Plans in the recycling chain, using non-reimbursable funds; (vi) support via partnership with the National Economic and Social Development Bank (BNDES)/Social Fund for the DS Business Plans in the recycling chain using non-reimbursable funds.
Implement the PLANTE – Territorial Plan for supplementary actions in the Minha Casa Minha Vida (Real Estate Lending) Program (MCMV).	December 2013	Action concluded The NMADS approved includes the Action Plan in DS (PADS) tool that enables BB to work together with public policies and private partnerships, with due regard for the areas in which the branches operate.
Conclude the pilot project for replicating the Sustainable Regional Development methodology abroad (Bolivia, Chile and Paraguay) and to use it as the feasibility benchmark for implementation in other countries.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Review the Volunteer Program, so as to connect it to the DS actions under development by BB.	December 2014	Action in progress The accountability statement will be included in BB's 2014 Annual Report.
Implement the territorial overview methodology.	December 2015	Action in progress The accountability statement will be included in BB's 2015 Annual Report.



Sustainable Performance

IN SEARCH OF SUSTAINABLE RESULTS, THE BANK IS DRIVING GOOD PRACTICES WITHIN ITS CHAIN AND VALUES EXCELLENCE IN ITS RELATIONSHIPS

GRI G4-FS15

In line with its strategy of generating sustainable results, Banco do Brasil (BB) is channeling its efforts towards business efficiency and productivity, excellence in relationships and the conscientious use of natural resources. This chapter introduces the bank's assumptions, initiatives and results on each of these fronts. This transparency strengthens the institution's commitment to its shareholders, employees, customers, suppliers and civil society and the market in general.

The first part of this chapter covers the bank's consolidated performance and the highlights of each line of business. This section highlights products with a socioenvironmental bias and a series of charts and tables facilitates the analysis of how the results have evolved over the last three years. This scope also contains the bank's intangible assets.

After that, the relationship with each stakeholder is described, including the assumptions and engagement strategies, the initiatives segmented for each stakeholder group and the achievements for the year. Lastly, the bank's environmental performance is presented, both by reporting the actions within the Água Brasil Program, and the accountability report concerning environmental indicator management.

The bank's attitude as a driver of good practices and its commitment to Brazil's development require a combination of these three aspects: economic, social and environmental. Read below about how this attitude is translated into business relationships and initiatives.

ECONOMIC AND FINANCIAL

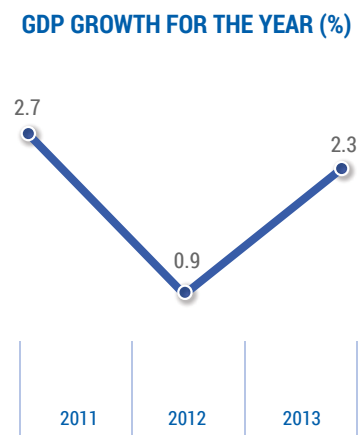
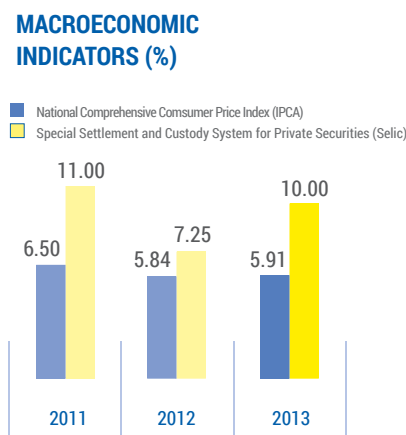
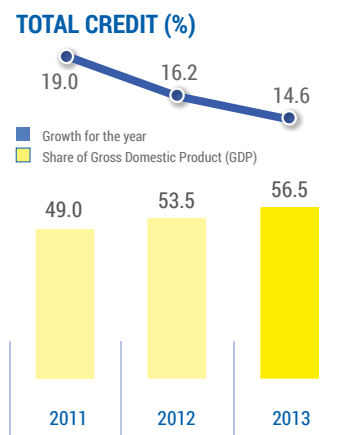
SCENARIO

In 2013, the international scenario was notably better than in 2012, with signs that the United States economy was rebounding, as well as the initial effects of the expansionist policies adopted by Japan. On the other hand, the European zone, still in recession, and the slowdown in China were fundamental in reducing the dynamism of the world economy. This still somewhat adverse international scenario had a negative influence on Brazil's exports, doubly affected by lower external demand and by lower prices for exported goods.

On the other hand, strong aggregate demand was boosted by real gains in earnings, social mobility (ascension of people between social classes), the creation of new formal job opportunities and maintenance of historically low levels of unemployment. Furthermore, 2013 was characterized as an important year of progress in the infrastructure investment program, in the form of auctions for granting public service concessions to the private sector.

THE BANK HAD RECORD RESULTS IN 2013 AND SUCCESSFULLY GREW ITS LOAN PORTFOLIO WITHOUT SACRIFICING QUALITY

Against this backdrop, the public banks ratified their role as engines of economic growth, as they foster consumption, production and, above all, investments. With strict regard for the principles of risk management, it was possible to increase the volume of loans while delinquency rates abated. The main challenge for the financial sector was in adapting to lower levels of banking spreads than the average in recent years, as well as more modest economic growth.



CONSOLIDATED PERFORMANCE

Net Income and Return on Shareholders' Equity (ROE) | The bank had a record performance among Brazilian financial institutions, with net income of R\$15.8 billion in 2013. This performance is the result of the growth in business and strict control of expenses. An additional contribution to the result was the IPO of BB Seguridade during the second quarter of last year. Stripping out the one-off items for the period, the bank's adjusted net income was R\$10.4 billion. The institution's result represented an ROE of 22.9% and an adjusted ROE of 15.0%.

Statement of Income for the Year (DRE) with Re-allocations – Main Lines (R\$ million)	2011	2012	2013	13/12 Variance (%)
Revenue from Financial Intermediation	102,849	104,525	113,997	9.1
Credit Transactions + Leasing	65,101	69,835	74,593	6.8
Income from Securities Transactions (TVM)	30,849	27,982	30,315	8.3
Expenses with Financial Intermediation	(62,019)	(58,796)	(67,584)	14.9
Net Interest Income	40,830	45,729	46,413	1.5
Provision for Doubtful Debts	(11,827)	(14,651)	(15,600)	6.5
Net Financial Margin	29,003	31,078	30,813	(0.9)
Fee Income	18,242	21,071	23,301	10.6
Income from Insurance, Pension Plan and Savings Bond Business	2,265	2,349	3,230	37.5
Contribution Margin	45,429	50,315	52,875	5.1
Administrative Expenses	(24,752)	(28,194)	(30,222)	7.2
Personnel Expenses	(13,943)	(15,777)	(17,124)	8.5
Other Administrative Expenses	(10,809)	(12,417)	(13,098)	5.5
Trading Result	20,461	21,854	22,291	2.0
Civil Law Claims	(135)	(813)	(459)	(43.6)
Labor Law Claims	(724)	(726)	(1,025)	41.2
Other Components of the Result	(687)	(2,539)	(4,264)	68.0
Pre-Tax Earnings	18,970	17,883	16,712	(6.5)
Income and Social Contribution Taxes	(5,388)	(4,455)	(3,954)	(11.3)
Statutory Profit Sharing	(1,737)	(1,745)	(1,565)	(10.3)
Adjusted Net Income	11,751	11,528	10,353	(10.2)

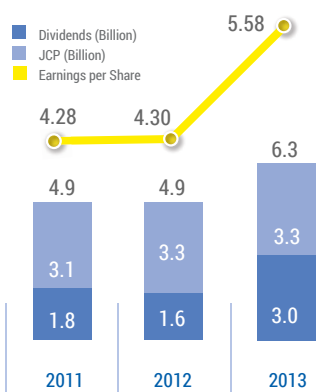
**THE BANK'S NET INCOME IN 2013 AMOUNTED TO
R\$15.8 BILLION, EQUIVALENT TO A RETURN ON
SHAREHOLDERS' EQUITY OF 22.9%**

One-Off Items (R\$ million)	2011	2012	2013	13/12 Variance (%)
Adjusted Net Income	11,751	11,528	10,353	(10.2)
(+) One-off Items	375	678	5,405	697.2
Divestments of Equity Interests	169	-	-	-
Economic Plans	(103)	(968)	(683)	(29.4)
Tax Efficiency	386	244	142	(41.8)
Additional Allowances for Loan Losses (ALL) – Reversal	-	699	(229)	(132.8)
ALL Banco Votorantim – Exceptional	-	-	(166)	-
Property Divestments	-	1,103	-	-
Provision for Voluntary Reconciliation Commission (CCV)	-	-	(186)	-
Reconciliation of Legal Claims	-	-	303	-
Divestment of BB Seguridade Shares	-	-	9,820	-
Expenses with Divestments of BB Seguridade Shares	-	-	(172)	-
Divestment of Itapebi Shares	-	-	188	-
Fiscal Reduction Program (Refis) 2013	-	-	587	-
Exceptional Provision for Contingent Claims	-	-	(404)	-
Fiscal Effects and Statutory Profit Sharing (PLR) on One-Off Items	(78)	(401)	(3,796)	846.6
Net Income	12,126	12,205	15,758	29.1

Shareholder remuneration | The bank's earnings per share were R\$5.58 in 2013. Having maintained the practice of paying out 40% do net income, R\$6.3 billion were channeled to remunerating its shareholders during the year, R\$3.3 billion as Interest on Own Capital (JCP) and R\$3.0 billion as dividends.

Balance Sheet Items | The total assets of Banco do Brasil exceeded R\$1.3 trillion for the year, growth of 13.5% in relation to 2012. Loans, securities (TVM) and short-term interbank investment transactions represented 76.3% of the total. With regard to liabilities, the highlight was commercial funding, which accounted for 46.6% of the total.

SHAREHOLDER REMUNERATION



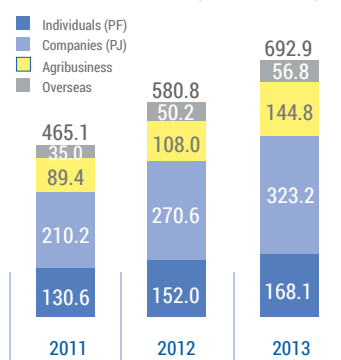
Main Balance Sheet Items (R\$ million)	2011	2012	2013	13/12 Variance (%)
Total Assets	981,230	1,149,308	1,303,915	13.5
Loan Portfolio – Broad Concept ⁽¹⁾	465,092	580,799	692,915	19.3
Loan Portfolio – Broad Concept – Brazil ⁽¹⁾	430,116	530,556	636,124	19.9
Securities	168,230	184,357	201,939	9.5
Interbank Investments	166,288	219,323	231,132	5.4
Funding ⁽²⁾	450,480	515,714	607,215	17.7
Total Deposits	442,386	472,085	491,013	4.0
Demand Deposits	62,016	74,760	75,818	1.4
Savings Deposits	100,110	117,744	140,728	19.5
Interbank Deposits	14,450	16,569	27,155	63.9
Time Deposits	265,809	263,013	247,311	(6.0)
Court Deposits	77,667	86,346	100,100	15.9
Agribusiness Letters of Credit (LCA) + Mortgage Bonds (LCI)	7,431	34,075	82,640	142.5
Private Securities Repo Transactions	664	9,554	33,562	251.3
Open Market Funding	195,175	225,787	239,465	6.1
Shareholders' Equity	58,416	61,499	72,225	17.4

(1) Includes private securities and sureties provided.

(2) Includes total deposits, LCAs, LCIs and private securities repo transactions.

Loan Portfolio and Delinquency | The bank's loan portfolio – broad concept amounted to R\$692.9 billion at the end of 2013, up by 19.3% in relation to 2012. Worthy of note was the 34.1% increase in agribusiness transactions, especially because of more attractive interest rates on investment transactions and the higher demand from large companies in the agribusiness chain. In line with the strategy of quality growth of the loan portfolio, transactions with an AA-C risk rating accounted for 95.0% of the total, with delinquency under control, at a much lower rate than that of the Brazilian Banking Industry (SFN).

BREAKDOWN OF THE LOAN PORTFOLIO BROAD CONCEPT (R\$ BILLION) ⁽¹⁾



(1) Includes securities and sureties given.

MARKET SHARE (BB) (%) ⁽¹⁾



(1) Market share of the rated loan portfolio in Brazil.

INAD +90 OF THE RATED LOAN PORTFOLIO (%)



Net Interest Income (NII) | NII stood at R\$46.4 billion in 2013, growth of 1.5% in the year-on-year comparison. The lower-than-expected performance of this indicator was the result of the growth of the loan portfolio in lower risk items, in addition to higher funding costs on account of the balance of 17.7% in commercial funding and the increase in the average Selic rate (TMS) during the period.

Breakdown of NII (R\$ million)	2012	2013
Net Interest Income	45,729	46,413
Financial Revenues from Loan Transactions ⁽¹⁾	65,171	69,997
Funding Expenses ^{(1) (3)}	(30,496)	(32,518)
Institutional Funding Expenses ^{(2) (3)}	(4,917)	(6,058)
Recovery of Written-off	3,748	3,430
Treasury	11,777	11,094
Others ⁽³⁾	447	468

(1) Does not take into account the effect of exchange rate variation.

(2) Includes expenses with funding raised with institutional investors: senior debt instruments, subordinated debt and Hybrid Capital and Debt Instruments (IHCD) in Brazil and abroad.

(3) In 2013, the funds provisioned by the bank for mandatory allocation to credit transactions linked to government financing programs, such as Fundo de Financiamento para Aquisição de Máquinas e Equipamentos Industriais (FINAME), the National Economic and Social Development Bank (BNDES) and the Fundo Constitucional de Financiamento do Centro-Oeste (FCO) (constitutionally mandated financing for the Mid-West region), were reallocated from Others line to the Funding Expenses and Institutional Funding Expenses line, depending on the source of the financing.

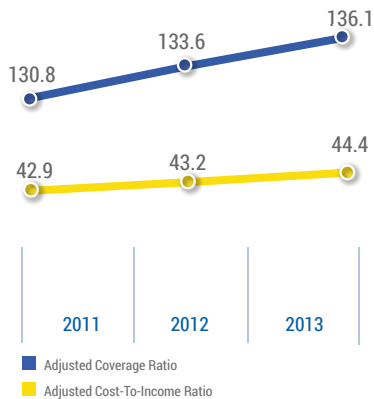
Fee Income | With growth of 10.6% for the year, fee income amounted to R\$23.3 billion, with a special mention for the 20.1% increase in card transactions, driven by the higher volume and higher average ticket of the transactions. The increased offer of credit and a strong performance in insurance, cards and asset management and capital markets has contributed to diversify fee income.

Fee Income (R\$ million)	2011	2012	2013	13/12 Variance (%)
Fee Income	18,242	21,071	23,301	10.6
Credit/Debit Cards	3,926	4,739	5,689	20.1
Checking Accounts	4,077	4,356	4,120	(5.4)
Funds Management	3,197	3,582	4,025	12.4
Credit Transactions	1,822	2,141	2,458	14.8
Collections	1,241	1,316	14,111	7.2
Insurance, Pension Plans and Savings Bonds ⁽¹⁾	499	988	1,199	21.4
Taxes, Levies, etc.	725	832	891	7.2
Interbank Fee Income	640	697	726	4.1
Capital Markets	350	454	560	23.5
Others	1,764	1,967	2,222	13.0

(1) Alteration to the make-up of income from insurance, pension plans and savings bonds, resulting from the creation of BB Seguridade.

Efficiency and productivity | Banco do Brasil is constantly striving to improve its operating efficiency and productivity, while keeping a tight lid on its costs. In 2013, its administrative expenses amounted to R\$30.2 billion, up by 7.2% over the previous year. This variance can be explained primarily by higher personnel expenses, up by 8.5%, referring to salary increases and growth in the structure of commissioned employees. However, the coverage ratio, which expresses the ratio of fee income to personnel expenses, rose from 133.6 in 2012 to 136.1 in 2013. The performance of the cost-to-income ratio (operating revenues/administrative expenses) was especially affected by the NII result.

PRODUCTIVITY INDICATORS



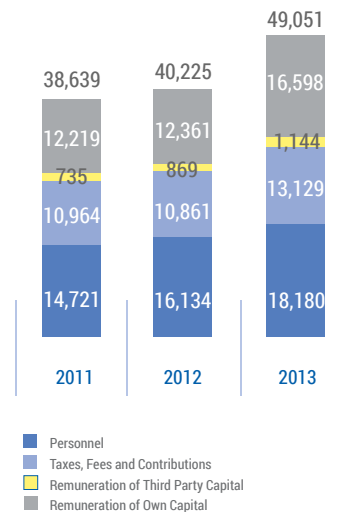
THE MAIN CHANGES IN THE BANK'S STATEMENT OF ADDED VALUE (DVA) IN 2013 AROSE FROM THE 29.1% GROWTH IN NET INCOME FOR THE YEAR

Basel | In December 2013, the BIS Ratio III of Banco do Brasil stood at 14.5% and the Tier I Capital Ratio (Tier I CR), 10.5% – 8.2% Core Capital Ratio (CCR). All these indicators meet or exceed the minimum regulatory limits. The bank's Regulatory Capital stood at R\$118.2 billion in the same period.

Statement of Added Value (DVA) | The main variances in the DVA in the year-on-year comparison arose from the growth of 29.1% in net income for the period.

- Personnel: increase in the amount distributed to the employees as statutory profit sharing;
- Taxes, fees and contributions: growth of 41.3% in income/social contribution taxes, proportional to the increase in gross profit;
- Remuneration of own capital: increase in the amount of shareholder remuneration on account of having maintained the payout policy of 40% of net income;
- Remuneration of third-party capital: higher expenses with rents, on account of having divested bank property.

DVA (R\$ MILLION) GRI 64-EC1



Guidance

Guidance (%)			
Indicators	Estimates for 2013	2013 Actual	Estimates for 2014
Adjusted ROASE ⁽¹⁾	14-17	15.0	12-15
NII	2-5	1.5	3-7
Funding ⁽²⁾	12-16	17.7	14-18
Loan Portfolio – Broad Concept – Brazil ⁽³⁾	17-21	19.9	14-18
Individuals	14-18	10.6	12-16
Companies	18-22	19.5	14-18
Agribusiness	24-28	34.1	18-22
ALL ⁽⁴⁾	2.7-3.0	2.8	2.7-3.1
Fee Income	10-14	10.6	9-12
Administrative Expenses	5-8	7.2	5-8

(1) The calculation of the Adjusted ROASE for 2013 and 2014 takes into account the estimated adjusted shareholders' equity net of the effects of restated actuarial assets and liabilities arising from Deliberation 695 of the Brazilian Securities Commission.

(2) Includes total deposits, LCAs, LCIs and private securities repo transactions.

(3) Includes private securities and sureties.

(4) Expenses with ALL in the past 12 months/average rated loan portfolio for the same period.

The estimates for 2014 were prepared taking into account the following assumptions:

Assumptions influenced by the management:

1. Enhancing the profitability of the customer base as a means of boosting revenues;
2. Maintaining the current business model without taking into account new acquisitions and/or strategic alliances that might be entered into to explore specific segments;
3. Aligning the cost structure with the growth in business volume;
4. Adjustments to supplier contracts and collective bargaining agreements, in line with market practice.

Assumptions beyond the control of the management:

1. A return to world growth;
2. Normalization of the monetary conditions in the developed countries, especially in the United States;

3. Domestic political environment with no institutional rupture;
4. Maintenance of Brazil's status as investment grade;
5. Preservation of the current macroeconomic policy architecture: floating exchange rate, inflation targets and fiscal rectitude.
6. The infrastructure concessions program is contributing to a gradual increase in the investment rate in Brazil from a medium and long-term perspective;
7. Gradual increase in the growth potential of the Brazilian economy in the medium and long-term perspective;
8. Maintaining the average unemployment rate at historically low levels;
9. Continuity of the social inclusion and income distribution process, but at a slower pace than that observed in the recent past;
10. Continuity of the movement towards internationalization by Brazilian companies;
11. Regulatory stability, including with regard to tax rates levied on the bank's activities, as well as labor and social security legislation.

CHALLENGE 15 |

To enhance and systematize the identification of business opportunities for developing products that meet the demands created by environmental matters (trends/new regulations on the use of natural resources) and climate change (demands for infrastructure financing in order to adapt to climate change). See how BB is facing up to this challenge on [page 34](#).

ANALYSIS BY BUSINESS SEGMENT

Credit

GRI G4-FS1 | G4-FS2 | G4-FS3

The process for analyzing the granting of loans at Banco do Brasil involves massified and personalized analyses of customers, for whom maximum exposure risks and limits are established, which are calculated using in-house methodologies approved by the Board of Officers. In the case of massified analyses, BB's credit system used robust risk analysis parameters by evaluating the information concerning customers and transactions. In the personalized analyses, the teams take a critical approach to economic and financial variables, data about the customer's behavior, the size and segment of the activity and market characteristics. It should be stressed that there are specific methodologies for individuals, rural producers, public entities, not-for-profit entities and other (small, mid-size and large) businesses, whose parameters are defined in accordance with best market practices and the new Basel rules.

The bank does not engage with or take credit risk on customers that do not comply with current legislation or which submit their employees to degrading types of work or conditions analogous to slavery, as established in the Credit Policy and in the prohibitions when analyzing credit transactions. In 2013, BB included in its credit instruments a clause referring to human rights, which applied to 92.8% of all contracts signed, a significant increase in relation to 2012, when the figure was 2.9%. In accordance with the regulations in Interministerial Ordinance MTE/SDH No. 2/2011, the Ministry of Labor and Employment (MTE) updates and discloses, on a six-monthly basis, to BB, among other bodies, the Register of Employees listing those companies whose employees have been submitted to conditions analogous to slavery. The bank may also request additional information or copies of documents dealing with the inspection process that gave rise to the employer's inclusion on the register.

Social Businesses

GRI G4-EC8 | G4-S01 | G4-FS4 | G4-FS10 | G4-FS15

Banco do Brasil operates in social businesses to foster and support economically profitable initiatives that seek solutions for social problems, using market mechanisms for the purpose of resolving socioeconomic inequalities in a sustainable manner, so as to guarantee income, productive inclusion and access to public services. Examples of these business include financing under the Minha Casa Minha Vida (Real Estate Lending – PMCMV), The Student Financing Fund (Fies), Family Agriculture Development Program (Pronaf), Oriented Productive Microcredit (MPO) and the BB Accessibility Loan programs. They all play an important role in promoting public policies and are aligned with the mission of advancing the sustainable development of Brazil (the results can be seen on [pages 50](#), [52](#) and [55](#)).



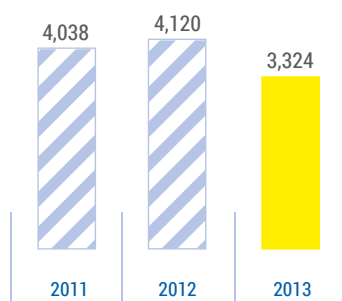
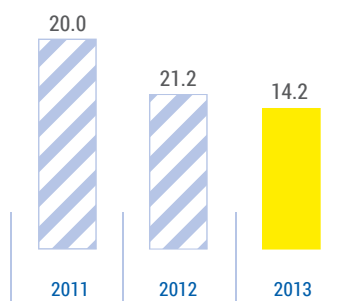
**THE BUSINESS STRATEGY
OF SUSTAINABLE REGIONAL
DEVELOPMENT COMPLETED
ITS TENTH YEAR IN 2013
AND IS NOW UNDER REVIEW**

From a local point of view, in order to identify and develop vocations in communities throughout Brazil, the bank has adopted the Business Strategy for Sustainable Regional Development, a specific process for local engagement by stakeholders through the bank's branch network, which uses social businesses as the vehicle for tying the structuring of manufacturing activity to the generation of jobs, income and social well-being, as well as environmental concerns.

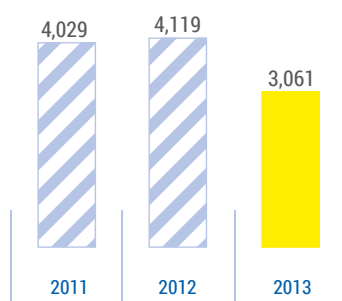
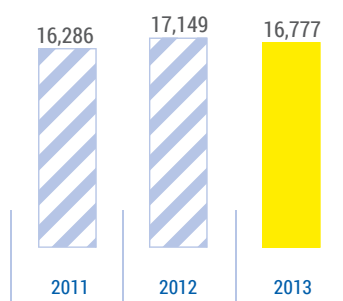
This strategy seeks to drive sustainable development in areas where BB operates, by mobilizing economic, social and political players, while supporting economically viable, socially fair and environmentally correct activities, with due regard at all times for cultural diversity. The participative and constructive principle of the Sustainable Regional Development methodology is the reason for its success, as it brings together a variety of players, including private institutions, associations, cooperatives, governments, universities, religious entities and non-governmental organizations (NGOs), among others, around a single agenda. The local

stakeholder engagement process results in partnerships for managing each Business Plan, and includes a structured and collective process that takes into account the planning, coordination and monitoring phases.

In 2013, the strategy completed its tenth year and the model is now under review in order to enhance the practices, maintain the quality and effectiveness of the actions, while incorporating new modus operandi that have appeared and which have been acknowledged as best practices over the last decade. For this reason, many actions are being restructured and the base of the plans is being revised. Currently, 3,324 municipalities are served by the Sustainable Regional Development Strategy, with 4,031 branches approved and 3,061 Business Plans being implemented. To support the effective implementation of the business plans, Banco do Brasil has developed and runs a specific course for training its employees. Currently some 16,777 of BB's employees throughout Brazil are trained to apply the methodology and to draw up the respective business plans.

MUNICIPALITIES SERVED**SUSTAINABLE REGIONAL DEVELOPMENT INVESTMENTS WITH NON-REIMBURSABLE RESOURCES (R\$ MILLION)**

THE MODEL FOR SUSTAINABLE REGIONAL DEVELOPMENT WAS DEPLOYED AT THE OVERSEAS BRANCHES DURING THE YEAR

ON-GOING BUSINESS PLANS**EMPLOYEES WHO HAVE TAKEN A SUSTAINABLE DEVELOPMENT COURSE**

MANY ACTIONS WITHIN THIS STRATEGY ARE BEING RESTRUCTURED AND THE BASE OF THE PLANS IS BEING REVISED

From an international standpoint, and based on the review of the Sustainable Regional Development Strategy, in 2013 Banco do Brasil crossed borders to disclose sustainable development, by deploying its operating model at the overseas branches, which, given their peculiarities, lack capillarity and the ability to work with micro credit and agribusiness lines, or to offer non-reimbursable resources.

Thus the bank presented its strategy to businesses, entities and the public sector in Bolivia, Chile and Paraguay, so as to operate in partnerships. It trained employees of the overseas network via videoconferencing, and

sought out projects that had strong local partners. The case with the highest profile was in Bolivia, in the Santa Cruz region, where BB created a partnership with the company Gas TransBoliviano (GTB) so as to set up a workshop on financial health, intended for HIV-positive women benefiting from the social investment by GTB. The initiative had a positive impact in the country, leading to additional requests to set up the project in other communities. Similarly, in Chile BB is working with groups of recyclable material collectors, and in Paraguay, the expectation is to create a school that offers digital inclusion courses.

Individual Loans

The individuals loan portfolio – broad concept amounted to R\$168.1 billion at the end of 2013, with growth of 10.6%, the highlights being the payroll and mortgage segments. Excluding Banco Votorantim and the acquired portfolios, that is, taking into account the organic portfolio only, growth was 16.2% in relation to 2012.

Payroll loans continue to take the largest share of this portfolio, with 36.9% of the total. With the strategy of qualifying the customer base and the focus on lower risk lines, these transactions grew by 5.8% during the year, enabling the bank to maintain its leadership position in this segment, with a market share of 27.9%. In the case of mortgage loans to individuals, the balance at the end of the year was R\$18.2 billion, up by 78.0% in 12 months. Within the scope of the Fies program, the 500,000-contract mark was exceeded.

Individuals Loan Portfolio Broad Concept (R\$ million)	2011	2012	2013
Direct Consumer Credit (CDC)	72,298	81,629	85,491
Auto Loans	31,329	35,887	35,500
Credit Cards	13,193	15,888	19,814
Mortgages	6,035	10,202	18,158
Overdraft Accounts	2,554	2,459	2,451
Micro Credit	848	931	865
Others	4,304	4,871	5,465
Private Securities and Sureties	28	142	323
Total	130,589	152,011	168,069

Products with a Socioenvironmental Bias	Total Portfolio in 2013 (R\$ thousand)	Number of Transactions Closed in 2013
BB Accessibility Loan Personal loans for financing goods and services for persons with disabilities, based on Provisional Measure No. 550/2011.	73,201	11,687
The Student Financing Fund (Fies) Student loans to finance undergraduate courses for students in no condition to meet the costs of their education, in line with the government's public policy of democratizing access to quality education.	10,311,496	270,653
Fundo de Amparo ao Trabalhador (FAT) Taxista Auto loans for individuals where fuel used is from renewable sources. This facility uses funds from the Fundo de Amparo ao Trabalhador (Workers' Assistance Fund, or FAT) and leads to the creation of jobs and income.	194,749	4,289
Programa Minha Casa Minha Vida (Real Estate Lending Program – PMCMV) ⁽¹⁾ Covers financing for developments that meet requisites such as the inclusion of the elderly and those with special needs; environmental protection rules and attitudes, such as the use of equipment and solutions; compliance with recommendations when executing projects; and the fostering of discussions and dissemination among their members of knowledge about how to re-use materials, rational use of natural resources, alternative low-cost methods for heating water/degradable construction materials/other risks arising from the failure to protect the environment and other pertinent matters.	3,940,972	42,727
BB Microcrédito Desenvolvimento Regional Sustentável A credit facility intended for urban entrepreneurs that benefit from Sustainable Regional Development Business Plans intended to meet the financial needs of micro entrepreneurs.	79,156	2,478
BB Microcrédito Empreendedor PF Loans to individual for working capital or investment intended to meet the financial needs of small enterprises, in line with the National MPO Program.	628,657	886,919

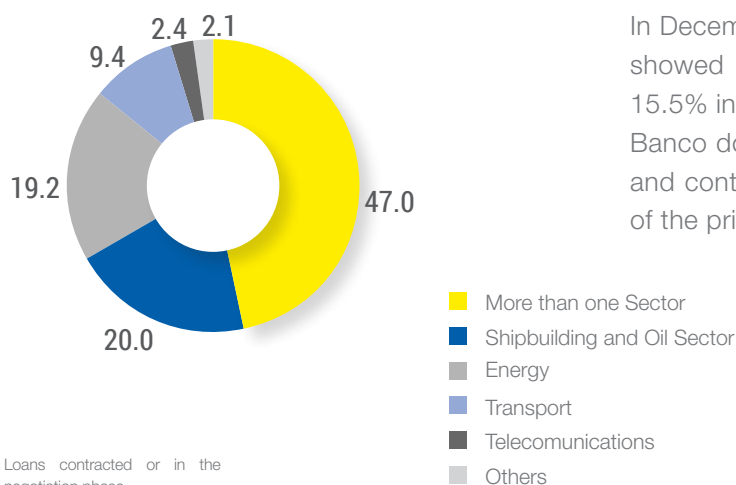
(1) In the Individuals segment, 42,519 transactions were closed, resulting in a portfolio of R\$3,185,252,000. In the business segment, there were 208 transactions, with R\$755,720,000 at the end of 2013.

Business Loans

The 19.5% growth in the business loan portfolio in the year-on-year comparison, with a total balance of R\$323.2 billion, was the result of more working capital and investment transactions. These lines were influenced in a positive manner by the high volume of transactions closed with businesses in the corporate and large corporate segments. Also worthy of note are the transactions with private securities and sureties, with a balance of R\$61.7 billion in December 2013, growth of 26.4% in 12 months. These transactions are closed with large businesses and carry a historically low risk.

BB consolidated its position as one of Brazil's most important financiers of investment loans. In 2013 it analyzed major projects in the fields of energy, shipbuilding, oil and transport, resulting in R\$54.0 billion in transactions already closed or in the pipeline. The main on-lending facilities are BNDES/FINAME, Pronaf, Investimento Agropecuário (agricultural investment), FCO (constitutionally mandated funding for the Mid-West region), Fundo da Marinha Mercante (FMM – financing for the Merchant Navy) and Proger (Programs for Creating Jobs and Income).

FINANCING FOR INFRASTRUCTURE PROJECTS IN 2013 ⁽¹⁾ (%)



At the end of December 2013, the bank had 2.3 million customers in the Micro and Small Enterprise (MPE) segment, remaining the principal partner for businesses of this nature, with a loan transactions balance of R\$99.9 billion, an increase of 12.3% in 12 months. BB made extensive use of the Operations Guarantee Fund (FGO) in order to facilitate access to loans for companies in this segment, which mitigated the risk of the transactions, while reducing the cost to the end-borrower.

In 2013, the bank bolstered its support for entrepreneurship by launching the Empreendedor site (www.bb.com.br/empreendedor), which showcases solutions in products and services. It also supported Local Production Arrangements (APL) by channeling R\$3.8 billion credit transactions to businesses comprising APLs. In the MPO program, the bank's performance mirrors the Brazilian government's Crescer Program, having accumulated disbursements of R\$2.4 billion working capital and investment loan transactions at the end of the year.

The bank's performance in the credit cooperative segment was also boosted in 2013, with a series of initiatives coordinated by the bank's team of specialists, including the expansion of the credit facility portfolio. Using funds within the scope of the Pronaf program, BB was able to increase its funding to cooperatives of family farmers.

In December, the Wholesale customer loan portfolio showed a balance of R\$143.1 billion, growth of 15.5% in comparison with the same period of 2012. Banco do Brasil operates in structured transactions and contributed R\$24.1 billion of the R\$43.6 billion of the principal transaction during the year.

Business Loan Portfolio Broad Concept (R\$ million)	2011	2012	2013
Working Capital	84,804	118,511	138,337
Investment	37,863	44,650	56,380
Receivables	17,968	20,288	18,970
Credit Cards	7,290	11,439	13,719
ACC/ACE (pre- and post-shipment export finance)	9,688	11,224	11,922
BNDES Exim	4,876	4,152	3,543
Mortgages	1,596	2,653	5,907
Overdraft Accounts	2,878	2,906	3,714
Overdraft Accounts	163	172	239
Others	4,163	5,778	8,838
Private Securities and Sureties ⁽¹⁾	38,877	48,800	61,677
Total	210,166	270,574	323,247

(1) Historical series revised following reclassification of transactions involving securities of the Businesses portfolio in Brazil to the external portfolio.

Products with a Socioenvironmental Bias	Total Portfolio in 2013 (R\$ thousand)	Number of Transactions Closed in 2013
BB Microcrédito Empreendedor PJ Loans to businesses for working capital or investment intended to meet the financial needs of small enterprises, in line with the National MPO Program, directly at the location where the economic activity is carried on, with the aim of providing guidance and monitoring the business.	964,324	1,006,577
BB Giro Rápido Pre-Approved credit facility to meet the working capital needs of micro and small businesses. The line includes two types of credit – overdraft accounts and fixed revolving credits that add social value by providing micro and small enterprises with marketing differentials. The product offers advantages, such as a simplified credit approval process, while the transactions are covered by the guarantee of the FGO, which facilitates access to credit.	5,083,820	106,515
BB Giro APL A working capital facility intended for micro and small enterprises associated with APLs. BB Giro APL transactions can be taken out with the guarantee of the FGO, which facilitates access to credit for micro and small businesses, since the presentation of guarantees represents one of the principal barriers when taking out loans, in addition to the possibility of lower financial charges.	40,180	689
FAT Turismo Working capital and investment credit facilities intended to support micro and small businesses in order to expand business opportunities and generate jobs and income on account of the 2014 FIFA World Cup and the 2013 Confederations Cup.	499,099	2,928
Proger Financing intended for micro and small businesses for investment projects, with or without an underlying working capital loan, enabling the creation or maintenance of jobs and income in urban areas, so as to ensure the sustainable development of micro and small business aligned with the Proger Urbano program.	3,386,708	17,234



**ASPECTS SUCH AS THE RISKS
INHERENT TO THE BUSINESS,
SOCIOENVIRONMENTAL
RESPONSIBILITY AND THE
CAPACITY TO GENERATE JOBS
AND INCOME ARE TAKEN INTO
ACCOUNT IN LENDING TO THE
AGRIBUSINESS SECTOR**

Agribusiness

GRI G4-FS1 | G4-FS2 | G4-FS3

Banco do Brasil is one of the principal drivers of agribusiness development in Brazil, adhering to the criteria established for maintaining socioenvironmental sustainability. By operating in different segments, from small producers to large agroindustrial businesses, the bank finances working capital for the purchase of inputs for the production and sale of farm products, in addition to encouraging rural investments such as warehousing, processing and transformation of farm produce and the modernization of farm machinery and implements.

With regard to the agribusiness credit policy, besides the risks inherent to the business consideration is also given to aspects involving socioenvironmental responsibility and the ability to generate jobs and income. This policy is approved by the Board of Directors (CA) and circulated to the internal audience through Corporate Normative Instructions.

Measures have also been taken that exceed legal requirements, so as to draw producers' attention to the need for environmental rectitude and the opportunities

that this situation can represent for Brazilian agribusiness. Currently, when granting rural credit, BB requests to see the environmental permit for the activity, the grant of water use rights and, within the Amazon Biome, proof that the property meets the environmental requirements. The credit instrument carries a penalty clause that permits pending tranches to be suspended and early retirement of the financing in the event of illegal deforestation on the property.

In addition, attention is paid to the Ecological and Economic Zoning (ZEE) and Agro-Ecological Zoning (ZAE) arrangements that indicate aspects such as economic opportunities, environmental fragilities, occupation trends and the agro-economic suitability per crop. In the case of transactions using FCO funds, there is a contractual clause that obligates the borrower to comply with federal, state and local legislation regarding environmental conservation, so that they abide by the technical and legal criteria for preserving gallery forest, hill tops and slopes, soil and water use, pest stewardship, the protection of springs, flora and fauna, as well as other environmental conservation considerations.

Fulfilling its role as an agent of public policies, the bank has set up a Technical Cooperation Agreement with the Ministry of the Environment to strengthen and encourage the Rural Environmental Register (CAR). The bank has an agreement with the Department of Strategic Affairs of the Presidency of the Republic to undertake studies into rural credit and insurance. BB is also a member of the Sustainable Animal Husbandry Working Group (GTPS), an organization created by representatives of the various segments comprising the cattle raising value chain in Brazil.

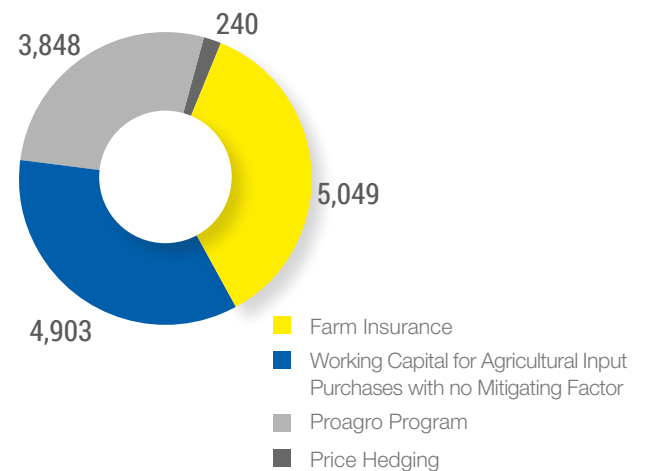
Banco do Brasil encourages the use of sustainable farming techniques that contribute to improving income, reduce greenhouse gas (GHG) emissions and conserve natural resources. It was a pioneer in getting the Low Carbon Farming Program (Programa ABC) off the ground, so as to finance sustainable agricultural production systems that have an acknowledged capacity to reduce/sequester GHG emissions and foster the production of vegetation/biomass and foodstuffs, while preserving the environment. According to data from the Ministry of Agriculture, Cattle Farming and Supply, the bank is the leader in providing financing within the scope of the ABC Program. This unquestionable leadership is the result of several actions involving the training of technicians, process automation and the commitment of BB's employees to disclosing this. **GRI G4-EC2**

Since the 2006/2007 crop, Banco do Brasil has encouraged taking out protection against climatic uncertainties when granting working capital loans for the purchase of farm inputs (see diagram). With every new crop, the strategy is being disclosed and perfected, including the massified offer of options beginning with the 2009/2010 crop. Mitigation mechanisms take into account a variety of information about the transactions sought by customers, such as customer risk, the crop to be financed and the location of the financing.

The agribusiness portfolio in the broad concept, which includes Rural Protocol Bills (CPR) and guarantees, showed growth of 34.1% in 12 months and amounted to R\$144.8 billion, representing 20.9% of BB's total loan portfolio. The main reasons behind this growth are the more attractive interest rates in investment transactions, which has raised the demand for credit and transactions with large businesses in the agribusiness chain. Transactions closed with these companies have a historically low level of risk, reflecting BB's strategy of growing the volumes within a quality loan portfolio. According to data from the National Rural Credit System (SNCR), BB had a market share of 66.1% in this segment in December 2013.

The highlights were the balance within the Pronaf program, which rose by 19.5% for the year, and the Pronamp Program, which supports mid-size farmers, with growth of 41.7% in the same period. When providing rural and agroindustrial credit lines, BB uses 79.4% of own funds (primarily demand deposits, rural savings and LCA), in addition to on-lending funds from the BNDES, such as the FAT and the FCO Programs and the Funcafé (a fund that supports coffee farming).

DISTRIBUTION OF THE MITIGATING FACTORS IN WORKING CAPITAL FOR AGRICULTURAL INPUT PURCHASES FOR THE 2013/2014 CROP ⁽¹⁾ (R\$ MILLION)



(1) Covers the period from July to December.

The prospects for 2014 for most farming activities remain favorable. To hold on to its leadership position in serving Brazil's farmers, BB is increasingly seeking specialization in customer service by launching new products and financing mechanisms, expanding its business in the production chains and increasing the volumes of loans and the number of producers served. For the 2013/2014 crop, the expectation is to disburse R\$70 billion in rural credit transactions, an increase of 14% over the amount disbursed for the 2012/2013 crop (R\$61.5 billion) – R\$13.2 billion for family agriculture and R\$56.8 billion for large-scale farmers and rural cooperatives. An additional R\$25 billion will be allocated to the industry through the PCA Program (a program for the construction and expansion of warehousing) over the next 5 years.

Agribusiness Loan Portfolio Broad Concept (R\$ million)	2011	2012	2013
Pronaf	20,067	24,229	28,941
Agribusiness Working Capital for Input Purchases	18,538	22,296	26,684
Farm Produce Trade and Industry	21,459	21,771	34,653
Pronamp	7,133	11,850	16,791
FCO Rural	6,700	7,905	9,118
BNDES/Finame Rural	5,322	5,804	8,248
Others	9,438	13,129	19,666
Rural Produce Bills and Sureties	703	988	708
Total	89,361	107,971	144,809

GRI G4-FS7 | G4-FS8

Products with a Socioenvironmental Bias	Total Portfolio in 2013 (R\$ thousand)	Number of Transactions Closed in 2013
Programa ABC The primary objectives are to reduce GHG emissions from farming activity and deforestation, and to encourage the recuperation of degraded areas.	2,134,729	10,210
Pronaf Aims to make farmers and their family members more professional, modernize the production system and recognizing the value of the family farmer. It provides support to farming and non-farming activities where the direct labor force is the rural producer's own family members.	31,794,706	2,100,846
Pronaf Florestal Aims to support investments in projects that meet the requirements defined by the Department of Family Agriculture/Ministry of Agrarian Development (MDA) for: agroforestry systems; ecologically sustainable extractivist exploitation; stewardship and forestry stewardship, including project implementation and maintenance costs; and the enhancement of areas that already have a diversified forest cover by planting one or more species native to the biome.	53,885	1,848
Pronaf Agroecologia A credit facility intended for farmers eligible for the Pronaf program, for investments involving specific agro-ecological or organic product system projects, including the project implementation and maintenance costs.	2,392	186
Pronaf Eco – Dendê/Seringueira Credit facilities for farmers eligible for the Pronaf program, for investments in establishing palm oil or rubber plantations, providing working capital for purchasing inputs associated with maintaining the crops.	3,452	140

Products with a Socioenvironmental Bias	Total Portfolio in 2013 (R\$ thousand)	Number of Transactions Closed in 2013
Pronaf Eco A facility intended for farmers eligible for the Pronaf program who want to implement, utilize, recover or adopt: renewable energy and/or environmental technologies, water storage, small hydroelectric power systems, silviculture or conservationist practices involving soil acidity correction and fertility.	63,421	4,336
Moderagro A fixed credit facility intended for farming investments using BNDES funds. It fosters actions involving animal welfare and the implementation of systems for tracing animals intended for human consumption. The program supports soil recovery, in addition to fostering sectors that produce, process, transform and store products from beekeeping, aquaculture, aviculture, chinchilla breeding, rabbit breeding, floriculture, fruit growing, horticulture, fishing, sheep and goat breeding, dairy cattle, frog breeding, silk worm breeding and pig breeding.	226,501	893

Socioenvironmental aspects in credit

GRI G4-EC2 | G4-S02 | G4-FS1 | G4-FS2 | G4-FS3 | G4-FS9

As a signatory to the Equator Principles, Banco do Brasil adopts the standards of the International Finance Corporation (IFC) in credit risk analysis when granting finance for large-scale projects – where capital costs exceed US\$10 million. This strategy aims to ensure that the financing facilities contribute to social development in a responsible manner, as well as the use of best environmental management practices when executing the projects.

Projects that request financing from BB are evaluated and inserted in a socioenvironmental risk matrix, that identifies the relevant impacts and risks and the measures taken by the management. Category A and B projects are aligned with the performance standards of the IFC and the specific EHS (environment, health and safety) directives for the sector as a condition for releasing the tranches of the financing, including an action plan showing the preventive, mitigation and offset measures. Both the evaluation documents and the action plan must be periodically reviewed and monitored by independent environmental consultants in all category A projects and in those category B projects with higher socioenvironmental risks and impacts, and submitted on a quarterly or semi-annual basis to the financing agents.

Based on the Equator Principles, in 2013 projects were analyzed in the fields of electrical energy generation and transmission, the shipbuilding industry, mining, the multi-purpose arenas built for the 2014 World Cup and civil construction. Worthy of note is the support for two small stream course hydroelectric power plants (smaller flooded area), with an installed potential of 21 MW and 25 MW, located in the State of Mato Grosso, in a region far removed from populations or inhabitants. The projects did not involve resettling families and there were no indigenous lands in the area of direct influence. There was also support for the multi-purpose arenas in the cities of São Paulo (SP) and Porto Alegre (RS), with capacity for over 40,000 spectators. Besides the impacts in the construction phase (dust, noise and the generation of solid waste, etc.), an evaluation was done of the risks and the mitigating actions regarding the increased movement of vehicles and noise pollution, as well as other local impacts.

The bank also adopts its own socioenvironmental criteria when analyzing risk, credit limits and investment projects, since it conditions the financing to compliance with environmental legislation. These procedures apply to businesses with current or projected net operating revenue exceeding R\$50 million, and investment projects where the funding contracted equals or exceeds R\$2.5 million.

Project Finance

	Number of projects analyzed and contracted	Total investment (R\$ million)	Bank's actual participation (R\$ million)
Categorization ⁽¹⁾ of the Project Finance			
A	1	500	500
B	6	1,843	876
C	1	86	71
Business sector of the Project Finance deals analyzed			
Sports arenas	2	938	442
Real estate developments	1	86	71
Energy generation/transmission	3	752	384
Shipbuilding	1	500	500
Mining	1	154	51
Location (region) of the Project Finance deals analyzed			
Mid-west	3	752	384
North	1	154	51
Northeast	1	500	500
South	1	400	130
Southeast	2	624	383
Total	8	2,430	1,447

(1) Based on the Equator Principles (A – high socioenvironmental impact; B – medium; C – low/minimal).

For projects analyzed with significant socioenvironmental risks, especially those classified under the Equator Principles, BB requires from the customer a socioenvironmental evaluation and action plan for mitigating the risks and impacts identified, and may decide not to release the funds.

SOCIOENVIRONMENTAL DIRECTIVES FOR CREDIT **GRI G4-FS5 | G4-FS6**

In November 2013, Banco do Brasil undertook the Stakeholders Panel for evaluating the Sustainability Directives of the Banco do Brasil for Credit – Oil & Gas and Transport. The initiative is related to the Risk Mitigation axis of the Água Brasil Program and fulfills the commitments given in BB's Agenda 21. The directives are available at www.bb.com.br/sustentabilidade (Gestão da Sustentabilidade > O que nos orienta).

Previous editions | Using this process BB has already defined the directives for the themes of Agribusiness, Electrical Energy, Civil Construction and Mining.

In-House involvement | The presentation to the panel takes place following consolidation of a draft document by means of in-house discussions involving the departments involved in granting credit, with the technical support of the WWF Brasil, BB's partner in the Água Brasil Program.

Engagement of external stakeholders | The purpose of sharing this document on the panel – with customers, employees, sustainability specialists and representatives of civil society and government – is to receive contributions for subsequent publication of the directives.

Trade Finance

BB maintained its leadership in export and import exchange, with volumes of US\$65.1 billion and US\$48.7 billion and market shares of 26.6% and 21.9%, respectively. Export transactions – Advances on Foreign Exchange Contracts (ACC)/Foreign Exchange Deliveries (ACE) – were a striking of US\$11.8 billion in the period, with a market share of 30.8%. In the case of on-lending of funds from government programs, disbursements under the Export Finance Program (PROEX) totaled US\$448.1 million while BNDES Exim amounted to US\$1.4 billion.

In the financial foreign exchange market, BB reached US\$36.8 billion and US\$44.9 billion in purchase and sale transactions, respectively. On-line foreign exchange and foreign trade services via the internet accounted for 67.4% of export exchange and 48.7% of import exchange contracts. BB also offers training services in international business. In 2013, 9,978 people took the

training in Brazil, an increase of 15.3% over the same period of the previous year.

During the year, 1,041,600 documents were analyzed under a cooperation agreement between the Banco do Brasil and the Ministry of Development, Industry and Foreign Trade in order to facilitate import, export and drawback transactions for businesses throughout the length and breadth of Brazil.

Funding

Funding taken by Banco do Brasil amounted to R\$607.2 billion in December 2013, growth of 17.7% during the year. The highlight was the growth in Agribusiness Letters of Credit (LCA) and Repurchase Agreements with Private Securities, to the detriment of time deposits, which reflects the strategy of altering BB's funding mix in order to reduce its costs. The balance of foreign borrowing stood at US\$51.2 billion, an increase of 13.7% in relation to December of the previous year.

Funding (R\$ million)	2012	2013
Time Deposits	263,013	247,311
Savings Deposits	177,744	140,728
Agribusiness Letters of Credit	34,005	79,154
Demand Deposits	74,760	75,818
Interbank Deposits	16,569	27,155
Repurchase Agreements with Private Securities	9,554	33,562
Mortgage Bonds	70	3,487
Total	515,714	607,215

**LEADER IN EXPORT AND IMPORT EXCHANGE,
THE BANK ALSO PLAYS AN IMPORTANT ROLE IN
ON-LENDING FOR BRAZIL'S FOREIGN TRADE VIA
GOVERNMENT PROGRAMS**

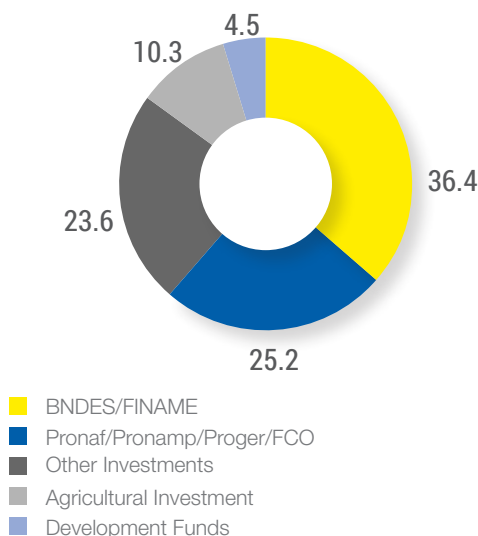
Administration and Funding of Government Programs

As financial agent for the Brazilian Treasury, Banco do Brasil provides services involving financial administration, receipt of funds in the Federal Government's sole account and the transfer of funds to other entities of the Federation. The highlights of its operations with other entities include the social businesses (covered in the item on Credit, [page 47](#)), funding and programs for investment in specific areas, tax collection, on-lending of funds and payment of salaries, scholarships, benefits and restitutions, enabling the government's funds to reach the ultimate beneficiary, its citizens.

Worthy of a special mention in the partnership with the Federal Government in 2013 is the significant number of students that benefited from the Fies program, in addition to those who were awarded scholarships under the Ciência sem Fronteiras program in multicurrency cards exclusive to the program.

BB has been expanding its role as a partner in financing infrastructure investment programs. In 2013 the bank formalized credit transactions totaling R\$15.3 billion to finance infrastructure, tourism, healthcare, education and security initiatives, as well as for the purchase of machinery and equipment and improvements in public management.

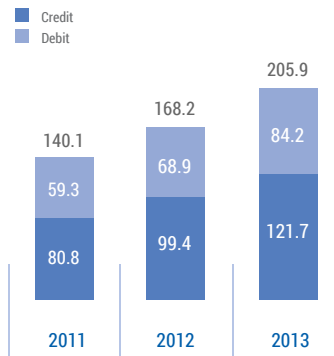
SHARE OF ON-LENDING BY DISBURSEMENT IN 2013 (%)



Cards

In line with its business diversification strategy, Banco do Brasil has expanded its role in the electronic payment methods segment – notably in the cards market – which has enabled it to achieve a better operating performance, better operating efficiency and lower risks than in credit transactions. At R\$205.9 billion, the bank's card business revenues continue to show consistent growth (+22.4% in relation to 2012). This took the bank's market share to 24.3% in 2013, against 23.2% the previous year, according to data from the Brazilian Association of Credit Cards and Services Companies (Abecs).

CARD REVENUES (R\$ BILLION)



CHALLENGE 15 |

To enhance and systematize the identification of business opportunities for developing products that meet the demands created by environmental matters (trends/new regulations on the use of natural resources) and climate change (demands for infrastructure financing in order to adapt to climate change). See how BB is facing up to this challenge on [page 34](#).

24.9%GROWTH IN THE
CARDS PORTFOLIO**31.5%**OF BUSINESS
CLOSED BY
COMPANIES**35.9%**OF AGRIBUSINESS
TRANSACTIONS CLOSED
USING CARDS**54.7%**GROWTH IN DISBURSEMENTS
UNDER BB CREDIÁRIO
(INSTALLMENT PLAN PROGRAMS),
CREDIT LINES TO INDIVIDUALS
ACCESSED BY USING THEIR CARDS

The Banco do Brasil cards with the Elo label had a turnover of R\$13.2 billion in 2013, an increase of 2,572.5% in relation to 2012. This growth was strengthened by expanding the portfolio during the year, following the launch of the Empresarial Elo (corporate card) and the BNDES Elo cards. One of the highlights among the new products during the year was the Ourocard Conta de Pagamentos, a pre-paid card intended for beneficiaries of financial resources who are not account holders with

the bank, thereby advancing the process of expanding the use of cards as an instrument of financial inclusion.

BB believes that the prospects for growth in the cards market remain good in the medium term, driven primarily by the possibility of reducing the volume of paper money in circulation, access by the emerging classes to card products and the possibility of more extensive use of cards in the business segment.

GRI G4-FS7 | G4-FS8

Products with a Socioenvironmental Bias	Number of Cards Issued in 2013	Growth (%)
Ourocard Empreendedor A specific credit card to meet the needs of Individual Micro Entrepreneurs (MEI), exempt from annual fees, for the purpose of leveraging credit in this segment and facilitating access to banking services and the movement of financial resources.	15,858	47.3
Ourocard Origens Reciclado The first card produced from recycled plastic of Banco do Brasil. With each card requested, the customer donates R\$5.00 to the Instituto Terra, which fosters the recovery and sustainable stewardship of the Atlantic forest; they also agree to the automatic rounding up of the invoice value and contribute to the planting of 1 to 400 trees needed to sustain the recovery of 1 water source.	8,847	51.3
Cartão de Pagamento da Defesa Civil (CPDC) Card intended for payment of expenses involving rescues, helping victims and reestablishing essential services, used exclusively in emergency situations or states of public calamity and recognized by the National Department of Civil Defense.	2,467	252.9
Arredondamento de Fatura Ourocard holders who sign up for this service will have the value of their invoices rounded up to the next whole amount, with the corresponding difference in cents donated to a not-for-profit BB partner institution. Donations are currently intended solely for Instituto Terra, which promotes reforestation of deforested areas of the Atlantic forest and is currently responsible for having recovered over 40 million square meters.	37,413 signed up for the service in 2013	38.2

BB SEGURIDADE SUBSIDIARIES MARKET SHARE

Brasilprev

Took 1st place in the ranking of gross contributions (Plano Gerador de Benefício Livre – PGBL (income tax-deductible private pension plans), Vida Gerador de Benefício Livre – VGBL (supplementary pension plans) and Traditional products), with an accumulated market share of 31.24% up to November, against 25.85% in the same period of 2012.

Grupo Segurador

BB Mapfre

Retained 1st place in the SUSEP ranking of premiums issued (except healthcare), with a 16.96% market share in November 2013.

Brasilcap

Consolidated its market leadership position with 31.64% of the total funds raised via savings bonds in November 2013, some 8 percentage points ahead of the second-placed competitor, with growth of 56.78% in this period against 23.84% for the market.

Insurance, Pension Plans

and Savings Bonds **GRI G4-13**

The incorporation of BB Seguridade, the holding company for insurance, open supplementary pensions, savings bonds and alike was concluded in April 2013. For the year, BB Seguridade showed net income of R\$2.5 billion, equivalent to a ROE of 39.3%. According to the Statistics System of the National Superintendence for Private Insurance (SUSEP), BB Seguridade retained its leadership of the sector (taking into account insurance – except life insurance –, pensions and savings bonds) with a market share of 24.3% in November 2013. Furthermore, the company grew by 29.5% in the period, exceeding the 13.2% reported by the market as a whole.

Two important developments in the first half of 2013 expanded the presence of BB Seguridade. In May, it acquired a 20.5% equity stake in reinsurance company IRB Brasil RE, thus becoming a member of controlling block in terms of governance. In June, an Association Agreement was signed with Odontoprev S.A. and Odontoprev Serviços Ltda. to create Brasidental Operadora de Planos Odontológicos, responsible for developing, advertising and commercializing dental care plans under the brand BB Dental, exclusively within the bank's channels throughout the country. The partnership with Odontoprev had already been approved by the supervisory and control bodies. Having constituted Brasidental, authorization is now expected from the National Supplementary Healthcare Agency (ANS) in order to begin operations.

BB Seguridade intends to exploit partnerships, alliances and new acquisitions in the quest to expand the offer of products, enhance its technological structure and retain its leadership position in the Brazilian market. The prospects for the years ahead include:

- Higher penetration of insurance products within BB's customer base;
- Initial sales of dental care insurance;
- Conclusion of the creation of a model for distributing healthcare insurance within BB's service network;
- Raising the profile of BB Seguridade on the global capital markets by launching Level 1 American Depositary Receipts (ADRs) on the US over-the-counter (OTC) market.

GRI G4-FS7 | G4-FS8

Products with a Socioenvironmental Bias	Invoicing in 2013 (R\$ thousand)	Share of Total Portfolio Invoicing in 2013 (%)
Life Insurance		
Ouro Vida: transfers to Fundação Banco do Brasil (FBB) 50% of its stipulation revenues for allocation to that entity's social programs.	528,558	19.7
Ouro Vida Empresa (group life insurance): transfers to FBB 100% of its stipulation revenues for allocation to that entity's social programs.	3,469	0.1
BB Seguro Vida Mulher (women's life insurance): transfers to FBB 50% of its stipulation revenues for allocation to that entity's social programs.	222,366	8.3
Ouro Vida Grupo Especial (special group life insurance): transfers to the Federation of AABB (FENABB) 2.19% of stipulation revenues.	617,320	23.0
Personalizado (personalized insurance): transfers the stipulation percentage to the FENABB.	126,255	4.7
BB Microseguro Proteção Pessoal (personal protection micro insurance): popular product intended for lower income customers, guaranteeing reimbursement of the funeral expenses in the event of death of the policyholder, their spouse and their children.	54	0.0
Property Insurance		
BB Seguro Floresta ABC (forest insurance): indemnifies the risks inherent to forests financed by the Programa Agricultura de Baixo Carbono (Programa ABC – Low Carbon Agriculture Program).	1,560	0.3
BB Proteção: transfers to the FENABB 2% of stipulation revenues.	46,168	7.1
Ouro Residencial (home insurance): transfers to FBB 100% of its stipulation revenues for allocation to that entity's social programs.	128,197	21.2
Ouro Máquinas (plant and equipment insurance): transfers to FBB 100% of its stipulation revenues for allocation to that entity's social programs.	13,023	2.2
Ouro Empresarial (business insurance): transfers to FBB 100% of its stipulation revenues for allocation to that entity's social programs.	150,662	24.9
Savings Bonds		
Ourocard Torcida Pagamento Único (single installment savings bond): transfers to FBB 0.5% of the total funds raised from payments by savers, in favor of BB Educar program.	4,005,992	63.9
Ourocard Torcida Pagamento Mensal (monthly installment savings bond): transfers to FBB 0.5% of the total funds raised from payments by savers of the second and third installments, in favor of BB Educar program.	357,479	5.7
Ourocap Estilo Prêmio (PU 36S) (premium prize draw savings bond): transfers to FBB 0.5% of the total funds raised from payments by savers, in favor of water resource projects.	11,288	0.2
Ourocap Estilo Flex (PP 93E) (flexible prize draw savings bond): transfers to FBB 0.5% of the total funds raised from payments by savers, in favor of water resource projects.	64,351	1.0
Ourocap Estilo Prêmio Cartão de Crédito (PU 36G) (savings bond payable by credit card): transfers to FBB 0.5% of the total funds raised from payments by savers, in favor of water resource projects.	124	0.0
Ourocap Multichance (PM 48M) (prize draw savings bond): transfers to FBB 0.5% of the total funds raised from payments by savers of the second and third installments, in favor of youth and adult literacy programs (BB Educar).	23,326	0.4
Ourocap 200 Anos TAA e BB (PP 60D) (prize draw savings bond): transfers to FBB 0.5% of the total funds raised in favor of youth and adult literacy programs (BB Educar).	60	0.0
Ourocap 200 Anos Espelho Cartão Crédito (PP 60B) (prize draw savings bond): transfers to FBB 0.5% of the total funds raised in favor of youth and adult literacy programs (BB Educar).	14	0.0
Ourocap 200 Anos (PM -PP 60M) (prize draw savings bond): transfers to FBB 0.5% of the total funds raised from payments by savers of the second and third installments, in favor of youth and adult literacy programs (BB Educar).	34,516	0.6
Ourocap 200 anos (PM -PP 60C) (prize draw savings bond): transfers to FBB 0.5% of the total funds raised from payments by savers of the second and third installments, in favor of youth and adult literacy projects (BB Educar).	6,667	0.1
Ourocap 200 Anos Cartão (PP 60A) (prize draw savings bond): transfers to FBB 0.5% of the total funds raised from payments by savers of the second and third installments, in favor of youth and adult literacy projects (BB Educar).	256	0.0

Asset Management **GRI G4-FS11**

BB Gestão de Recursos DTVM S.A. (asset management and securities distribution), a full subsidiary of BB, institutes, organizes, administers and manages funds, portfolios and investment clubs. According to the ranking of asset managers of the Brazilian Association of Financial and Capital Markets Entities (Anbima), BB DTVM ended the year 2013 with R\$493.7 billion assets under management (+11.2% for the year) and a market share of 20.9%.

Of this total, R\$413.7 million are subject to some form of socioenvironmental screening. These analyses are not legally imposed and refer exclusively to third-party funds, since BB DTVM proprietary funds, in accordance with the Proprietary Trading Investment Policy, are allocated as a matter of priority to repo transactions with the Banco do Brasil's Treasury.

BB DTVM has developed its own methodology for evaluating company shares, by which it incorporates into a long-term strategy a criterion for selecting sustainable assets, based on the pillars of economic and financial performance, corporate governance and environmental and social aspects. The evaluation and

its results, in the form of a ranking, are made available to the managers so that they can decide whether or not to purchase assets. BB DTVM is currently developing a similar methodology for analyzing corporate debt, which is expected to be concluded in the first semester of 2014.

During the year, BB DTVM launched 93 exclusive, multiple unit holder funds for the Governmental, Closed Supplementary Pension Entity (EFPC), both private and public, Open Supplementary Pension Entity (EAPC), Proprietary Pension Fund Regime (RPPS), Retail Private and Labor Fund segments. In addition, it proceeded to incorporate a further 33 funds into its portfolio. BB DTVM also formalized partnerships with global fund management companies, with the aim of making overseas investments accessible to Brazilian institutional and qualified investors. Lastly, the migration of the controllership and processing services, settlement and custody of funds and managed portfolios to Banco do Brasil enabled it to focus more on management and administration, thus ensuring greater competitiveness in the light of the new demands and challenges of the investment funds industry.

GRI G4-FS7 | G4-FS8

Products with a Socioenvironmental Bias	Net Equity in 2013 (R\$ million)	Profitability in 2013 (%)
BB Referenciado DI Social 50 (linked to the interbank CD rate): transfers 50% of the management fee to FBB to benefit social projects.	48	5.3
BB Ações ISE Jovem FIC (tracks corporate sustainability index-linked shares): transfers 20% of the management fee to FBB in support of initiatives under the Água Brasil Program. The portfolio of the Corporate Sustainability Index (ISE) consists of shares of companies with extensive corporate responsibility proposals that take into account aspects of good governance, economic efficiency, environmental equilibrium and social justice.	18	0.5
BB Multimercado Balanceado LP Jovem FIC (long-term fixed income/equity fund): transfers 20% of the management fee to FBB in support of initiatives under the Água Brasil Program.	1	2.7
BB Multimercado Global Acqua LP Private FI: invests part of its portfolio in Brazilian and global companies whose manufacturing processes provides for the treatment or improvement of water.	392	11.7
BB Ações Carbono Sustent. FIA (sustainable carbon equities fund): tracks the Carbon Efficient Index (ICO2) created by the BNDES and by the BM&FBovespa, consisting of shares of companies comprising the IBrX-50 index, which adopt transparent practices with regard to their GHG emissions.	8	(5.9)
BB Carbono Opção Venda FIA (sustainable carbon equities fund with put option): tracks the Carbon Efficient Index (ICO2) created by the BNDES and by the BM&FBovespa, consisting of shares of companies comprising the Brasil 50 (IBrX-50) Index, which adopt transparent practices with regard to their GHG emissions.	5	(5.6)

Products with a Socioenvironmental Bias	Net Equity in 2013 (R\$ million)	Profitability in 2013 (%)
BB Previdenciário Ações Governança (governance-related public sector pension equities fund): fund intended for the in-house pension funds instituted by the Federal Government, the States and the Municipalities, it tracks the BM&FBovespa Corporate Governance Index (IGC), consisting of companies acknowledged for good corporate governance practices whose shares are traded at corporate governance levels I and II on the Novo Mercado segment.	251	(2.3)
FIP Brasil de Governança Corporativa (corporate governance-linked equity interest fund): structuring of funds intended for acquiring equity interests in companies that could move up to be global corporate governance (pre-IPO) companies, with sound management essentials and open to enhancing their corporate government practices in addition to applying the concepts of self-sustainability and sufficiently developed to manage conflicts and deal with socioenvironmental issues.	418	(28.8)
Brasil Sustentabilidade FIP (carbon credits-linked equity interest fund): structuring of funds intended to purchase equity interests in companies whose activities are associated with projects that have the potential to generate carbon credits, by incorporating sustainability principles in their investment decisions.	137	(0.8)
Brasil Agribusiness FIP (agribusiness-linked equity interest fund): structuring of funds intended for purchasing equity interests in Brazilian companies in which solid value fundamentals have been identified and which might benefit from capital injections with the aim of taking them public. The focus of the fund's investments will include the entire agribusiness production chain, from the supply of inputs, to processing and distribution.	312	(2.1)
Fundo Brasil de Internacionalização Empresas FIP (equity interest fund linked to the internationalization of Brazilian companies): structuring of funds intended for purchasing equity interests in mid-size Brazilian companies already engaged in foreign trade or which have the potential to internationalize themselves.	254	(13.5)
Brasil Portos e Ativos Logísticos FIP (logistics and ports-linked equity interest fund): structuring of funds intended for purchasing businesses in a range of logistics sectors, including: port assets, retro ports, storage facilities, distribution centers and cargo handling and transportation assets.	94	(2.1)
FIP Fundo Brasil Óleo e Gás: structuring of funds intended for purchasing businesses and/or projects involved in the oil and gas production chain, especially service providers and manufacturers of capital goods.	7	(41.2)

Capital Markets and Treasury

Banco do Brasil is present in the capital market through its full subsidiaries in Brazil and overseas. Together, the companies of the BB Conglomerate provide the link between Brazilian issuers and domestic and foreign market investors. Its portfolio includes services involving market research, structuring and distribution of transactions, settlement and custody of assets, as well as products and services for individuals and businesses.

In December 2013, BB Banco de Investimento (BB-BI) held 1st place in the Anbima Consolidated Domestic Market ranking, with 25.6% of the market, participating in 131 transactions during the year, representing growth of 59.8% in relation to 2012. BB-BI lead managed transactions amounting to R\$5 billion. In addition to its traditional role in the Credit Rights Investment Fund (FDIC) and Certificate of Real Estate Receivables (CRI) markets, BB-BI debuted in 2013 in the agribusiness receivables securitization segment, participating in two securities issues.

In the equities market, BB-BI lead managed 5 public offerings totaling R\$14.7 billion, taking it once again to the top of the ranking organized by Anbima for this segment (Equities Distribution), with a market share of 16.5%. Worthy of note is the participation of BB-BI in the principal forums of the securitization and real estate funds market, in addition to meeting the Conglomerate's demand for relationships with customers in the large corporate, corporate, business and private segments of BB.

In the international capital markets the bank, through its overseas brokerage houses (located in London, New York and Singapore), participated in 22 of the 45 foreign borrowing transactions closed by businesses, banks and the Brazilian government, in every case as lead manager, having attained 1st position in the 2103 Anbima ranking of Foreign Bond Issues.



BB INCREASED ITS RELATIVE SHARE IN THE VOLUME OF BOND ISSUES, AS WELL AS ITS ROLE AS CO-MANAGER IN ISSUANCES BY FOREIGN ISSUERS

Of the total of approximately US\$38.4 billion issued during the year (against US\$49.6 billion in 2012), BB participated in around US\$23.0 billion (against US\$26.1 billion in the same period), which means it increased its relative share in the volume of securities issued in this market, from 52.6% to 59.9%. BB's participation in the role of co-manager in foreign bond issue transactions, also grew significantly in relation to 2012, with 30 bond issues totaling US\$33.1 billion.

PRINCIPAL CAPITAL MARKET TRANSACTIONS

BB-BI | The third issuance of debentures by Cemig Distribuição S.A., amounting to R\$2.160 billion, was the debenture offering carried out under CVM Instruction 400, the highest volume of funds raised from the market in 2013 | The raising of R\$450 million in infrastructure debentures by Autoban, the highways concessionaire controlled by CCR, attracted 2,500 individual investors, taking advantage of the tax benefits granted by Law No. 12,431/11.

BB Securities | The issue of US\$11.0 billion by Petrobras broke a series of records, including the largest issue by an emerging market company and one of the five largest US dollar-denominated transactions on the international capital markets. | The CHF 275,0-million issue, with a tenor of five and a half years, by Banco do Brasil was the bank's first public issue denominated in Swiss francs. It made the headlines for being the largest transaction ever by a Brazilian issuer on the Swiss market and the largest by a Latin American bank.

Other Products/Services with Socioenvironmental Features

GRI G4-FS7 | G4-FS8

Products with a Socioenvironmental Bias	Total Portfolio in 2013 (R\$ thousand)	Number of Transactions Closed in 2013
BNDES Governo: a credit line intended for the states and the Federal District for investment in public works, equipment and facilities, aiming to deliver social benefits to the population affected by the initiatives.	1,180,682	2
Provias: a credit facility intended for municipalities, for the acquisition of machinery and equipment for use in road, highway and freeway works, in order to deliver social benefits to the population affected by the initiatives.	10,432	8
Programa Modernização da Administração Tributária e da Gestão dos Setores Sociais Básicos (PMAT): financing to support municipal government investment projects intended for modernizing taxation management and for improving the quality of public expenditures, so as to promote efficient public management that leads to higher revenues and/or lower unit costs of the services provided to society.	6,905	2
Operations with states: financing, using external on-lending or BB's funds, for programs and actions contemplated in the states' strategic planning processes. Leads to social impacts by improving the population's quality of life.	14,131,658	14
Caminho da Escola: a credit line intended for both public and private law businesses for the acquisition of new vehicles for the daily transportation of elementary public school students, priority being allocated to those residing in rural areas.	475,560	1
Finame PSI: a credit facility intended for public and private law businesses for the acquisition and manufacture of new machinery and equipment, so as to deliver social benefits to the population affected by the actions. It causes a social impact through a better quality of life for the population affected by the actions created by the projects, as well as by the assets financed.	4,622,400	1

INTANGIBLE ASSETS

Human Capital

Banco do Brasil values and fosters the professional advancement of its employees through career plans, training, evaluations and remuneration approved by the Management and aligned with its principles and values. One of the main investments involves enhancing training platforms, such as the Banco do Brasil Corporate University (UniBB), which in 2013 created a new portal and innovative content models (for further reading see the Employees item, on [page 68](#)).

Career ladder within the bank abides by clear and transparent essentials, that take account of the individual performance, technical background and experience of each employee. The bank uses Competence Performance Management (GDC) for tangible evaluations of its employees' performance, in accordance with the goals and strategic objectives set out for them.

BB also strives to improve its employees' satisfaction with their work environment. Thanks to the initiatives and actions put in place in recent years, the bank achieved recognition by being listed among the Best Companies to Work For, in the Guia VOCÊ S/A.

The Brand

GRI G4-EC7

Solidity, security and credibility are the attributes strongly associated with the brand and materially important for the bank, which manages its image and reputation across all platforms and in all communications in Brazil and overseas. BB brand is also one of the world's most valuable, estimated at US\$9.88 billion by the ranking of The 100 most valuable brands in the world, prepared by consulting company Brand Finance – the bank took 94th position in the survey (find out more on [page 08](#)). BB is currently implementing a brand evaluation methodology. Pricing the brand and establishing indicators for the strategic management of this asset create greater transparency in terms of the market, while reducing any possible subjectivity in external evaluations.

The bank's investment in supporting the development of education, culture and sport strengthen brand recognition by customers and society. BB maintains Centros Culturais Banco do Brasil (CCBB), cultural centers that provide spaces for artistic and cultural events in the fields of scenic arts, cinema and music, among others. The highlights of the exhibitions in 2013 included: Masters of the Renaissance: Italian Masterpieces, which was well received by the critics (the best international exhibition, according to the Associação Paulista dos Críticos de Arte – APCA, the association of art critics in São Paulo) and by the public (the best event in 2013 according to a survey by the Guia Folha de São Paulo); Yayoi Kusama: Obsessão Infinita (Infinite Obsession), with record attendance at the CCBB in Rio de Janeiro; and Toca Raul, which also received a record number of visitors at the CCBB in Brasília.

Also within the cultural scope, Banco do Brasil Covers staged three first-time shows in 2013, in which top names in Brazilian music interpreted the repertoires of their favorite singer-songwriters. The itinerant tour took in the cities of Natal, Recife, Fortaleza, Porto Alegre and Rio de Janeiro, between the months of September and December.

In sports, Banco do Brasil has been the partner of Brazilian volleyball since 1991, and its participation in sponsoring and supporting the national olympic sports teams has grown in a consistent manner. The modalities that have benefited include indoor volleyball and beach volleyball, sailing and tennis. This year, BB signed its first sponsorship agreement under the Sports Incentive Law to support the Brazilian handball team, which has been added to the Brazilian Government's 2016 Brazil Medals Plan. The women's team took the world title in the event for the first time, five months after the agreement was signed. Similarly, the bank supports the development of educational activities with a social and sporting approach, such as workshops and projects that have a positive impact on public school pupils throughout Brazil.

Combining sport, culture and different styles of music in 6 Brazilian cities, the Banco do Brasil Circuit held its 1st edition in 2013, with national and international presentations on 2 stages, totaling 54 shows, in addition to hosting the Brazilian Vertical Skateboarding Championship. In every city, the circuit fosters socioenvironmental responsibility actions: 600 tons of CO₂e neutralized, 3,000 trees planted, 7.5 tons of solid waste and 8.3 tons of electronic garbage collected.

**BB'S BRAND IS AMONG
THE INDUSTRY'S MOST
RECOGNIZED AND
VALUABLE IN BRAZIL**

Information Technology

The business and operations of Banco do Brasil are heavily dependent on computerized tools and processes. So BB is continually investing in enhancing its information technology (IT) departments so as to contribute to the sustainable growth of the creation of value. One of the bank's assumptions is to reduce human involvement in a range of processes that can be automated, with emphasis on speed of response and assertiveness of the evaluations undertaken.

With this purpose in mind, Banco do Brasil has dedicated its efforts to automating credit analyses and all attendant activities, such as preparing customer files and calculating and setting limits. Thanks to this technological advance, BB has also managed to make limits generated by credit analyses available to customers, both within the service network of branches, and in the self-service channels, which now actively offer the products.

BB's technological development is also increasingly focused on developing platforms and channels for relationships with customers in virtual environments, in order to enhance the experience on mobile devices. The bank has also increased its share and use of interactive tools on social networks, in line with the principles of transparency in its relationships with customers.

Another high point in BB's performance in the technology field was the inauguration of the new Digital Capital Data Center, which reduces operating risks. With regard to sustainability management, BB is developing an integrated package of green IT actions, that seeks to involve and promote the efficient use of resources in order to generate minimum waste.

ENGAGEMENT WITH STAKEHOLDERS AND THE ENVIRONMENT

Banco do Brasil embraces ethics as a commitment and respect as an attitude in its relations with employees, suppliers, partners, customers, creditors, shareholders, competitors, communities, government and entities concerned with the environment. Its conduct reflects the universal values of human and labor rights, as well as environmental conservation. Aware of its capacity to influence people and organizations, the bank adopts benchmark practices and encourages its stakeholders to also incorporate the commitment to sustainable development.

EMPLOYEES

One of the strategic objectives set out for Banco do Brasil is to enhance the satisfaction of its employees. In 2013, BB was listed on the Guia VOCÊ S/A – The Best Companies to Work For. At the latest Work Satisfaction Survey carried out in 2013, the employee satisfaction index rose by 3.2% in comparison with 2012. Banco do Brasil managed to achieve a positive rate of 76% against 72.8% for the previous period.

For BB, this is important recognition of the initiatives undertaken to create a healthy and motivating work environment and a set of people management policies, practices and programs that favors education, development of competences, performance, well-being and ethics in labor relations. The new Functions Plan, which sets out new attributions and levels of accountability for the employees, significantly mitigating the bank's exposure to future labor lawsuits, is also worthy of mention.

One of the already established practices are the Teams for Communication and Self-Development (Ecoas), composed by the employees themselves in each of the bank's premises, and which consisted of 8,688 employees in 2013. The Ecoas deal with issues of socioenvironmental responsibility, eco-efficiency, voluntary work, internal communication, organizational climate, recognition, training and quality of life.

One of the greatest challenges in people management involves growing the bank's business. BB has implemented new practices and has enhanced the management processes system. For example, the bank's overseas branches now enjoy differentiated support in people management, based on the formulation of a course of actions implemented throughout 2013. The initiatives involved ranged from disclosing the global people management policies approved in 2012, to making English and Spanish language training courses available, in addition to benefits, endomarketing and professional recognition.

GRI G4-10

Profile of the Employees	2011	2012	2013
Per Employment Contract			
Consolidated Labor Laws (CLT) ⁽¹⁾	113,810	114,182	112,216
Statutory Executives	35	35	34
By Region			
North	5,163	5,184	5,085
Northeast	19,532	19,595	18,945
South	19,802	19,644	19,516
Southeast	51,574	51,594	50,715
Mid-west	17,662	18,094	17,891
Offshore	77	71	64

(1) The bank does not hire temporary staff. The total number of employees with contracts of employment with BB is 115,389, the difference is those who have been assigned or excluded.

GRI G4-LA1

Turnover Rate by Gender	2011	2012	2013
Employee Averages ⁽¹⁾			
Women	45,900	47,041	46,892
Men	65,519	66,955	66,307
Total	111,418	113,996	113,199
Dismissals during the Period ⁽²⁾			
Women	1,436	1,450	2,124
Men	2,459	2,816	3,302
Total	3,895	4,266	5,426
Turnover Rate ⁽³⁾			
Women	3.06	3.07	4.56
Men	3.67	4.20	5.03
Total	3.42	3.74	4.84

(1) Number of employees in the previous period/number of employees in the period/2.

(2) Base: System for the Evaluation and Registration of Acts of Admission and Concessions of the Federal Accounting Court (SISAC).

(3) (Dismissals in the period/number of employees on December 31) X 100.

Turnover by Age	2011	2012	2013
Employee Averages⁽¹⁾			
Up to 25 Years of Age	7,973	7,163	5,903
From 26 to 35 Years of Age	41,374	42,971	42,299
From 36 to 45 Years of Age	29,445	29,614	30,022
Over 45 Years of Age	32,628	34,249	34,976
Total	111,418	113,996	113,199
Dismissals during the Period⁽²⁾			
Up to 25 Years of Age	408	395	312
From 26 to 35 Years of Age	1,081	1,270	1,281
From 36 to 45 Years of Age	421	443	489
Over 45 Years of Age	1,985	2,158	3,344
Total	3,895	4,266	5,426
Turnover Rate⁽³⁾			
Up to 25 Years of Age	5.24	6.04	5.92
From 26 to 35 Years of Age	2.52	2.95	3.08
From 36 to 45 Years of Age	1.42	1.49	1.61
Over 45 Years of Age	5.92	6.17	9.55
Total	3.42	3.74	4.84

(1) Number of employees in the previous period/number of employees in the period/2. (2) Base: System for the Evaluation and Registration of Acts of Admission and Concessions of the Federal Accounting Court (SISAC). (3) (Dismissals in the period/number of employees on December 31) X 100.

Turnover Rate by Region	2011	2012	2013
Employee Averages⁽¹⁾			
North	4,742	5,174	5,135
Northeast	18,061	19,564	19,270
South	19,740	19,723	19,580
Southeast	51,335	51,584	51,155
Mid-West	17,467	17,878	17,993
Offshore	75	74	68
Total	111,418	113,996	113,199
Dismissals during the Period⁽²⁾			
North	227	243	258
Northeast	680	809	1,044
South	737	719	937
Southeast	1,483	1,678	2,047
Mid-West	768	817	1,140
Total	3,895	4,266	5,426
Turnover Rate⁽³⁾			
North	4.40	4.69	5.07
Northeast	3.48	4.13	5.51
South	3.72	3.66	4.80
Southeast	2.88	3.25	4.04
Mid-West	4.35	4.52	6.35
Total	3.42	3.74	4.84

(1) Number of employees in the previous period/number of employees in the period/2. (2) Base: System for the Evaluation and Registration of Acts of Admission and Concessions of the Federal Accounting Court (SISAC). (3) (Dismissals in the period/number of employees on December 31) X 100.

Benefits

GRI G4-LA2

The set of benefits provided by Banco do Brasil far exceeds the requirements of the law and is compatible with its size, its commitment to social responsibility and its talent retention policy. It covers all employees across the board, making no distinction as to position or functions.

Benefits Provided by BB:

- Nighttime travel allowance;
- Cassi – healthcare plan;
- Educational assistance for dependents of deceased employees or those diagnosed as permanent invalids;
- Allowances: food basket, meals, daycare center/nanny and for children with disabilities;
- BB Dental – dental care plan;
- Caixa executivo – benefit of a personal nature (VCP) – repetitive strain injury (RSI – payments of a personal nature as a bonus for executive cashiers for a period of 18 months from the date on which an employee, on leave of absence due to RSI and work-related musculoskeletal disorders, returns to work at the bank);
- Extended maternity leave in the case of premature births;
- Authorized absences;
- Compensation for robbery;
- Leave periods: adoption, maternity and to accompany a family member who is ill (LAPEF);
- UniBB Família Portal;
- Previ – supplementary pension plan;
- Program for Assistance to Victims of Robbery and Kidnapping (PAVAS);
- Social assistance programs – advances – purchase of glasses and lenses, natural disasters or fires in the home, financial stress, funeral expenses of an economic dependent, expenses not covered by Cassi, dental and psychotherapy treatment;
- Social assistance programs – allowances – purchase of medications abroad, assistance for the disabled, medical and hospital assistance, medical and social assistance, transfer for healthcare treatment overseas, transfer for healthcare treatment in Brazil, donation/receipt of organs and transplants, special nursing care, death while on duty, removal by mobile intensive care unit (ICU) or air ambulance and growth hormone treatment;
- Social assistance program – giving up smoking;
- Extended maternity leave (up 180 days’ duration);
- Maternity Allowance;
- Cultural Event Vouchers;
- Transport Vouchers;
- VCP (continuity of payment, for personal reasons and for a given period, of the commission received by the employee when the number of employees in the branch is reduced);
- VCP – RSI (payment, of a personal nature, of benefits regarding cashier bonuses, codes 288 and 394, to employees who, on the eve of taking leave of absence due to work-related accidents, worked as executive cashiers and have been excluded from work after being diagnosed with RSI);
- VCP – work-related accidents (payment, of a personal nature, of the commission for a period of 120 days from the moment when the employee on leave of absence due to a work-related accident returns to work);
- Removal benefits (intended to partially defraying the expenses inherent to the process of moving out, moving in and transfers, among other situations, for employees moving residence due to being reassigned in the interests of their work).

Diversity

The policies and actions for fostering diversity are intended to value human rights and equity in internal relations, as well as the elimination of all forms of prejudice. One area on which the bank focuses is gender equality in the work place and in society. Thus the bank participates in the FEBRABAN Program for Valuing Diversity, which encourages banking sector organizations to foster actions on this issue when recruitment and selection, as well as in people development and management. In 2010 the bank signed up to the Women’s Empowerment Principles, an initiative developed by the United Nations Organization (UNO), in addition to the Gender and Race Pro-Equity Program, coordinated by the Department of Women’s Policies of the Presidency of the Republic (SPM).

The SPM Program-related initiatives are systematized every 2 years in an action plan that includes measures such as granting maternity and adoption leave periods of up to 180 days, extending the period of paternity leave to 10 days and gender affirmative actions in corporate career ladder programs, among others. The Internal Ombudsman channel also plays a direct role in identifying situations of discrimination against women.

In 2013, Banco do Brasil signed a cooperation agreement with Faculdade Zumbi dos Palmares, a São Paulo teaching institution dedicated to higher education, so as to enable its students to become involved in an environment that favors discussions about social diversity. Through this partnership, the bank will provide lectures on financial education at the college and will provide special conditions for students and teachers to have access to the activities of the CCBB in São Paulo, as well as to BB's sports events held in the capital.

Notwithstanding the efforts made, in 2013 BB was notified by the Internal Ombudsman about 15 complaints of discrimination (against 6 in 2012 and 7 in 2011), of which 5 were considered legitimate. In these cases, the appropriate measures were taken. In addition to the cases and procedures mentioned, the

Federal Prosecutor's Office of the Federal District filed for a civil public inquiry, which requested information about the lawsuit filed with the 7th Civil Court of the II Regional Jurisdiction of Santo Amaro (SP), in which the plaintiff alleges having been offended by a security officer using racist language (2012/0117330). The official letter was answered by the bank's Legal Directorship in March 2013, giving the proper explanations and describing the steps taken by the bank for the case in question. **GRI G4-HR3**

For diversity to be a value present in the organizational culture, Banco do Brasil has drawn up a set of actions to be implemented between 2013 and 2014:

- Undertake a study of external selection, with the emphasis on gender and race/ethnicity;
- Include the question of gender and racial equality in courses at the Banco do Brasil Corporate University;
- Enhance gender affirmative action within the Career Ladder Program for the branch network;
- Improve the benefits granted to single parent employees or those in a hetero or homoaffective relationship;
- Enhance support measures for pregnant employees;
- Expand the Itinerant Ombudsman's service to the states, using it as an instrument for actions that focus on measures against inequalities.

GRI G4-LA12

Diversity in Governance ⁽¹⁾	2011	2012	2013
By Age Group			
From 26 to 35 Years of Age	1	1	0
From 36 to 45 Years of Age	16	16	14
Over 45 Years of Age	37	44	38
By Gender			
Men	50	56	50
Women	4	5	2
By Race			
Caucasian	32	31	31
Asian	1	1	1
Brown-skinned	3	3	3
Indians	0	1	1
Not informed	18	25	16

(1) Includes member of the Board of Directors, the Executive Board, the Board of Auditors and the Audit Committee. Since 2012, members of the Remuneration Committee have also been included.

Staff Diversity ⁽¹⁾	2011			
	Managerial	Technical	Operations	Others
By Age Group				
Up to 25 Years of Age	368	121	1,192	6,106
From 26 to 35 Years of Age	10,567	4,338	8,900	19,113
From 36 to 45 Years of Age	11,278	3,465	4,852	9,960
Over 45 Years of Age	12,320	3,913	4,454	12,863
By Gender				
Men	22,514	7,501	10,046	26,871
Women	12,019	4,336	9,352	21,171

(1) Includes member of the Board of Directors, the Executive Board, the Board of Auditors and the Audit Committee.

Staff Diversity ⁽¹⁾	2012			
	Managerial	Technical	Operations	Others
By Age Group				
Up to 25 Years of Age	347	108	1,144	4,939
From 26 to 35 Years of Age	11,245	4,497	9,067	18,214
From 36 to 45 Years of Age	11,444	3,490	4,922	9,817
Over 45 Years of Age	12,936	4,056	4,596	13,360
By Gender				
Men	23,281	7,673	10,117	25,907
Women	12,691	4,478	9,612	20,423

(1) Includes member of the Board of Directors, the Executive Board, the Board of Auditors and the Audit Committee. Members of the Remuneration Committee were also included.

Staff Diversity ⁽¹⁾	2013				
	Managerial	Technical	Operations	Advisory ⁽²⁾	Others
By Age Group					
Up to 25 Years of Age	348	56	1,187	67	3,610
From 26 to 35 Years of Age	11,279	1,375	9,393	3,243	16,284
From 36 to 45 Years of Age	11,750	1,198	5,316	2,535	9,572
Over 45 Years of Age	12,910	1,293	4,755	2,524	13,521
By Gender					
Men	23,530	2,673	10,489	5,065	23,879
Women	12,757	1,249	10,162	3,304	19,108

(1) Includes member of the Board of Directors, the Executive Board, the Board of Auditors and the Audit Committee.

(2) Advising category included in 2013 due to changes in the structure of the bank's positions.

GRI G4-LA13

Average Remuneration by Gender and Job Category (R\$)	2011		2012		2013	
	Men	Women	Men	Women	Men	Women
Managerial	7,853.50	6,623.38	8,254.62	7,014.46	8,948.43	7,580.47
Technical	8,160.09	7,516.02	8,749.41	8,120.67	8,070.13	7,324.78
Operations	4,017.41	3,917.77	4,293.56	4,183.79	4,274.76	4,135.68
Advisory	-	-	-	-	9,449.82	9,136.24
Others	3,190.78	2,829.53	2,932.70	2,781.65	3,276.43	3,094.25

Association and Collective Bargaining

GRI G4-11 | G4-HR4

The Banco do Brasil has a well-established ethical and on-going relationship with the unions that represent its employees. Since 2011 BB has been a signatory to the Framework Agreement with UNI Americas, which guarantees the right of all BB employees across the entire American continent. The document endorses respect for the legal rights and collective bargaining agreements for bank employees in its countries, in addition to the fundamental principles and rights of labor, such as the Global Compact.

BB adopts a model of permanent negotiations throughout the year, in addition to the salary campaign, so that dialog and negotiated solutions are maintained. Employee freedom of union association and collective bargaining is assured by the directives handed down by the bank's head office. Transparency in all matters concerning this issue is strengthened by maintaining the site www.bbnegociacaocoletiva.com.br, which is a repository of documents, news and videos, among other materials.

Notwithstanding its capillary nature, the bank enters into Collective Labor Agreements (ACT) applicable nationwide and to 100% of its employees. The Collective Labor Agreements Attached to the Collective Bargaining Agreement (CCT) deal with issues that are specific to BB and which are usually at higher levels than those set out in the Collective Bargaining Agreement itself. Issues involving health and safety included in the ACT were

RSI, anti-flu vaccination and employees experiencing restrictions in performing their normal duties. In addition, a working group was set up, consisting of representatives of the bank employees and the banks, to discuss the reasons why employees fall ill. **GRI G4-LA7 | G4-LA8**

Health and Safety **GRI G4-LA5**

The health and safety of BB's employees is managed by formal committees that represent all employees, consisting of managers and employees who help to monitor and develop programs for improving conditions in the work environment. The Occupational Medical and Health Control Program (PCMSO) exemplifies this modus operandi. It extrapolates what the law requires – to the extent that it ensures a wider range of examinations at shorter intervals – and is proactive in prevention, early detection, monitoring and controlling possible health impairments.

BB has a Quality of Life in the Workplace Program (QVT), that ensures a series of actions that supplement occupational health and safety in the workplace. Worthy of note in 2013 was the QVT Week, where the guest speaker was Dr. Dráuzio Varella, who discussed the impact of life style changes on improved health, such as proper diet and regular physical activity. This program was revised in 2013, based on a survey among the staff, and the suggested innovations will be implemented beginning in 2014.

BB also has a network of Specialist Safety Engineering and Occupational Medicine Services (SESMT) consisting of professionals deployed throughout Brazil, in order to achieve a desirable level of safety and health for all employees. The procedures organized by this team include, among others, ergonomic work analyses, safety inspections and risk maps, in addition to monitoring the causes of illnesses, reasons for leave of absence and the levels of accessibility for persons with disabilities. It is also incumbent on the SESMT units to advise the Internal Accident Prevention Committees (CIPAs) and the Evacuation Groups (GRUAs). Present at all bank meetings CIPAs and GRUAs are committees consisting of employees, with responsibility for seeing to the health and safety of all employees (find out more in the box).

With regard to employees who ensure customer service, and who are therefore more likely to be find themselves involved in incidents of public security, BB has a Program of Assistance to Victims of Robbery and Kidnapping (PAVAS), which provides medical, psychological, legal and security assistance for victims of attempts against BB's property. The program is an important step to reestablishing the employee's normal routine.

CIPA

Promotes actions that seek to disclose safety standards and make employees aware of quality of life and precautions with health, such as the Internal Accident Prevention Week. It also analyzes the workplace, preparing risk maps and recommending actions to the bank within this scope.

GRUA

Coordinates evacuations of the occupants of a floor or building in case of emergencies, such as fire, blackouts, bomb threats, flooding etc. It also draws up evacuation plans that are revised on an annual basis. **GRI G4-LA6**

Health and Safety Indicators by Region (%) ⁽¹⁾	South		Southeast		Mid-West		North		Northeast	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Injury Rate (TL) ⁽²⁾	16.57	16.81	18.66	23.86	17.33	22.14	43.72	47.53	36.36	42.35
Absenteeism Rate ⁽³⁾	3.73	3.26	3.86	3.65	4.05	3.88	5.15	5.40	5.06	5.04
Occupational Illness Rate (TDO) ⁽⁴⁾	2.98	5.73	2.79	3.26	2.60	7.35	8.35	17.38	6.50	22.74
Lost Days Rate (TDP) ⁽⁵⁾	81.24	77.52	104.98	104.26	162.91	132.19	340.10	273.42	427.78	425.26
Percentage of Days Lost	0.43	0.35	0.22	0.24	0.49	0.46	1.00	1.10	1.41	1.40

(1) In 2013 there were two deaths. In 2012 there was one death.

(2) TL = number of injuries/hours worked X 1.000.000.

(3) Absenteeism = total days lost/scheduled days.

(4) TDO = number of occupational illness cases/hours worked X 1.000.000.

(5) TDP = number of work days lost/scheduled days X 100.

Training and Development

GRI G4-LA9 | G4-LA10 | G4-FS4

Banco do Brasil defines annual targets and indicators for training its employees through specific training courses, both live and on-line, using tools that enable participants' assiduity and evaluation to be monitored. One of the highlights in this area is the launch of the new UniBB portal, that offers a distance virtual learning environment with varied content, such as animated images, games and a collaborative environment for exchanging knowledge.

The portal, available in Portuguese, English and Spanish, acts as the integration element for every educational initiative of Banco do Brasil while monitoring BB's market positioning, enabling everyone to engage in all objectives of the organization. In addition to a faster, more modern and more attractive learning process, the implementation of the new portal has also led to a reduction in traveling expenses.

UNIBB Portal in 2013

116,047

PEOPLE
REGISTERED ⁽¹⁾

280

COURSES

130

LEARNING PATHS –
SOME SPECIFIC FOR
OVERSEAS EMPLOYEES

445

ELEMENTS OF
CONTENT IN THE
DIGITAL LIBRARY

2.8

MILLION
COURSES
CONCLUDED

(1) Includes employees, adolescent workers, employees hired overseas, presidents of AABBs etc.

In 2013 BB also made available the UniBB Family Portal, an environment that brings together educational content and school support for employees' families, covering kindergarten, elementary education, high school, pre-university and professional education. Through the UniBB, the bank also runs the Caminhos para Aposentadoria Program, a career transition program that advises employees on how to build a future life project.

In 2013, BB invested R\$91.7 million in corporate education, representing R\$817.17 per employee. This investment covers a series of educational actions and programs in the field of business and business support intended for improving professional performance and for on-going education. Worthy of note are the

different types of courses, language scholarships, internal, professional, legal and market certifications, undergraduate, graduate and employee advancement programs. Although the investment was 11.4% lower than 2012, more training courses were provided (27.7% more than the previous year) and at a lower cost, which contributed to BB's operating efficiency.

Banco do Brasil encourages all employees to take part in training programs, by establishing a training target of 30 hours per capita per annum. In 2013, this index was 62.0 hours, well above the established target, making a total of 6.9 million training hours in all modalities. There was also an increase of 102% in the number of specialization scholarships and 106% in language scholarships.

Training Courses	2011	2012	2013
Final Count	113,810	114,182	112,216
Employees Trained	45,974	112,184	110,186
Training Courses	1,030,964	1,160,727	1,482,026
Hours	11,804,434	9,629,015	6,960,551
Training Sessions per Employee	9.06	10.17	13.21
Hours per Employee	103.72	84.33	62.03
Percentage of Those Trained	40.40	98.25	98.19

Training in 2013 per Functional Category	Managerial			Technical			Operations		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Final Count	23,535	12,757	36,292	3,416	1,739	5,155	10,487	10,161	20,648
Employees Trained	23,310	12,713	36,023	3,181	1,682	4,863	10,153	9,903	20,056
Training Courses	274,103	151,577	425,680	30,585	20,419	51,004	155,260	144,898	300,158
Hours	1,305,916	740,589	2,046,505	127,233	83,738	210,971	745,972	696,166	1,442,138
Training Sessions per Employee	11.65	11.88	11.73	8.95	11.74	9.89	14.80	14.26	14.54
Hours per Employee	55.49	58.05	56.39	37.25	48.15	40.93	71.13	68.51	69.84
Percentage of Those Trained	99.04	99.66	99.26	93.12	96.72	94.34	96.82	97.46	97.13

Training in 2013 per Functional Category	Advisory			Others		
	Men	Women	Total	Men	Women	Total
Final Count	4,343	2,852	7,195	23,855	19,071	42,926
Employees Trained	4,113	2,743	6,856	23,540	18,848	42,388
Training Courses	41,618	28,952	70,570	352,425	282,189	634,614
Hours	173,434	125,270	298,704	1,660,555	1,301,678	2,962,233
Training Sessions per Employee	9.58	10.15	9.81	14.77	14.80	14.78
Hours per Employee	39.93	43.92	41.52	69.61	68.25	69.01
Percentage of Those Trained	94.70	96.18	95.29	98.68	98.83	98.75

BB provides all employees with courses dealing with content related to executing the credit process in accordance with the sustainability directives. In 2013 the courses covered:

- Programa ABC (the program for reducing GHG emissions in agriculture);
- Sustainable development strategy;
- Credit and socioenvironmental risk;
- Pronaf;
- BB Accessibility Loans;
- Cooperatives;
- Minha Casa Minha Vida (Real Estate Lending) Program (PMCMV);
- Oriented Productive Microcredit (MPO);
- The Student Financing Fund (Fies).

The choice of courses must take into account strategic career guidance and the development requirements for competences, the team and the unit. All business units have use indicator and for each employee there is an annual minimal base of 30 hours of training. The number of hours can be increased, depending on the interests of the employee and the needs identified by their manager.

Employees are invited to take part in the bank's volunteer service program and in initiatives such as donations in cash, food and other items to entities (find out more on [page 86](#)). Engaging these stakeholders in sustainability also includes organizing campaigns, such as the Environment and Ecology Day, World Water Day and the Hour of the Planet.

So that employees have a proper understanding about how the Code of Ethics and the Code of Conduct are applied, in 2013 BB started an internal communication campaign. The initiative emphasized the relevance of ethical and moral values in doing business and within the work environment. Modern audiovisual resources were used, including videos lasting 3 to 5 minutes, with the support of in-house materials and awareness messages. The campaign deals with the ethical dilemmas faced in practical situations, with the aim of encouraging employees to reflect on how they should behave in the light of day-to-day challenges. The 10 episodes that were aired were seen more than 277,000 times. **GRI G4-FS15 | G4-HR2**



**THE BANK'S
EMPLOYEES RECEIVE
SPECIFIC TRAINING IN
SUSTAINABILITY AND ARE
INVITED TO PARTICIPATE
IN BB VOLUNTEER
SERVICE PROJECT**

Careers

GRI G4-LA11

The performance of BB's employees are monitored and formally assessed through the Program for Professional Performance Management by Competences and Results. The 360° analysis takes into account 5 perspectives – Finance, Customers, Internal Processes, Learning and Growth and Socioenvironmental. In 2013, 98.7% of staff had their performance assessed according to this instrument.

Besides evaluating competences, the functional performance appraisal model now also monitors individual contributions to attaining defined targets. This encourages the attainment of the organizational objectives while contributing to valuing merit in career promotions.

SUPPLIERS

GRI G4-12 | G4-13 | G4-EC9 | G4-EN32 | G4-EN33 |

G4-LA14 | G4-LA15 | G4-HR10 | G4-HR11 | G4-S09 | G4-S010

The bank's supply chain consists of several elements, the highlights being the following activities: assets (furniture, IT equipment and materials), building work, services (security, IT and marketing consultancy and support) and leasing of chattels and property. Banco do Brasil's relationships with suppliers and service providers is based on respect and transparency, so as to comply with specifications, quality control, the principles of CSR and the attendant legislation. These principles, as well as the requirements and expectations regarding the modus operandi of its suppliers, are set out in the Supplier Relationship Policy available on the bank's website.

The primary benefits afforded by this policy include BB's commitment to encouraging its suppliers to adopt a responsible socioenvironmental management model. In recent years BB has made strides in its procurement and hiring procedures, and its rules now include instructions for giving preference to closing business with companies that respect and apply sustainability principles and criteria in their business activities (see box).

The draft of the bank's standard contract includes clauses in which the supplier warrants and is obligated to: protect and preserve the environment, avoiding harmful practices and executing services in compliance with current legislation, primarily with regard to environmental crimes; not use, directly or indirectly, child or illegal labor or labor analogous with slavery; not to discriminate in access to and maintenance of employment on the grounds of sex, origin, race, color, physical condition, religion, marital status, age, family circumstances and pregnancy, among others. Also, when they sign the contract, suppliers and service providers declare they are familiar with BB's Code of Ethics, available at www.bb.com.br. **GRI G4-HR5 | G4-HR6**

As a rule, BB purchases goods and hires services and building works through tender processes, pursuant to Law No. 8,666/93, where the aim is to choose the proposal most advantageous for the bank. Procurement procedures are centralized at Procurement Centers located in São Paulo (SP), Curitiba (PR) and Belo Horizonte (MG), which increases efficiency and reduces costs. Goods purchased and services hired are published on the bank's site, as well as on the *Transparência Pública* (Transparent Government) and *Contas Públicas* (Government Accounts) sites, among others, in compliance with the Principle of Disclosure.

In 2013, BB had current contracts with 4,445 suppliers – 99% headquartered or with branches in Brazil. It also closed 14,649 processes for purchasing goods and hiring of services and building work (tenders and direct contracts). Payments made during the year amounted to R\$2.1 billion for hiring suppliers and service providers in Brazil, and R\$6.5 million overseas.

To speed up purchases and acquisitions classified by the law as small expenses, individual premises can make acquisitions of this nature through their contacts with local suppliers. Consideration must be given to whether the price paid is compatible with market practice and where self-employed individual taxpayers are hired, the service provider must be properly registered with the Social Security System. These payments accounted for around 26.8% of the total in 2013, amounting to R\$563 million.

Worthy of note during the period was BB's joint tender with another financial institution for the acquisition of white A4-size paper, with a view to economies of scale due to the volume acquired, in addition to reducing the price proposed. Savings amounted to R\$900,000 and take into account the volume purchased by BB, the price closed for the joint purchase compared to that offered in other tenders during the same year which were not closed.

The bank verifies that suppliers comply with their obligations, in addition to analyzing suspicions or complaints regarding any violations or non-conformities. The contract manager uses specific systems to monitor compliance with the agreed clauses, the validity period

and the amounts stipulated. The bank's internal rules state that the manager must pay special attention to compliance with clauses regarding the labor law issues, both by the contractor and any sub-contractors.

Suppliers must forward certificates and documents, including the Labor Law Debit Clearance Certificate. To enhance this supervision, in 2013 BB implemented a document advisory service by which a specialist third party checks the documents provided by contractors regarding the labor law and social security obligations of each worker. In the case of contract values exceeding R\$10 million, a specific human rights evaluation is undertaken. In cases of irregularities, the contract manager takes the requisite administrative measures.

ENCOURAGING SUSTAINABILITY IN THE SUPPLY CHAIN

The adoption of socioenvironmental criteria, the mapping of the supply chain, training and engagement in sectorial initiatives are the principal departures by which BB seeks to promote sustainability within its supply chain. Together, the effect of these initiatives is amplified and contributes to the sustainable development of businesses throughout Brazil.

PROCUREMENT AND HIRING CRITERIA

Whenever possible and supplementing Law No. 8,666/93, the bank's rules allow it to include sustainability criteria, such as procedures for disposing of solid waste (especially when procuring goods, services and construction work) and the preference for companies with good socioenvironmental practices. When purchasing certain items, such as furniture and paper, specific environmental certifications are required (find out more on [page 99](#)). In addition, a tool is being developed for registering and identifying purchases that possess sustainability criteria in the corporate procurement system.

MAPPING THE CHAIN

One of the actions contemplated in the BB's Agenda 21 and expected to be concluded by December 2014, will define critical suppliers, based on economic, social and environmental criteria and will identify the socioenvironmental risks within the chain. In 2013 the bank reported no cases of supplier contracts having been terminated on account of significant socioenvironmental impact evaluations.

TRAINING

The Ecoas (communication and self-development teams) divulge knowledge about sustainability to contractors providing services directly on BB's premises.

ENGAGEMENT

The bank invites its suppliers to participate in the periodic upgrading of its Agenda 21 and events such as the Program for Carbon Management within the Value Chain, developed by the Energy and Climate Change Thematic Chamber of the Brazilian Corporate Center for Sustainable Development (CEBDS), and sponsors initiatives for raising managers' awareness and training them in how to perform their GHG emission inventories.

CHALLENGE 7 |

To enhance economic, social and environmental risk management within the supply chain. See how BB is facing up to this challenge on [page 33](#).

CHALLENGE 8 |

To identify socioenvironmental opportunities within the supply chain that create business benefits for the bank (lower costs/higher revenues/risk mitigation). See how BB is facing up to this challenge on [page 33](#).

CHALLENGE 9 |

To strengthen the bank's role as an agent for advancing sustainable practices in its supply chain. See how BB is facing up to this challenge on [page 34](#).

CHALLENGE 10 |

To improve the bank's practices on the question of sustainable procurement. See how BB is facing up to this challenge on [page 34](#).

Human Rights Criteria in Supplier Evaluations	2011	2012	2013
Total Number of Contractors	5,557	5,170	4,445
Suppliers Subjected to Evaluations	262	295	319

In regard to surveillance services, the bank requires that 100% of the contractor's employees working on its premises must have completed the Surveillance Training Course, whose approach includes aspects of human rights and human relations in the workplace, among other subjects, and all material is ratified by the Federal Police Department. **GRI G4-HR7**

Customers**GRI G4-FS5 | G4-FS15**

The customers of Banco do Brasil have at their disposal a network of 67,600 points of service, in addition to several digital channels for transacting and communicating with BB. The bank has maintained its strategy of opening new branches, including in less populous municipalities (up to 30,000 inhabitants) and locations where the bank did not provide a service. **GRI G4-FS13**

THE BANK'S SERVICE NETWORK

PRESENT IN

99.9%
OF BRAZILIAN
MUNICIPALITIES

5,450
BRANCHES

1,746
SERVICE
POINTS

11,947
AUTOMATED
SERVICE POSTS

44,117
AUTOMATED
TELLER
MACHINES

10,251
THIRD-PARTY
SERVICE
POINTS AND
ESTABLISHMENTS
(MAIS BB)

6,189
BANCO POSTAL
SERVICE POINTS

To serve the market, Banco do Brasil is also providing products and services outside the traditional bank branch environment. In 2013, the Mais BB network received over 2 million proposals for opening accounts – 1.4 million proposals for deposit accounts with Banco Postal. Loans and financing amounting to R\$9 billion were made available through correspondents, the highlight being social business credit lines – MPO, Pronaf and PMCMV.

In line with its strategy of always being one step ahead of movements that contribute to the expansion of sustainable businesses, with additional benefits for customers, the bank launched the Cada Vez + BOMPRATODOS program, in which transparency is one of the principal pillars of the relationship actions with this target audience. One of the main highlights of 2013 was the launch of the services statement, which can be accessed via ATMs, on the internet, on smartphones and at the branches. This tool helps customers decide the best means for paying fees, according to their banking services consumer profile. BB is the only bank making this solution available, and it was accessed by 3.8 million customers in 2013. **GRI G4-PR3**

Another initiative that has strengthened the status of Banco do Brasil as an early mover concerns CMN Resolution No. 4,196/2013, which instituted commercialization of three standardized service packages, with an implementation deadline of July 1st, 2013. BB was the first bank to offer the new packages practically two months ahead of the established deadline. This initiative affords customers a more precise comparison of the price of packages between banks, since they now find that the names and composition of the services of all banks are identical.

IN THE SEARCH FOR EXCELLENCE IN RELATIONSHIPS, BB IS INVESTING IN IMPROVING ITS PRODUCTS AND SERVICES, ACCESSIBILITY AND THE QUALITY OF ITS CUSTOMER SERVICE

Making things easier for the customer | BB has simplified the service packages it offers – from 31 to 7 – making it easier to understand the composition of each product. It rolled out its new credit card invoice, with greater clarity in the relevant information such as payment options and summarized purchases in local currency and US dollars, limits available and the balance of points in the relationship program. Also with regard to credit card invoices, BB improved the on-line version, with an interactive presentation and easy access to the details of the previous 12 months.

Cell phone transactions | BB has modernized self-service facilities on smartphones, which can now issue receipts for the transactions closed. In addition, the application automatically recognizes bar codes on payment slips the customers received via e-mail, thus facilitating payment.

Since 2011, payment of slips via smartphones has been easier thanks to QR-Code readers, which eliminate the need to type in the bar code. In 2013 the bank perfected this technology, making transactions more agile. With the aim of integrating channels, around 80% of BB's collection slips carry QR-Codes.

Accessibility | Based on the Conduct Adjustment Agreement (TAC) entered into with the Public Prosecutor's Office, Banco do Brasil has enhanced its channels for attending to customers with special needs.

- Internet: BB's internet self-service channel is equipped to use the most-used screen reader software programs in the market.
- Automated teller machines: in almost 100% of the terminals, customers with impaired vision are identified using magnetic cards: the screen goes blank, the menu is provided to the customer in audio form, and the customer uses the physical keypad with touch-sensitive markings to navigate among the options.
- BB Customer Service Unit: an exclusive help desk for customers who have hearing or speaking impediments, by calling 0800 729 0088.
- Branches: at the end of 2013, 99.6% of the bank's customer service units had complied with the Technical Accessibility Standards since they guarantee: priority for persons with disabilities or reduced mobility (temporary or permanent), the elderly, expectant and breast-feeding mothers and people with children in their arms; ease of circulation and access to the premises, cashier windows and self-service terminals for those with disabilities or with temporary or permanently reduced mobility; and providing information about their operating procedures to those whose sight and hearing are impaired. **GRI G4-FS14**

Financial education | This theme is dealt with within the strategic positioning and consists of customer service models and processes. Customer-facing employees are trained to provide guidance that contributes to customers' financial health, especially the beneficiaries of social businesses, since they can offer the solutions that are the most appropriate for their requirements and provide the conditions for choosing the correct banking products and services. Within the scope of the BOMPRATODOS Program, the bank offers an exclusive financial advisory service that monitors the customer's behavior when using overdraft accounts

and credit cards. Customers are contacted via their cell phones whenever they attain high utilization levels, and they can automatically pay off the balances drawn in installments via loans at lower interest rates. **GRI FS16**

Engagement in socioenvironmental campaigns |

A series of bank communication channels invites customers to take part in donation campaigns, including those that benefit the Children and Adolescent Fund (Fundo para Infância e Adolescência – FIA), where donations are tax-deductible. These customers are also invited to reflect on responsible consumption of resources and environmental conservation through initiatives linked to commemorative dates such as Environment and Ecology Day, World Water Day and the Hour of the Planet.

Customer Satisfaction

Banco do Brasil has extensively restructured its Customer Service Unit (SAC), which has enabled more enquiries to be resolved on the first call. The principal enhancements were:

- Increased headcount by hiring more than 100 employees, making a total of 430 professionals;
- The customer service hotline is now manned exclusively by the bank's own employees, replacing the outsourced service that did not have access to the majority of transactions because of banking secrecy;
- Structuring the area in order to follow up on incidents originated by customers and consumers on BB's self-service channels via the internet and social media (Facebook, Twitter and ReclameAQUI);
- Making self-service available on the internet for registering complaints (the project is in the pilot stage in several Brazilian states);
- Structuring of the Planning, Monitoring and Control area to measure, monitor and evaluate how the SAC works, in addition to identifying problems submitted by customers and propose improvements.

GRI G4-PR5

The satisfaction surveys conducted by Banco do Brasil involve individual and business customers from both the private and the public sector, and evaluate their satisfaction with the personal relationships, service channels and overall satisfaction with the bank. The methodology adopted by BB is one of accumulating experience, in which the customer responds to a questionnaire based on the previous year's banking relationship. To ensure the impartiality of the process, marketing research institutes affiliated to the Brazilian Association of Research Companies (ABEP) or to the European Society for Opinion and Marketing Research (ESOMAR) are hired.

The survey is conducted in two distinct phases. One of these is qualitative and seeks to collate satisfaction attributes, customers' perceptions about the bank and suggestions for improving the quality of the services provided. It takes place, on average, every three years, and there will be a new round in 2014. The second phase is quantitative, held annually in order to gauge the perceptions and satisfaction attributes collated in the qualitative phase. The results are submitted to the areas responsible for customer relations, and to branch network managers.

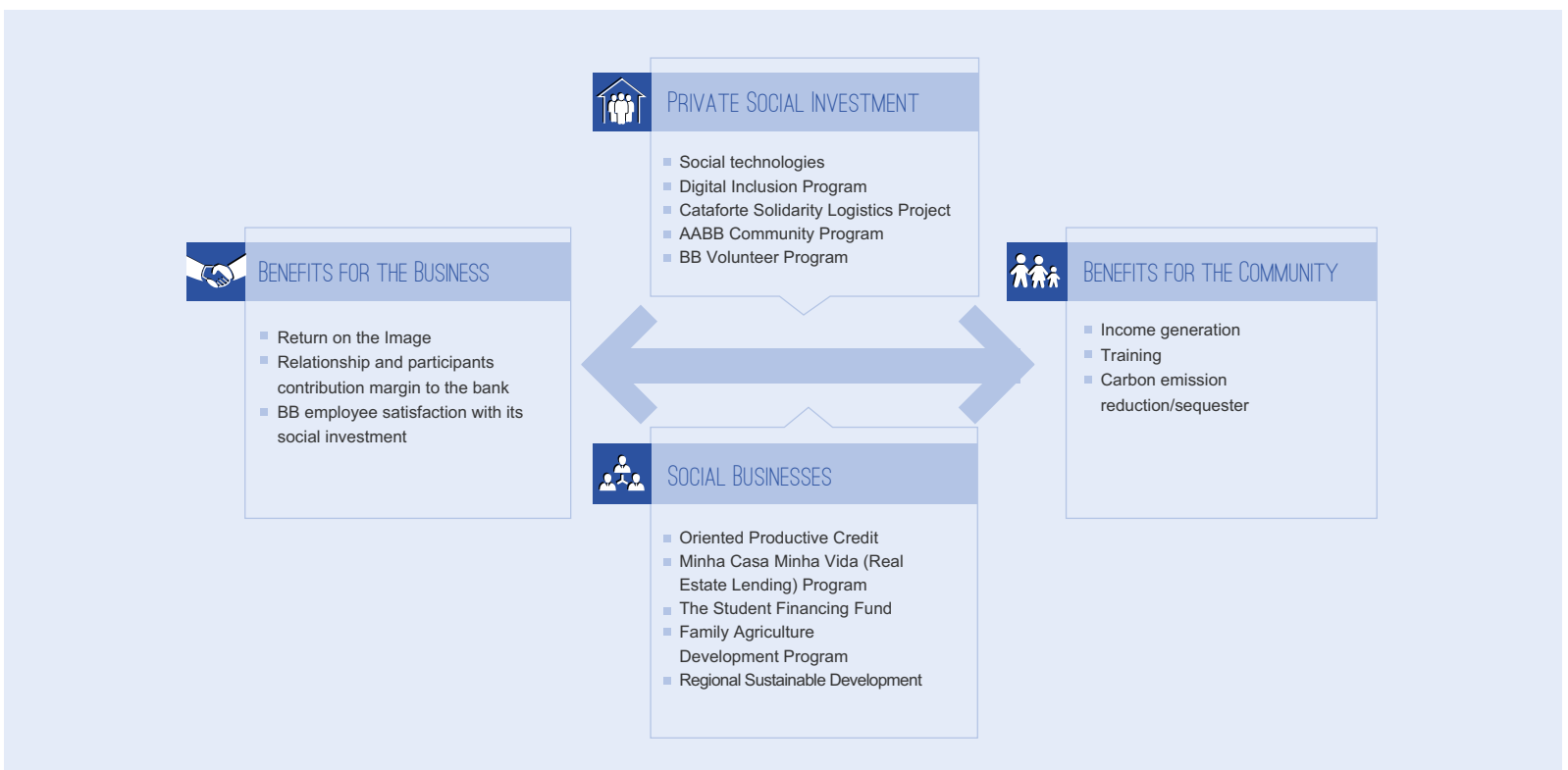
The degree of satisfaction registered in the last three years' surveys show positive results: 76.4 in 2010,

77.2 in 2011 and 76.7 in 2012. The scores awarded by customers are within the satisfaction zone – scores of 4 and 5 on the Likert 5-point scale.

In 2013, BB paid R\$2,589,203.49 in penalties for non-compliance with laws and regulations concerning the provision and use of products and services. This figure exceeds those of 2012 and 2011, when the bank paid, respectively, R\$892,418.97 and R\$548,283.19. The increase is the result of the change in the calculation, which in 2013 began including penalties for waiting times and aspects of the Consumer Protection Code. **GRI G4-PR9**

CIVIL SOCIETY

Banco do Brasil seeks to contribute to social development in tune with state policies, the demands and expectations of the communities and of BB's other stakeholders, and with the business directives established by senior management. The bank channels its social investment in support of initiatives that generate income and jobs and provide education. In addition, it seeks to add value to its image, diversify its business, win customer loyalty and increase the satisfaction of its employees. The performance of Banco do Brasil within the communities is managed in the manner shown in the diagram.



CHALLENGE 22 |

Enhance the relationship between Private Social Investment and the business strategy. See how the bank is dealing with this challenge on [page 36](#).

CHALLENGE 29 |

To maintain and expand the bank's role as a driver of sustainable development through financial inclusion and social businesses (Oriented Productive Microcredit – MPO, the Student Financing Program – Fies, Minha Casa Minha Vida – MCMV (Real Estate Lending) Program and BB Accessibility Loans, among others), so as to integrate with programs and public policies, partnerships with the private sector and BB sustainable development strategies (private social investment, volunteer work, digital inclusion and sustainable regional development). See BB's response to this challenge on [page 37](#).

THE BANK'S VOLUNTEER SERVICE PROJECT COORDINATES THE MOBILIZATION OF EMPLOYEES, CUSTOMERS AND COMMUNITIES IN FAVOR OF SOLIDARITY

BB provides its stakeholders with its social investment directives on the site (www.bb.com.br/sustentabilidade). The bank and Fundação Banco do Brasil work together to develop the projects. Social businesses are also developed through economically profitable initiatives that seek solutions for the problems of society (read more about the social businesses on [page 47](#)). **GRI G4-S01**

To properly manage its social investment initiatives, since 2012 BB has been working with a set of key performance indicators common to the different programs and projects under development by the bank and its Foundation and which tie in with the corporate strategy. This makes it possible to monitor and enhance social program management, provide feedback for making better decisions, optimize social value gains for its business and present stakeholders with tangible results.

These indicators point to the effectiveness of the social programs of the bank and FBB, with the emphasis on community development (income generation, training and reduction/sequestering of carbon emissions) and in the business aspect (return on image, relationships and contribution margins of the participants with BB and the satisfaction of its employees based on its social investment). The bank also monitors the results of its investments on a regional basis. For each Brazilian state, data are mapped referring to sustainable regional development, the main manufacturing activities, the goals to be attained, private social investment projects and the return obtained by the bank.

The results of the continuous assessment of social investment are made available to the public in an objective and timely manner. Donations and established partnerships are defined in accordance with the bank's policy and it is forbidden to contribute to organizations or initiatives for party political purposes. Find out more about the programs developed and supported at www.bb.com.br/sustentabilidade and www.fbb.org.br.

Engagement by the Branches and Premises in Private Social Investment

| Banco do Brasil uses instruments to monitor compliance with established goals. To that end, the Working Agreement (BB Synergy and ATB) adds a set of initiatives that reflect the CSR principles defined by the bank. Worthy of notice is the social effectiveness index whose purpose is to strengthen CSR culture within BB and expand employee involvement in social and voluntary causes. This index expanded the number of employees registered for exercising voluntary activities, encouraged training on the subject and led to increased participation in local committees that contribute to community development.

Financial education

| BB also has a partnership with the Brazilian Banks Federation (FEBRABAN) in which other banks participate, with the Meu Bolso em Dia (financial education) project, a website with texts, applications, articles and invitations to live activities in financial education. Banco do Brasil trains volunteer employees to act as facilitators in the Saúde Financeira não Tem Preço! (Financial Health Comes First) workshop. The fruit of a partnership between Banco do Brasil, FBB and Instituto Cooperforte, the purpose of the workshops is to assist customers and society with day-to-day financial matters and to show the importance of financial planning and the conscientious use of credit.

In partnership with Brasilprev, which develops the Projetos de Vida na Ponta do Lápis (PVPL) program, students at the Trevisan Business School gave lectures in schools and universities in São Paulo with a view to teaching this audience how to evaluate interest rates and to not spend more than they earn, including dealing with credit installments that appear small to begin with, but which later consume their salaries. In 2013 the bank approached the youth audience by launching a game, Desafio Espacial (Space Challenge), available for download on Google Play and in the App Store. Intended for the 16-21-age group, the central theme of the game is entrepreneurship, since it deals with preparation for entering the labor market, and provides guidance on conscientious consumption of credit in this phase of life. **GRI 64-FS16**

Voluntary Work

In 2013, through BB Voluntários project, in partnership with FBB, the bank selected 52 initiatives designed to generate jobs and income, education and environmental care, which received transfers of R\$3.3 million. It also supported 205 initiatives by entities that engage in protecting, promoting and defending the rights of Children and Adolescents, with a record transfer of over R\$17.5 million in tax incentive funds through the Children and Adolescents Fund (Fundo da Infância e da Adolescência – FIA) – and increase of 169.2% over the previous year. Between 2003 and 2013, the amount transferred to projects sponsored by the voluntary work project, Voluntários BB, exceeded R\$56.0 million.

To encourage mobilization within this scope, BB launched the Volunteer Work Portal (www.voluntariadobb.com.br): a platform similar to the social networks that enables interaction among users, such as adding contacts, publishing photos, videos and results. The volunteer can advertise the entity in which they participate and the volunteer actions it supports, invite others to take part in the initiative or, if they want to help but don't know how to, find an opportunity to take part anywhere in Brazil, based on actions shared by their colleagues or by BB. Currently, over 12,000 employees are registered on this portal.

With the Instituto Cooperforte the bank also formalized a partnership to support the Voluntários BB Project in May 2013. The Technical and Financial Cooperation Agreement states that the Institute will channel up to R\$1 million annually to projects submitted by BB's employee volunteers, both those in active service and retirees, where the focus is on social and productive inclusion of persons with disabilities. In 2013, 16 projects were selected, totaling R\$931,000.

Programa for Social Inclusion and Transformation by Donating Computers

| Since 2004 Banco do Brasil sends its decommissioned computers to entities with a social purpose, contributing to and promoting digital inclusion, citizenship and better living and working conditions for needy populations. In 2013, 20,121 computers were donated, and since the program began, more than 71,500 computers have been delivered.

Mitigating the effects of disasters | Banco do Brasil has adopted, since 2008, actions and steps that provide emergency support to employees, customers and communities affected by natural disasters. The year 2013 saw initiatives in support of the states of Espírito Santo and Minas Gerais, on account of the torrential rainfall in those regions. Among the measures adopted by the bank to helping disaster victims the highlights were:

- **Employees:** assistance to cover expenses with purchasing or refurbishing damaged essential items, payment of accommodation expenses for the employee and their economic dependents, special treatment for situations of absence and organization of internal campaigns for donations of foodstuffs, clothing and furniture;
- **Customers:** faster customer service, special conditions and the implementation of measures to provide greater convenience, minimize impacts and encourage the return to normality of their banking transactions. Providing copies of civil documentation for customers is a further initiative;
- **Community:** emergency steps involve opening accounts to receive cash donations and undertaking campaigns to collect non-perishable foodstuffs, clothing, household appliances and utensils intended for the inhabitants of areas affected by the disaster.

Technical Cooperation Agreement with the BNDES – Social Fund | Banco do Brasil and the BNDES approved within their Technical Cooperation Agreement R\$9.1 million earmarked for projects that support sustainable manufacturing activities and the generation of jobs and income using non-reimbursable resources from the Social Fund.

Donations | In 2013, BB employees and customers donated over R\$668,000.00, 469,000 tons of foodstuffs and 1.3 million items (clothes, medications, school and hygiene materials, among others) to various entities throughout Brazil. The bank recognizes and values this solidarity, and the branches are awarded points according to their involvement in this field.

Fundação Banco do Brasil

GRI G4-EC7 | G4-EC8

In 2013, Fundação Banco do Brasil invested R\$136.2 million in social investments in sustainable development actions both in urban and country areas on 5 strategic fronts: water, agro-ecology, agribusiness, solid waste and education. R\$123.4 million of own resources and R\$12.8 million in third-party resources were invested in favor of socially vulnerable communities in 635 Brazilian municipalities and fostered social and productive inclusion using social technologies.

Social investments to generate income amounted to R\$117.9 million – of which R\$105.1 million of the bank's own funds and R\$12.8 million raised from partners working in synergy. Around 200,000 people were benefited from the programs or actions of FBB, especially smallholding farmers, those settled under the agrarian reform program and collectors of recyclable materials in every region of Brazil, who found the opportunity to work and generate income. At the close of 2013, social investments in the field of education stood at R\$16.4 million in structured training programs for young people and adults, in disseminating Brazilian culture and in digital inclusion activities.

FBB COORDINATES THE BANK'S PRIVATE SOCIAL INVESTMENT IN TUNE WITH THE BUSINESS STRATEGY

2013 saw the 7th edition of the Fundação Banco do Brasil Social Technology Award. There were 1,011 submissions from all over Brazil, of which 192 were identified and certified as social technologies and were incorporated into the Social Technology Bank, which makes available tried and tested methodologies as a solution for the most diverse range of social problems in the fields of healthcare, education, income generation, housing, water, the environment, food and energy. Besides the material for disclosing the finalists in the social technologies, in all more than R\$800,000.00 were channeled to strengthening the initiatives in favor of social transformation.

The Fundação Banco do Brasil Social Technology Award 2013 was part of an institutional partnership with KPMG Auditores Independentes, the United Nations Organization for Education, Science and Culture (Unesco) and the BNDES, with sponsorship by Petrobras. The seven editions of the award have seen over R\$3 million invested in social technologies.

To amplify the transformation potential of the social technologies, FBB has continued the work of translating the initiatives contained in the Social Technologies Bank to English, French and Spanish. This began in 2012, following the agreement for disseminating social

technologies in developing countries between FBB, Unesco and the Brazilian Cooperation Agency (ABC) of the Ministry of Foreign Affairs. At the close of 2013, the Social Technology Bank (BTS) held 696 active Social Technologies that can be accessed via the internet at www.fbb.org.br/tecnologiasocial.

Água para Todos Program | In partnership with Banco do Brasil, FBB signed a commitment to assist the Federal Government in the process for making access to water universal in the Brazilian semi-arid region. The goal of the program, which comprises the Brasil Sem Miséria Plan, a program to eradicate poverty, is to construct 750,000 sheet cisterns by 2014, and FBB is tasked with building 80,000 units over this period. The sheet cistern was a finalist in the Fundação Banco do Brasil Social Technology Award in 2001, and has a storage capacity of up to 16,000 liters of rain water, sufficient for the consumption of a family of 5, on average, for a period of up to 8 months. At the close of 2013, 70,266 units had already been handed over to the population. Of this total, 39,564 were constructed last year alone. The program involved 130 municipalities in 9 states of the Brazilian semi-arid region. Since 2012, the program has disbursed R\$158 million – R\$83 million referring to 2013.

Contributions to Fundação Banco do Brasil by Source (R\$ thousand)	2011	2012	2013
Banco do Brasil			
Regular Contributions	42,527.1	38,289.3	55,935.2
Special Contributions Cisterns⁽¹⁾	0.0	0.0	50,591.0
Special Contributions Água Brasil Program	4,000.0	2,000.0	2,184.0
Products with Socioenvironmental Attributes			
Brasilcap	1,362.0	1,984.6	5,773.8
Pacote PF Bônus Ambiental (program of up to 10 interest-free days on individual overdrafts)	3,022.7	8,028.6	6,764.5
BB Ref. DI Social 50 (CDI rate-linked investment fund with underlying investments in social programs)	843.6	741.5	598.3
BB Ações ISE Jovem (an equities fund that tracks corporate sustainability index-linked shares)	63.7	83.9	96.8
BB Mult. Bal. LP Jovem (fund for young investors engaged in socioenvironmental issues)	5.4	7.4	4.1
FENABB (National Federation of Banco do Brasil Athletic Associations)			
Insurance – Estipulância FENABB (where the FENABB represents the policyholders in dealings with the insurer)	18,381.0	19,673.0	23,331.0
Total	70,205.5	70,808.3	145,278.6

(1) Contribution intended for the construction of 20,000 sheet cisterns in the semi-arid region, in accordance with the agreement with FBB.

Digital Inclusion | Since 2004, the FBB Digital Inclusion Program has fostered access to information technologies in communities without internet access, computers and software tools. In addition to the Digital Stations where young people and adults can access public electronic services offered by municipal, state and federal governs, as well as training courses that help them enter the job market, the program provides Metarecycling Stations, technical training spaces especially for young people, for reconditioning computers and recycling electrical and electronic waste. In 2013, reconditioned equipment and material for visual standardization was delivered to the 475 Digital Stations installed throughout Brazil. This was a joint initiative with Regional Mobilization Stations consisting of social movement, cultural and economic solidarity networks. During the year, the social investment was around R\$1.72 million.

AABB Comunidade | FBB, together with the FENABB, invests in educational practices by offering educational support for communities through the AABB Comunidade program, which in 2013 attended to approximately 47,000 children and adolescents enrolled in public schools that participated in the supplementary educational actions in 323 municipalities across Brazil.

**BESIDES BEING THE
FEDERAL GOVERNMENT'S
FINANCIAL AGENT, BB
IS ALSO A PARTNER IN
DEVELOPING BRAZIL'S
PUBLIC POLICIES**

GOVERNMENT

GRI G4-S01

Banco do Brasil is the financial agent of the National Treasury, looking after the Government's sole account and in charge of transferring funds to other components of the Federation. Additionally, BB provides specific solutions for Brazilian states and municipalities. In this sense, the bank acts as a partner in developing public policies, social businesses and in Brazil's social and economic growth, enabling public management to balance the demands of society with the financial resources available.

The diversity and extent of the Brazilian territory, in addition to the increasing sophistication of the demands from public entities, require a qualified approach to serving the more than 5,000 Brazilian municipalities, as well as the states and the Federal District. Banco do Brasil attends to this audience through its nationwide branch network, especially the Public Sector branches and their specialist structures located in every capital city. In 2013 this specialized service covered 616 cities.

The need for infrastructure investments detected in Brazil in 2013 led to a significant increase in transactions with states and municipalities, which amounted to R\$15.3 billion. Investments took place in a variety of areas, such as sanitation, urban mobility, transport, security, healthcare, tourism and disaster prevention.

At the Federal Government level, including Ministries and supervisory and control bodies, the business relationship is handled through a personalized service based on transparency and ethics, by specialist employees equipped with an extensive overview of the administrative organization and the activities pursued, with the aim of developing customized solutions and support for making public policies a reality.

THE BANK AGREES WITH THE FEDERAL GOVERNMENT ITS CONTRIBUTION ON ISSUES LIKE LOCAL PRODUCTION ARRANGEMENTS, THE MINHA CASA MINHA VIDA (REAL ESTATE LENDING) PROGRAM AND THE NATIONAL POLICY ON SOLID WASTE

As financial agent for the Brazilian Treasury, Banco do Brasil provides services involving financial administration, receipt of funds in the Federal Government's sole account and the transfer of funds to other entities of the Federation. The highlights of its operations with other entities include the social businesses, funding and programs for investment in specific areas, tax collection, on-lending of funds and payment of salaries, scholarships, benefits and restitutions, enabling the government's funds to reach the ultimate beneficiary, its citizens.

It also made an important contribution to the execution of the Federal Government's public policies in the field of housing, with a significant participation in the PMCMV program in all regions of Brazil (further reading on [page 47](#)). In the field of healthcare, Banco do Brasil participated actively in implementing the Mais Médicos Program by opening 5,800 accounts and handling the payment of allowances to the foreign doctors that were hired.

BB is also active in the drafting of public policies intended for agribusiness, especially by putting forward suggestions for drawing up Smallholding and Large-Scale Agriculture Crop Plans, when the directives and budget arrangements to support farming activities are discussed and evaluated. The focus is on closing business intended to generate sustainable results, both by executing federal programs and by developing solutions intended to simplify the transactions and the services that attend to the agribusiness segment.

PARTNERSHIPS AND ARRANGEMENTS WITH THE FEDERAL GOVERNMENT

Permanent Working Group on Local Production Arrangements (GTP APL): instituted by Interministerial Ordinance No. 200, dated August 2, 2004, the GTP APL is coordinated by the Ministry for Development Industry and Foreign Trade and consists of 33 governmental and non-governmental institutions. It draws up and proposes the overall directives for a coordinated approach to supporting Local Production Arrangements throughout Brazil.

Minha Casa Minha Vida (Real Estate Lending) Program (PMCMV): operating since 2009 as a partner of the Federal Government in the PMCMV Program, Banco do Brasil is strengthening its initiatives within the scope of sustainable development by identifying solutions that supplement the mandatory PMCMV actions. In 2013, the bank developed a new sustainable development operating model where priority is given to integrating its wide range of actions.

Sinapse Ações Complementares – PMCMV (supplementary actions): rolled out in December 2013, its purpose is to train BB's employees regarding sustainable development actions in projects contracted with the bank within the PMCMV program. The training aims to show how BB operates, based on the mandatory actions already built in to the project, by making available information about the PMCMV, guidelines on how to deal with the beneficiary public and the drawing up of sustainable development action plans.

National Solid Waste Policy (PNRS): Banco do Brasil has contributed to implementing the PNRS by participating in inter-institutional forums and supporting collectors' cooperatives. In 2013 it took part in structuring the Cataforte III Project, which included the Banco do Brasil, FBB and several federal government entities. BB is a member of the Management and Technical Committees of Cataforte III. Last year also saw the launch of the Cataforte – Sustainable Business in Solidarity Networks Program, with plans for investments of approximately R\$200 million in recyclable material collectors' projects, so

as to include the cooperatives in the recycling market and add value to the solid waste chain. A tender notice was issued to select networks of recyclable material collectors nationwide for access to the program's resources. This third phase of the Cataforte program intends to engage with 35 networks, 250 solidarity projects and over 10,000 collectors.

Department of Women's Policies of the Presidency of the Republic: BB is a member of the Coordination and Monitoring Committee of the National Plan for Women's Policies (PNPM). Bearing in mind the transverse nature of the actions contained in the Plan, Banco do Brasil has committed to 26 actions involving 15 fronts and 5 themes. In 2013 the bank participated in the organizing committee of the Rural Women that Produce a Sustainable Brazil Award, which recognizes the progress and the experiments of production groups and organizations consisting of rural women in Brazil's sustainable development. Thirty groups and production organization will receive trophies, and the 10 highest-scoring experiments will receive R\$20,000.

SHAREHOLDERS AND INVESTORS

Disclosure of relevant information about the bank and its results is both transparent and timely. The bank constantly exchanges experiences with analysts, rating agencies, shareholders, investors and capital market regulatory and supervisory bodies. Participating in and organizing meetings, conferences and various events with these stakeholders boosts this relationship, and includes the participation of executive officers when BB deems it necessary to clarify specific subjects. Furthermore, a communication channel on the Investor Relations site or via e-mail ir@bb.com.br receives requests for information, which are processed within a maximum of 48 hours.

BB publishes its Reference Form and Annual Report, in addition to all documents concerning the disclosure of results, such as Management's Discussion and Analysis (MD&A) and the Financial Statements. These publications are regularly updated to avoid out-of-date information. Market suggestions are mapped and put in place whenever possible. The IR site contains an extensive library of documents, information about governance and sustainability, ratings, aspects of the bank's risk management and the events agenda.

RESPONSES TO INVESTORS AND THE MARKET IN 2013

6

MEETINGS WITH
INVESTORS AND
ANALYSTS IN BRAZIL

6

NON-DEAL
ROADSHOWS ABROAD

11

CONFERENCES
(5 IN BRAZIL AND
6 INTERNATIONAL)

4

RESULTS
TELECONFERENCES

700

RESPONSES TO ANALYSTS
AND INVESTORS,
INCLUDING PARTICIPATION
IN MEETINGS AND
TELEPHONE ANSWERING

PRESS

The relationship with the press is handled by a team specializing in press advisory, with spokespersons trained in dealing in an ethical and transparent manner with the demands from the media in Brazil and worldwide, interested in the performance and operations of Banco do Brasil.

During the year, 3,400 requests from journalists were dealt with. References to the bank are monitored on a daily basis by the press relations team, which tracks 25 of the major communication vehicles so as to identify positioning opportunities, primarily in situations of crises affecting the bank's image. Once again BB was market leader among Brazilian banks in terms of positive exposure in the press, according to an audit carried out by the company CDN. A significant portion of this good result in spontaneous media is due to: the IPO of BB Seguridade, the CCBB and credit lines for sectors involved in infrastructure.

In 2013, Banco do Brasil was the headline Brazilian financial institution on the agenda of international press journalists. Around 75% of the exposure obtained was evaluated as positive, according to the CDN audit, 17% ahead of the second-placed bank in the Brazilian banking market. The survey estimates the monetary return from spontaneous media at R\$1.9 billion. Based on the same audit, positive exposure in the Brazilian printed media was 83%, with 234 articles in newspapers and magazines and 129 positive headlines for the bank's institutional image in Brazil's major dailies.

During this period, BB's press office was recognized, for the third consecutive time, with the Financial Sector category Award for Companies that Best Communicate with Journalists – it was the only press office in the sector recognized in the three editions of the award since 2011. BB's press office also received the 2013 Aberje Award in the Minas and Mid-West region.

COMPETITION **GRI G4-16**

Banco do Brasil enjoys close relations with the other institutions in the financial sector, in accordance with the principles of ethics and civility. This interaction extends beyond exchanging relevant information and experiences with the market, and also covers the sharing of resources and logistics and technology solutions and, in some cases, the creation of partnerships to launch products and services.

One of the manners in which BB engages in this interaction is via sectorial entities and participations in forums and groups, so as to suggest changes and improvements that enhance financial sector efficiency. Representation in associations and public entities is the domain of the bank's executive officers and employees, whose activities adhere to and supplement the purposes of the respective entities. There are no time constraints on these participations by the bank.

In these entities, the bank participates in collegiate bodies such as boards of directors, executive boards, senior councils, deliberative and consultative committees, fiscal committees, technical commissions and committees, sectorial chambers, discussion and working groups and as ordinary members.

Within the scope of socioenvironmental responsibility, BB joins with its competitors against slave-like labor or degrading working conditions, proposing actions that sharply reduce the risk of such occurrences in its value chain. To do so it participates in the initiatives led by FEBRABAN, involving both the business and socioenvironmental responsibility.

BB is also part, together with other financial institutions, of the Thematic Chamber on Energy and Climate Change (CTClima), the Thematic Chamber on Sustainable Finance (CTFin) and the CEBDS. The purpose of this initiative is to integrate principles and practices that encourage sustainable development within the business context.

EXTERNAL OMBUDSMAN

GRI G4-57 | G4-58

BB's Ombudsman is the vehicle for mediating and resolving conflicts. This structure reflects best market practices, such as respect for consumer rights and the constant quest to enhance and improve its relationships with the various stakeholders. The role of the Ombudsman is also to encourage improvements in processes, products, services and relationship channels, based on customers' perceptions of the bank.

The area is in constant contact with the major consumer protection entities and with regulatory and supervisory entities to dialog, improve positioning, apply shared actions and strengthen the ombudsman culture and respect for consumers.

In 2103 BB's Ombudsman received 59,351 complaints, including direct notifications and those intermediated by external entities (the Central Bank, consumer

protection entities and others), and which represented an increase of 22% over the previous year. BB's customer base also grew by 4.8%, representing 2,824,000 new customers. Among the results for the year, the average response time was 12 calendar days, below the legally required limit of 15 days.

The bank also stood out in relation to the banking sector, with the best performance in Consumer Complaint Indicators of consumer protection agencies nationwide. Complaints were down by 3.8% over the previous year, while financial institutions in general registered an increase of 7.7%. BB also advanced in terms of the percentage of resolved cases, with a 1.7 p.p. improvement in relation to 2012.

For further information about the bank's Ombudsman access www.bb.com.br/ouvidoria.

Complaints Resolved by the Ombudsman	2011		2012		2013	
	Volume of Complaints	Annual Ratio ⁽¹⁾	Volume of Complaints	Annual Ratio ⁽¹⁾	Volume of Complaints	Annual Ratio ⁽¹⁾
Direct Complaints	18,850	33.66	16,475	28.14	18,869	30.74
Central Bank	15,599	27.85	18,220	31.12	26,813	43.69
Consumer Protection Entities (Procons)	11,446	20.44	13,828	23.62	13,092	21.33

(1) Number of complaints divided by the number of customers, multiplied by 100.000 equals the number of complaints for every group of 100,000 customers.

THE ENVIRONMENT

Água Brasil (Brazil Water Program) GRI G4-EC2 | G4 FS5

Transversely related to the Agenda 21, the Água Brasil Program is an alliance between the Brazilian Water Agency (ANA), FBB and WWF Brasil, and its focus is on the development, together with society, of sustainable means of production in the countryside. Since its creation, the Água Brasil Program has invested approximately R\$17 million.

With a four-front approach – Socioenvironmental Projects, Risk Mitigation, Sustainable Businesses and Communication and Engagement – the program seeks to: raise awareness about environmental conservation, responsible consumption and the importance of treating urban solid waste; encouraging the adoption of sustainable practices in farming; and promoting the conservation of

water resources in 14 micro water basins in the Amazon, Caatinga, Cerrado, Atlantic Forest and Pampa biomes. To find out more about the initiatives developed on each front, access the program's channels on the internet. The blog www.blogaguabrasil.com.br monitors the facts and events in the locations served and the local and nationwide engagement actions, as well as providing access to day-to-day news about the initiative. The hot site www.bb.com.br/aguabrasil, in turn, consists of a detailed combination of information about the program, its structure, its partners and the activities engaged in on each front.

The actions pursued in 2013 contributed to advancing the theme of sustainability and environmental conservation within the communities involved and resulted in important recognitions for the program.



**THE VARIOUS INITIATIVES OF
THE ÁGUA BRASIL PROGRAM
IN 2013 CONTRIBUTED TO
THE CONSCIENTIOUS USE
OF NATURAL RESOURCES IN
SEVERAL COMMUNITIES**

In 2013, the initiative signed the Collective Labor Agreement (ACT) in Caxias do Sul (RS), together with the local government and the University of Caxias do Sul (UCS), to implement educational actions regarding responsible consumption and selective collection, and to improve the production capacity and infrastructure of the separation sheds. The actions include the Socioenvironmental Projects front – Sustainable Cities, Conscientious Consumption and Recycling. The intention is to directly benefit the city's seven recycling associations.

In Planaltina (DF), the Produtor de Água no Pipiripau Project teamed up with the Água Brasil Program to hold a Field Day called Brasília: Conserving and Producing. The idea of the event was to raise awareness among smallholders about conserving the region's water resources. The project has already invested more than R\$40 million in recuperating the Pipiripau river basin by means of an Environmental Services Payment (PSA) System by which the prefecture remunerates local farmers that adopt conservation practices. Payments are made using the Banco do Brasil Benefits Card, which is accepted at any of BB's ATMs and in all commercial establishments that take debit cards. The system currently has 50 participants registered.

This PSA mechanism has also been implemented in Campo Grande (MS) under the Manancial Vivo (water source protection) Program. Supported by the Água Brasil Program, this initiative is working to conserve the

water basin of the Guaribora river, responsible for 50% of the public water supply in the region. In 2013, the prefecture made the first payments to rural producers who adopted practices to reduce the negative impacts on the local ecosystem to a minimum.

Supported by FBB, the Rio São Bartolomeu Vivo Project promoted community actions during the year involving the planting of seedlings, conservation of water sources and the restoration of the forestry ecology of the São Bartolomeu river, one of the most important for the Federal District region and the surrounding cities.

The UNO chose the Água Brasil Program as part of the initial group of ten global initiatives that were highlighted on the new portal for sharing corporate experiments in climate and energy. The portal was rolled out during the NYC Climate Week 2013 event in New York.

The initiative was also presented during the panel on Socioenvironmental Responsibility at the IV International Seminar on Public Health Engineering, organized by National Health Foundation (Funasa) and also received acknowledgement at the Best of the Year Awards of the O ECO newspaper in the city of Lençóis Paulista (SP). During the awards ceremony, the partners in the program received the Socioenvironmental Responsibility trophy for their work in the micro hydrographic basin of the Lençóis River and for having adopted sustainable farming practices.

SOCIOENVIRONMENTAL PROJECTS

Countryside

- Production and delivery of 7 socioenvironmental diagnoses carried out in 5 Brazilian biomes and in 6 hydrographic regions out of a total of 12 on Brazilian territory;
- Implementation of FBB Social Technologies, such as interventions in access to water within the communities: 110 large rural area cisterns, 120 domestic use cisterns, 7 seed banks, 420 biodigester septic tanks and 200 mini reservoirs (*barraginhas*);
- Evaluation of the sustainability and formulation of mitigation measures for the water footprint in 7 hydrographic basins of the Água Brasil Program;
- Approval of 22 PSA contracts in the Pipiripau (DF) basin;
- Installation of Units to demonstrate different methods of forest restoration, planting of seedlings and soil conservation, and the definition of environmental indicators (soil and water) for evaluating different stewardship methods;
- Implementation of Unit to demonstrate the recovery of gazing lands in sandy soil and a one to demonstrate a forest pasture system in the Guariroba river micro basin;
- Holding of the 1st Workshop on Water Footprints in Brazilian Hydrographic Basins under the Água Brasil Program, by the Foundation for Further Research and Industrial Enhancement (FIPAI) in São Carlos (SP);
- Workshop on Good Farming Practices, Forest Recuperation and Economic Instruments;
- Commencement of the Project for Large-scale Restoration in the Lençóis river basin, in an area of approximately 38,000 hectares. The environmental and economic management instruments used in the project are the Verified Carbon Standard (VCS) and the Low Carbon Agriculture (ABC) Program;
- Socioenvironmental Highlight – Best of the Year Award, Lençóis Paulista (SP): Socioenvironmental Responsibility Trophy for the role of the Água Brasil Program in the micro basin of the Lençóis river and acknowledgement for having adopted good farming practices in the sugarcane sector.

Urban Environment

- Calculation of the Ecological Footprint in Natal (RN) and in the State of Acre;
- Launch of Opinion Polls in partnership with the Brazilian Public Opinion and Statistics Institute (IBOPE), unparalleled in Brazil and in 5 cities where the Água Brasil Program operates: Caxias do Sul (RS), Rio Branco (AC), Pirenópolis (GO), Natal (RN) and Belo Horizonte (MG) – in interviews with 2,002 Brazilians, the consumption and waste disposal habits of the Brazilian population were verified, together with their degree of knowledge about the National Solid Waste Plan;
- Provision of organizational and economic advisory services for partner collector/recycler cooperatives of the Água Brasil Program in the five cities participating in the program;
- Participation in the 1st Brazilian Seminar on Integrated Waste Management with the Prefecture of Natal, the Cooperative of Recyclable Material Collectors (Cocamar) and the Recycling Cooperative of Santo André (Coopcicla);
- Public Policies: Água Brasil hand-in-hand with the PNRS – Municipal Law No. 714/2012 of Pirenópolis, approved and sanctioned on September 25, 2012, which institutes the local Municipal Solid Waste Policy;
- Formalization of the CATAPIRI association in Pirenópolis – the path to abandoning the landfill and recouping dignity and social inclusion;
- Permanent monitoring and inclusion of collectors: training and formation of the Local Support Committee for the actions of the Água Brasil Program – Consumption and Recycling, with the inclusion of the collectors.

Risk Mitigation

- Public disclosure of the BB's Sustainability Directives for Credit – Civil Construction and Mining, and the production in chart form of the BB's Sustainability Directives for Credit – available on the Institution's portal;
- Conclusion of the academic study: Public Policies for the Financial Sector that foster the Conservation of Natural Capital in the Agriculture and Animal Husbandry Sector;
- Holding of the forum with environmental specialists in the Oil & Gas and Transport sectors to discuss the BB's Sustainability Directives for Credit;
- Holding of the Stakeholders Panel – the BB's Sustainability Directives for Credit: Oil & Gas and Transport sectors.

Sustainable Business

- Case studies in the agribusiness chain – proposal for two studies with respective overview;
- Forestry Stewardship in Native Forests – definition of the analysis method and the locations and items to be mapped, so as to enable the stewardship to interact with the Socioenvironmental Projects front and the Amazon Program;
- Holding of Workshops on the Carbon Credits Market.

Communication and Engagement

- World Water Day 2013 – invitation to employees to send sustainability tips to the Água Brasil blog and compete for prizes. Illuminating head office buildings I and III and the CCBB have attracted press attention. On the Água Brasil hotspot (www.bb.com.br/aguabrasil), an application called Aquaranking was made available to enable an understanding of how water is consumed and to reflect on the best ways of putting it to use;
- World Environment Day – BB's employees were invited to take part in a quiz about the Água Brasil Program with a chance to win prizes (a letter of credit for an electric bicycle, a waterproof digital camera and program backpack kits). For external stakeholders, a cultural contest was held on BB's Facebook page, inviting web surfers to answer: What do you do to make every day Environment Day?
- International Volunteer Service Day – nationwide actions like planting seedlings in the Cancã and Moinho river basins, and those of the Guariroba and Xapuri rivers. In all, 1,750 native seedlings were planted.

Find out more about the Água Brasil Program at www.blogaguabrasil.com.br and www.bbaguabrasil.com.br.

Eco-Efficiency

For more than two decades the Banco do Brasil Eco-Efficiency Program has provided guidance for actions and initiatives aimed at reducing wastage of natural resources and the correct disposal of recyclable solid waste. Compliance with the established directives is assured by instruments for monitoring the environmental indicators. The outcome is the reduction in the consumption of natural resources and implementation of selective collection, where the recyclable solid waste is forwarded to cooperatives/associations of collectors.

These initiatives abide by the socioenvironmental responsibility principles enshrined in the corporate strategy, apply to all premises and are consolidated under the Working Agreement (BB and ATB Synergy), the evaluation model that measures the performance management of the premises in relation to the established goals and impacts employees' variable remuneration under the statutory profit sharing (PLR) payment.

To be entitled to the PLR, a minimum score is required in which there is a specific environmental performance indicator referred to as IE Pegada (Eco-efficiency Index – Ecological Footprint). By complying with this indicator, the units receive additional points that are added to their the performance scoreboard.

The IE Pegada program is closely related with BB Eco-Efficiency project, a strategy whose purpose is to enhance processes that result in gains in efficiency and productivity, in addition to reducing the environmental impact of the operations. It is composed of five sub-items (water consumption, energy, toner, paper and records of selective collection) and is aligned with the best corporate environmental management practices validated by the Dow Jones Sustainability Index (DJSI), by the Corporate Sustainability Index (ISE) of BM&FBovespa and by ISO 14001. The target stipulated for the IE Pegada is a reduction of 2% in each semester.

Among the initiatives that took place in 2013, worthy of note was the ISO 14001 certification process currently ongoing for the Tancredo Neves and Green Towers Buildings and the Central Technology Complex, all of them located in Brasilia. The process for obtaining this certification

CHALLENGE 16 |

To enhance the management of eco-efficiency indicators (reduction/offset of emissions, energy consumption, paper consumption, use of renewable energy, waste generation and water consumption). See how BB is facing up to this challenge on [page 35](#).

involves not only the implementation of the Environmental Management System (SGA), but also actions designed to raise employee awareness through training courses, the launch of a leaflet with good IT practices and the capture of rain water for use in flush toilets. The Altino Arantes Building, located in São Paulo (SP), had already been certified to this international standard since 2007.

Water **GRI G4-EN8**

As part of the Eco-Efficiency Program BB maintains a Program for the Rational Use of Water (Purágua), through which it carries out awareness campaigns in favor of conscientious use and monitoring of internal consumption.

During the year, Banco do Brasil worked to enhance the Water Management Panel. Up until 2012, only consumption information referring to the administration buildings in Brasilia was disclosed, equivalent to 8% of the bank's total consumption. Beginning this year, BB now makes available information on the total water consumption on its premises. This volume was 2,371,408 m³ in 2013, against 2,853,212 m³ consumed the previous year. There was a reduction of 16.8% in the total consumption, in spite of the vegetative growth of the network, which meant savings of R\$4.4 million, bearing in mind the higher tariffs in the period. Among the initiatives that contributed to this result, the highlights were actions for guidance on efficient use and the establishment of an average daily use of 50 liters per person.

Water consumption in the head office buildings (m³)	
2011	254,549
2012	243,570
2013 ⁽¹⁾	209,252

(1) Includes the head office buildings (I, II, III and IV), the Central Technology Complex (CCT) and the Tancredo Neves Building, all located in Brasilia.

Energy

GRI G4-EN3 | G4-EN5 | G4-EN6 | G4-EN7

In 2013 the General Management of Banco do Brasil in Brasilia began the process of moving to new administration head office. Besides the need for space and infrastructure to house the employees of BB's Administration Center, the move was also in the quest for operating efficiency and best sustainability practices.

The new head office building has a process involving treatment of rain water, rational use of natural resources, monitoring of electricity consumption, taking advantage of natural lighting, a selective and recycled materials collection system, in addition to a bicycle park and parking spaces for cars with low pollution emissions, among other aspects that meet the requirements for achieving the Leadership in Energy and Environment Design (LEED) seal awarded by the United States Green Building Council.

In comparison with the previous year, in 2013 Banco do Brasil registered a reduction of 10.1% in electrical energy consumption, resulting in savings of R\$30.8 million. This result was made possible because of the tariff reductions implemented by the government and the bank's measures, such as energy efficiency management actions, primarily the definition of the Energy Efficiency and Energy Diagnosis Managers. The former focuses on the activities of the logistics centers, while the latter identifies premises where consumption is

more critical, as well as opportunities for improvements in energy usage. On-going actions are monitored using indicators such as tariff Reclassification of the premises, Reductions in consumption at premises exceeding 14 kWh/m², Reduction of consumption among the bank's 100 main consumers and the Centralization of payments to the utility companies.

The bank is also working to adjust the Energy Panel system, in order to improve electrical energy management, by issuing fortnightly reports containing important information for taking decisions. The initiative will enable centralized and automated payment of the energy bills of the premises, avoiding delays and payment of penalties.

**BB EXTENDED THE
MEASUREMENT OF WATER
CONSUMPTION TO ALL
ITS PREMISES IN 2013
RESULTING IN TOTAL
CONSUMPTION
OF 2,371,408 M³**

Other initiatives already implemented have afforded reductions in energy consumption and the mitigation of carbon emissions, leading to the dissemination of the concept of sustainability among the employees, such as the use of collaborative and communication technologies (videoconferences, virtual meetings and e-mail), installation of a solar energy kiosk in Salvador (BA), Procel Edifica class A energy-efficiency labeling in the envelopment parameter of Head Office Building IV in Brasilia, as well as the construction of the BB-Caixa Digital City Datacenter Complex whose buildings were designed for optimal use of energy and to rationalize the demand for refrigeration.

The energy intensity rate used by Banco do Brasil is referred to as specific energy consumption and is determined by the ratio of energy consumption (in kWh) to the respective area of the premises involved – the value ascertained was 14 kWh/m², valid for the year 2013. Determining this indicator took into account the consumption values registered on the bank's corporate system in recent years, in addition to surveys carried out with several large financial institutions. The intensity rate is being used for the electrical energy input referring to the energy consumed within the bank.

Total Energy Consumption (TJoule) ⁽¹⁾	
2011	2,307
2012	2,830
2013	2,545

(1) The electricity consumption management system at Banco do Brasil is being enhanced, so the data may change with time.

Consumption of Diesel Oil (liters)	2011	2012	2013
Diesel Oil	438,237	641,312	368,931
S10 Diesel Oil	-	-	473,544
Total	438,237	641,312	842,476

Materials

GRI G4-EN1 | G4-EN2 | G4-EN6 | G4-EN27

The reduction in the consumption of materials is a constant concern at Banco do Brasil, which invests in technology and adopts practices for contracting with suppliers and purchasing materials that have environmental certification.

When purchasing microcomputers, the bank recommends that suppliers adhere to the Restriction of Hazardous Substances Directive – Directive 2002/95/EC (RoHS) of the European Parliament and the Council of Europe, and requires them to develop policies

for recycling and disposal of electronic material in accordance with the Waste Electrical and Electronic Equipment – Directive 2002/96/EC (WEEE).

The technical specifications and the invitations to tender for the purchase of furniture require wood bearing the Custody Chain Certification issued by the Brazilian Forestry Certification Program (Cerflor), by the Forest Stewardship Council (FSC) or a similar certification issued by a nationally or internationally recognized entity.

The bank only enters into contracts with property cleaning and conservation companies that undertake selective collection, in the case of premises served by BB's Selective Collection Program. In addition, it determines that no-break equipment and batteries be forwarded for recycling, in accordance with Resolution No. 401 of the National Council for the Environment (Conama).

Furthermore, the bank stipulates, among other requirements, that the leasing of vehicles for work-related transportation take into account Brazilian-made vehicles that run on biofuel, and it is gradually substituting physical subscriptions to newspapers with electronic signatures, which contributes to reducing paper consumption.

Paper is the material most consumed by the bank. Therefore BB only purchases paper supplied with environmental certification by the FSC or Cerflor. Banco do Brasil also requires adaptation to Elemental Chlorine Free (EFC), so as to ensure that the bleaching process of the pulp to make paper contains no chlorine elements. To reduce consumption, subscriptions to newspapers and magazines are being replaced by on-line subscriptions.

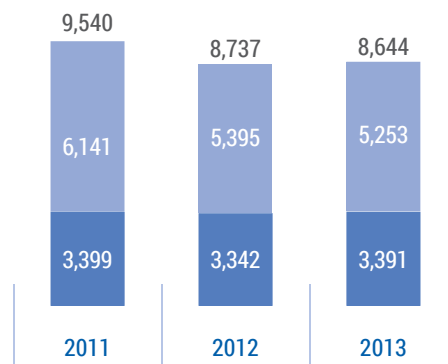
In 2013, BB's printing service, located in Rio de Janeiro, was awarded FSC certification, which was verified by the international entity Rainforest Alliance. This recognition is proof that the printing center has adapted its production process to the standards of the FSC custody chain (FSC-STD- 40-004).

Banco do Brasil makes use of an electronic presentation service for registered collection slips issued by financial institutions. Launched in 2009, Débito Direto Autorizado (Authorized Direct Debit) (DDA) adds security and convenience to its other advantages. Since it was implemented it has accumulated more than 1.2 million electronic drawees, with over 211 million payment slips having been presented electronically. During this period, by avoiding the printing of payment slips BB's DDA system has contributed to reducing the consumption of approximately 54,500 eucalyptus trees, 99.1 million liters of water and 4.9 million kW/h of energy, in addition to not pumping into the atmosphere 15,800 tons of CO₂.

BB EMPLOYS TOOLS THAT REDUCE PAPER CONSUMPTION AND SAW ITS PRINTING COMPANY RECEIVE FSC CERTIFICATION IN 2013

PAPER CONSUMPTION (T)

■ Paper consumption in offices ⁽¹⁾
 ■ Paper material stocked in the storeroom and at the printing company of BB ⁽²⁾



(1) White and recycled A4 legal-size and letterhead.

(2) TAA envelopes, TAA rolls and boxes, envelopes, sundry files and cardboard boxes

Selective Collection

GRI G4-EN23 | G4-EN27

Created in 2008, and expanded since then, BB's Selective Collection Program manages the disposal of recyclable solid waste (paper, plastics, metal and glass) and sends this to cooperatives or associations of collectors or for public selective collection. In force in 668 premises, the program began an expansion plan to benefit around 1,900 premises in 21 units around Brazil. By 2016, it is expected to cover every municipality where BB is represented and where there is selective collection involving associations/cooperatives of recyclable materials.

The proposed methodology involves the concept of reducing, reusing and recycling. On the one hand, awareness campaigns involving the internal public encourage conscientious consumption. On the other, possible waste products are donated to collectors' associations and cooperatives which forward it for recycling or reuse. The participating entities must meet the legal provisions of Decree No. 5,940/2006.

Waste from BB's Selective Collection Program ⁽¹⁾	Volume in tons
Paper	20,161.73
Plastics	31.62
Metal	3.38
Glass	0.92
Total	20,197.84

(1) Disposal method: recyclable, non-hazardous solid waste is sent to cooperatives/associations of recyclable materials collectors duly registered in compliance with Decree No. 5,940/06.

Since 2009 the Toner Cartridge Reconditioning Program (Prorec) fosters the reuse of plastic materials and the environmentally correct disposal of empty cartridges and toners. The program also prioritizes the use of reconditioned black-and-white cartridges in laser printers used for printing corporate documents and checks. Since 2012, reconditioning services have been required in tenders for contracting suppliers and service providers. **GRI G4-EN1**

GRI G4-EN2

Cartridge and Toner Reconditioning Program (Prorec)	2011	2012	2013
Total Consumed ⁽¹⁾	109,229	103,263	106,371
Volume Reconditioned	103,801	99,651	102,867
Percentage Reconditioned ⁽²⁾	95.0	96.5	96.7

(1) The percentage ratio shown is the result of comparing the consumption of reconditioned toner cartridges and the total toner cartridges consumed in the period.

(2) Up to 2008, BB consumption of (original) color toner cartridges was negligible in relation to the total toner cartridges consumed in the period, for which reason this figure has not been presented.

Climate Change

GRI G4-EC2 | G4-EN15 | G4-EN16 | G4-EN17 | G4-EN18 | G4-EN19 | G4-EN30

Aware of the relevance and urgency of climate change issues, Banco do Brasil is promoting this theme in the private sector and is adopting internal measures to enhance its processes in order to reduce greenhouse gas (GHG) emissions and to contribute to the adaptation by communities in vulnerable climatic conditions. BB is committed to transitioning to a low-carbon economy and has taken a leading role on this issue.

In addition to having been considered in the 2013-2017 scenario studies drawn up, climate change issues have received specific attention in BB 2013-2015 Agenda 21: (i) revitalize the carbon credits strategy and increase environmental assets; (ii) enhance, develop or acquire a model for identifying and evaluating the risks and/or opportunities regarding climate change for the bank's main areas of operations; and (iii) make use of/adapt the results of the models for evaluating climate change-related risks and opportunities developed within the scope of financing for the bank's own investments and those of third parties. These actions are not accounted for in this report, but are considered relevant to the bank, for which reason they are implemented in managing it.

Since 2006 and as one of the early movers in Brazil, the bank responds to the questionnaire of the Carbon Disclosure Project (CDP), a not-for-profit non-governmental organization that owns the world's largest data bank on corporate management regarding the risk of climate change. Participating in the CDP goes hand in hand with the General Policies of Banco do Brasil that provide guidance and direction for actions involving socioenvironmental responsibility and climate change. The responses are publicly available and accessible on the site of the CDP (www.cdp.net).

As a member of the Steering Committee of Caring for Climate, of the United Nations Organization (UNO), Banco do Brasil took part in the parallel events to the Conference of the Parties on Climate Change – COP 19, held in Poland in November 2013, including as a speaker. On that occasion the bank highlighted its alignment with the UNO initiatives and the different actions on behalf of the issue.

A HIGHLY IMPORTANT ISSUE FOR THE BANK, CLIMATE CHANGE IS DEBATED IN INTERNAL FORUMS AND BY BECOMING INVOLVED IN NATIONAL AND INTERNATIONAL INITIATIVES

BB is a founding member of the Businesses for Climate Program and the Brazilian GHG Protocol Program, both intended to cause reflection and propose actions against climate change. It is also part of the Carbon Efficient Index (ICO2) of the BM&FBovespa, an umbrella group for businesses with good corporate governance and transparent practices in regard to their GHG emissions. The performance indicator used by this group in this respect is the carbon intensity which relates the organization's emissions to its gross revenues.

It is also a member of the Thematic Chamber on Climate Change (CTClima), an initiative coordinated by the Brazilian Business Council for Sustainable Development (CEBDS) with the aim of assisting businesses to adopt strategies for taking advantage of opportunities and keeping risks to a minimum so as to prepare them for a world with restrictions on GHG emissions. In 2013 the bank sponsored the Study on Adaptation and Vulnerability to Climate Change: the case of the Brazilian electrical energy sector, which evaluated the impact of changes in water availability in highly industrially developed regions, so as to disseminate knowledge internally, as well as tools for analyzing scenarios and managing risks and opportunities. The study was conducted by the company WayCarbon, in partnership with HBRnet, and with the support of specialists from the companies affiliated to the CEBDS and the coordination team of CTClima. The results showed the importance

of incorporating climate issues on the agenda of the electrical energy sector, the urgency in getting to understand the sensitivity of the sector to these changes – and the adjacent risks and opportunities – and the need to urge the public and private sectors into new discussions, as well as advancing surveys and strategies for adapting to climate change.

Also within the scope of the CEBDS, and dovetailing with the objectives of the Água Brasil Program, BB is part of the Thematic Chamber on Water (CT Água). One of the main objectives of this forum is to improve the quality and availability of water to all users of Brazil's water basins, by means of more efficient management of these areas and market mechanisms. The CT Água also plays the role of instructing, perfecting and universalizing the best practices and water resource management tools for the business sector.

The bank's leading role on the issue of water can also be seen in two other important forums on which it has a seat. One of these is the CEO Water Mandate, coordinated by the UNO, which aims to build an international movement of companies committed to the cause of water, so as to help them develop and disclose policies and practices in this context. The second is the Brazil Section of the World Water Council, whose main challenges include a more proactive role for Brazilian governors on the World Water Council, with a positive influence on the entity's agenda, and to create a discussion platform for diagnosing water resources policy and management in Brazil and worldwide.

The issue is debated in working groups charged with defining the Socioenvironmental Directives that guide the department in evaluating the risks and opportunities associated with environmental indicators, and in developing new products and services where the emphasis is on fighting climate change. In addition, this issue is reflected in the working agreement through the IE Pegada Program (Eco-efficiency Index – Ecological Footprint), which encourages and recognizes the responsible use of natural resources by employees. When granting financing, the bank abides by the

Equator Principles, with special attention for Principle 2 regarding the monitoring of pollution prevention and mitigation measures (including atmospheric emissions) that contribute to climate change.

With the aim of reducing air and ground travel of employees in service, Banco do Brasil currently has 237 working audio and videoconferencing rooms located on premises in every unit of the federation, as well as on some overseas premises. This ideal, low-cost solution for small offices reduces business travel costs and enhances participation by employees who are far away. From the point of view of emissions, this item avoids the estimated emission of 1,500 tons of CO₂e.

The Digital Image Compensation System (CDI), a process for digitalizing checks issued across Brazil, reduces the need to physically transport these documents and results in lower expenditures. Implemented in 2012, it has eliminated around 1,000 ground transport routes and 50 air routes, in addition to some trips made by boat in certain Brazilian regions. Thus BB has avoided emitting around 5,000 tons of CO₂e.

Add to this the contributions from the conference rooms, the CDI and the Authorized Direct Debit system (described in the item Materials), the bank avoided around 8,000 tons of CO₂e.

At events, the bank neutralized its emissions in all six results presentations organized in partnership with the Association of Capital Market Investment Analysts and Professionals (Apimec). The certificates were issued by the company Neutraliza Carbono, with full neutralization of emissions of 6,032 kg of CO₂. Also neutralized were the 54,903 kg of CO₂ at the World Volleyball League, and 197,380 kg of CO₂ at international indoor soccer championships. Similarly, a project has been developed to offset the carbon emissions of the Circuito Banco do Brasil, which visited the cities of Salvador, Curitiba, Belo Horizonte, Rio de Janeiro, Brasília and São Paulo. The quantity of carbon emitted was calculated, and this was converted into the number of trees to be planted in 2014 to provide the proper environmental offset.

In August 2013, the prospects and opportunities for Banco do Brasil to operate in the carbon credits market were discussed at the 16th meeting of the Sustainability Forum, which brought together the bank's executives and Brazilian and international specialists. The event was also attended by world-famous researchers like David Antonioli, CEO of the Verified Carbon Standard (VCS), Aloísio de Melo, general coordinator for the Environment and Climate Change of the Ministry of Finance and Fernando Malta, representative for the Brazilian Business Council on Sustainable Development (CEBDS).

CO ₂ Emissions Inventory				
Scope	Emission Source	2012	2013	(%) Variance
Scope 1 ⁽¹⁾	Own Vehicle Fleet (liters)	5,831 tCO ₂ e (Ethanol – 621,000) (Gasoline – 2.93 million) (Diesel – 89,000)	5,284 tCO ₂ e (Ethanol – 632,000) (Gasoline – 2.90 million) (Diesel – 55,000)	(9.4)
	Energy Generators (liters)	1,612 tCO ₂ e (Diesel – 642,000)	2,020 tCO ₂ e (Diesel – 803,000)	25.5
	Biomass	1,539 tCO ₂ e	1,692 tCO ₂ e	9.9
Scope 2 ⁽²⁾	Energy Acquired (kWh)	54,235 tCO ₂ e (794 million)	68,774 tCO ₂ e (714 million)	26.8
Scope 3 ⁽³⁾	Air Travel (tickets)	7,954 tCO ₂ e (57,810)	5,917 tCO ₂ e (50,147)	(25.6)

(1) The increase in fuel consumption by energy generators is due to the bank's organizational growth, which increased its inventoried base, in addition to the adaptation of the systematic safety testing of the equipment which now takes place every six months in compliance with changes to the regulatory rules. The Biomass source values take into account emissions prevented by substituting fossil fuel with renewable fuel.

(2) Banco do Brasil has been taking actions to optimize electrical energy consumption at all its units, and in 2013 it managed a reduction of around 10% in kWh; the positive variance in the volume of greenhouse gas (GHG) emissions shown in Scope 2 is due to the higher conversion factor of the National Interconnected System in relation to the same period of the previous year, on account of the constant use of thermoelectric power generators that are more pollutant and non-renewable energy sources.

(3) Banco do Brasil has encouraged the use of its 237 videoconference rooms that have been set up throughout Brazil. This measure will enable a gradual reduction in the number of air tickets and GHG emissions arising from this source.

Carbon Intensity of Banco do Brasil (GHG Emissions/gross revenue)	2011	2012	2013
Gross Revenue (R\$000)	127,724,413	133,668,279	144,849,582
Revenue from Financial Intermediation (R\$000)	102,849,000	104,525,000	113,997,000
Revenue from Services (R\$000)	12,213,287	14,485,551	16,753,530
Fee Income (R\$000)	6,028,289	6,585,614	6,546,984
Premiums Retained on Insurance, Pension Plans and Savings Bonds (R\$000)	15,741,276	22,622,502	29,424,629
Variance in Technical Provisions Insurance, Pension Plans and Savings Bonds (R\$000)	(9,107,439)	(14,550,388)	(21,872,561)
GHG Emissions (tCO₂e)	23,200	63,691	78,091
Scope 1	5,537	7,443	7,304
Scope 2	17,663	54,236	68,774
Carbon Intensity	0.00000018	0.00000048	0.00000054

Green IT

BB is part of the Green IT working group of the FEBRABAN Social Responsibility and Sustainability Committee, which discusses the proper disposal of electrical and electronic waste in accordance with Law No. 12,305, which instituted the PNRS. The bank is also a member of the Special Study Commission for Sustainable Procurement (CEE-277) of the Brazilian Technical Standards Association (ABNT), which defines the principles and standards for sustainable procurement.

The Green IT actions taken seek to promote the efficient use of resources while reducing waste to a minimum by employing information technology in eco-efficiency practices. As a result of these initiatives, there has been a noted reduction in energy consumption and carbon emissions.

Several initiatives already implemented have enabled reductions in energy consumption and the mitigation of carbon emissions, which helps disseminate the concept of sustainability. The highlight among these is the use in collaboration and communication technology (videoconferences, virtual meetings and e-mails), the installation of a solar powered kiosk in Salvador (BA) and the Procel Edifica class A energy-efficiency labeling in the envelopment parameter of Head Office Building IV in Brasília.

Another relevant initiative within the scope of Green IT is the construction of BB-Caixa Digital City Datacenter Complex whose buildings were designed for optimal use of energy and to rationalize the demand for refrigeration. They were installed using the concept of clean construction, with minimal losses, low waste and pre-molded construction. The soil permeability rate is 65%, 30% higher than the legal requirements. Non-polluting, the energy generators are equipped

**GREEN IT ACTIONS AIM
TO PROMOTE THE EFFICIENT
USE OF RESOURCES
WHILE GENERATING
MINIMUM WASTE**

with noise suppressors and can run on biodiesel. In addition, the cover was designed to reduce the thermal load, which reduces energy consumption, and the facade is lined with structural laminates originating from managed forests.

With regard to the socioenvironmental criteria adopted in procuring IT products and services, the bank requires manufacturers of disk sub-systems to participate in and comply with the precepts of the Green Storage Initiative (GSI), while a series of items of equipment must comply with the RoHS Directive that restricts the use of certain toxic substances and heavy metals. In the case of monitors and equipment with huge energy demands, minimum levels of energy efficiency are required.

These advances in Green IT result in benefits in every dimension of sustainability. They contribute, for example, to improving the bank's indicators on indices like the DJSI and the ISE. In recent years, notwithstanding the increased headcount, the bank has maintained the same average energy consumption per employee. The reduction in the number of air tickets issued avoids GHG emissions and keeps BB's costs to a minimum.



Awards and Recognitions

SEE BELOW THE PRINCIPAL AWARDS AND RECOGNITIONS OF BANCO DO BRASIL IN 2013 FOR ITS PERFORMANCE IN A WIDE RANGE OF FIELDS

It figured for the second consecutive year on the portfolio of the Dow Jones Sustainability Index (DJSI) prepared by the New York Stock Exchange. It was also chosen to comprise the new Down Jones Emerging Markets Sustainability Index that monitors the performance of the top companies in terms of sustainability in 20 developing countries.

The bank was listed in ranking of The Best Companies to Work For compiled by the VOCÊ S/A magazine Guide.

The public offering by BB Seguridade was considered the IPO of the Year by Latin Finance magazine.

The bank was champion in the Finance category of the Época Magazine Green Business 2013 Awards, a joint event organized by consultants PricewaterhouseCoopers and Brazilian magazine Época.

FSC certification for the custody chain, verified by the international organism Rainforest Alliance, was awarded to BB printing center located in Rio de Janeiro.

BB received the Latin America Bond of the Year 2012 award from the International Financing Review (IFR), for having issued perpetual bonds of US\$1.75 billion.

Banco do Brasil was the only Brazilian bank among the world's 100 most sustainable businesses, according to the Global 100 Ranking of Canadian research company, Corporate Knights.

Confirming its efficiency in managing greenhouse gas (GHG) emissions, BB remained on the listing of the Carbon Efficient Index (ICO2) of the BM&FBovespa.

The bank took 22nd position in the global ranking of the Top 500 Banking Brands 2013, organized by Brand Finance together with British magazine, The Banker.

The bank took 1st place in the Banks category among the Most Loved Brands in Brazil – 2013, a listing organized by Oficina Sophia in partnership with Consumidor Moderno magazine.

BB was the highlight on the 2013 Greenwich Associates Quality list published by Greenwich Associates, in the Brazilian Foreign Exchange Service Quality category, and was also recognized in the 2013 Greenwich Share Leader, of the same entity, in the Brazilian Foreign Exchange Market Share category.

Banco do Brasil took 1st place in Top of Mind Rural 2013, compiled by Rural magazine.

The bank figures among the world's best banks in the survey, The World's Strongest Banks, by information agency Bloomberg.

BB received awards in 12 categories at the 12th edition of the e-Finance Awards, one of the most respected awards in banking IT in Brazil, organized by Executivos Financeiros magazine.

The bank was the highest-placed Brazilian bank and 36th on the world listing of the Top 1000 World Banks 2013, organized by the British magazine, The Banker.

Banco do Brasil was elected the 3rd most valuable brand in Brazil in 2013, according to a survey by Exame magazine.

The bank was acknowledged in the Education/Interiors category at the X Corporate Architecture Grand Prix, considered the top award in the industry in Latin America.

For the 3rd consecutive year, BB was listed on the CDP Global 500 report as one of the 500 best-performing companies in managing climate change.

The Água Brasil Program was chosen as one of the 10 business practices to be shared at the launch of the new United Nations Organization (UNO) portal for exchanging corporate experiments on climate and energy.

For the 9th consecutive year, BB comprises the portfolio of the Corporate Sustainability Index (ISE) of the BM&FBovespa.

The bank was awarded the Gold Seal for its emissions inventory under the Brazilian GHG Protocol Program of which it has been a founding member since 2008.

Banco do Brasil took 1st place in the Finance segment of the DCI Award – Brazil's Most Admired Companies, organized by the DCI – Diário Comércio Indústria & Serviços newspaper.

BB achieved the highest score within the banking sector in the survey on The Companies with the Best Reputation on the Brazilian Market, published by the Reputation Institute – it obtained a score of 71,99, considered strong by the entity, while the average for the banking sector was 43,31 points.

BB took 1st place in the Banks category of the Folha Top of Mind 2013, of the DataFolha Institute, for the 23rd consecutive time.

Banco do Brasil took 3rd place in the annual ranking, The Most Valuable Brazilian Brands, by Interbrand, with a brand evaluation of R\$11.8 billion.

The bank was the winner in the Products and Services category of the Green Project Awards Brasil (GPA) with the Sustainability Store, a virtual platform for selling products with a sustainability bias manufactured by entities supported by the Sustainable Development Strategy.

Ourocard was elected the preferred card of Brazilians in a survey by the Medida Cerca/Cardmonitor Institute.

BB Gestão de Recursos DTVM took 1st place in the Top Asset Management ranking of Institutional Investor magazine; elected best money manager in an exclusive survey by the Getúlio Vargas Foundation published in Você S/A magazine; elected best funds manager, by the Institutional Investments Guide of Exame magazine; and figured on the Best Institutional Funds list of Luz Soluções Financeiras, and on the Top Five of the Brazilian Central Bank as one of the best institutions in the market for forecasting the National Comprehensive Consumer Price Index (IPCA).

SOCIAL BALANCE SHEET

GRI G4-10 | G4-38 | G4-EN31 | G4-LA1 | G4-LA12

1 – Calculation Base	2012 (R\$ thousand)			2013 (R\$ thousand)				
Net Income (NI) ⁽¹⁾	30,054,869			28,710,585				
Operating Income (OI)	17,226,772			14,619,939				
Gross Payroll (GP) ⁽²⁾	16,503,443			18,351,162				
Total Value Added (TVA) ⁽³⁾	44,303,333			52,697,586				
2 – Internal Social Indicators	R\$ thousand	% over GP	% over NI	% over TVA	R\$ thousand	% over GP	% over NI	% over TVA
Meals	1,142,332	6.9	3.8	2.6	1,262,454	6.9	4.4	2.4
Mandatory Social Charges	2,872,138	17.4	9.6	6.5	3,106,996	16.9	10.8	5.9
Private Pension Scheme	2,243,701	13.6	7.5	5.1	1,835,959	10.0	6.4	3.5
Health	927,960	5.6	3.1	2.1	970,181	5.3	3.4	1.8
Occupational Health and Safety	70,249	0.4	0.2	0.2	67,151	0.4	0.2	0.1
Education ⁽³⁾	18,962	0.1	0.1	0.0	16,900	0.1	0.1	0.0
Culture	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Training and Professional Development	84,573	0.5	0.3	0.2	74,800	0.4	0.3	0.1
Daycare or Daycare Allowances	87,027	0.5	0.3	0.2	95,806	0.5	0.3	0.2
Transportation	21,993	0.1	0.1	0.0	31,612	0.2	0.1	0.1
Profit-Sharing	1,835,262	11.1	6.1	4.1	2,204,278	12.0	7.7	4.2
Others	436,821	2.6	1.5	1.0	175,127	1.0	0.6	0.3
PAS	272,712	1.7	0.9	0.6	3,920	0.0	0.0	0.0
Dental Plan	27,719	0.2	0.1	0.1	27,283	0.1	0.1	0.1
Apprenticeship Program	43,105	0.3	0.1	0.1	76,923	0.4	0.3	0.1
Internship Program	93,285	0.6	0.3	0.2	67,001	0.4	0.2	0.1
Total – Internal Social Indicators	9,741,018	59.0	32.4	22.0	9,841,264	53.6	34.3	18.7
3. External Social Indicators	R\$ thousand	% over OI	% over NI	% over TVA	R\$ thousand	% over OI	% over NI	% over TVA
Education	28,698	0.2	0.1	0.1	16,362	0.1	0.1	0.0
Culture	41,283	0.3	0.1	0.1	41,919	0.2	0.1	0.1
Health and Sanitation	10,508	0.1	0.0	0.0	3,444	0.0	0.0	0.0
Sport	82,445	0.5	0.3	0.2	89,887	0.5	0.3	0.2
Hunger and Food Safety Campaign	130,431	0.8	0.4	0.3	76,758	0.4	0.3	0.1
Creation of Jobs and Income	166,389	1.0	0.6	0.4	105,128	0.6	0.4	0.2
Others	19,658	0.1	0.1	0.0	25,092	0.1	0.1	0.0
BB Program for Donating Computers ⁽⁴⁾	1,331	0.0	0.0	0.0	2,698	0.0	0.0	0.0
Digital Inclusion	5,905	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Science and Technology	368	0.0	0.0	0.0	1,896	0.0	0.0	0.0
Transfers to Childhood and Adolescence Fund (FIA)	10,000	0.1	0.0	0.0	10,000	0.1	0.0	0.0
BB volunteer Work Project	3,385	0.0	0.0	0.0	3,385	0.0	0.0	0.0
BB Volunteer Service Project (FIA + Fundação Banco do Brasil – FBB) ⁽⁵⁾	9,799	0.1	0.0	0.0	20,665	0.1	0.1	0.0
Total contributions to society	479,412	2.9	1.6	1.1	358,590	2.0	1.2	0.7
Taxes (Excluding Social Charges)	1,368,446	8.3	4.6	3.1	2,886,498	15.7	10.1	5.5
Total – External Social Indicators	1,847,858	11.2	6.1	4.2	3,245,088	17.7	11.3	6.2
4 – Environmental Indicators	R\$ thousand	% over OI	% over NI	% over TVA	R\$ thousand	% over OI	% over NI	% over TVA
4.1 – Investments Related to the Production/ Operation of the Company	129,388	0.8	0.4	0.3	109,366	0.6	0.4	0.2
Land Expropriation	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Liabilities and Environmental Contingencies	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Technological and Industrial Development Program	112,080	0.7	0.4	0.3	88,014	0.5	0.3	0.2
Energy Conservation	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Environmental Education	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Sectorial Indicator	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Others	17,308	0.1	0.1	0.0	21,352	0.1	0.1	0.0
Investment in the Cartridge Remanufacturing Program	17,295	0.1	0.1	0.0	21,243	0.1	0.1	0.0
Internal Environmental Audit	13	0.0	0.0	0.0	21	0.0	0.0	0.0
Internal Environmental Consultancy	0	0.0	0.0	0.0	88	0.0	0.0	0.0

4.2 – Investment in External Programs and/or Projects	6,740	0.0	0.0	0.0	9,826	0.1	0.0	0.0
Environmental Education Projects in Communities ⁽⁶⁾	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Preservation and/or Recuperation of Degraded Environments ⁽⁷⁾	2,240	0.0	0.0	0.0	2,142	0.0	0.0	0.0
Others	4,500	0.0	0.0	0.0	7,684	0.0	0.0	0.0
Brazil Water Program ⁽⁸⁾	4,500	0.0	0.0	0.0	7,684	0.0	0.0	0.0
Total Investments in External Programs and/or Projects (4.1 + 4.2)	136,128	0.8	0.5	0.3	119,192	0.6	0.4	0.2
5 – Staff Indicators	2012 – In units			2013 – In units				
Number of Employees at the End of the Period	114,182			112,216				
Number of Admissions During the Period	5,245			3,733				
Number of Dismissals During the Period	4,266			5,426				
Number of Outsourced Employees	40,360			41,758				
Number of Interns	6,020			5,558				
Number of Apprentices	5,146			3,797				
Number of Employees over the Age of 45	34,948			35,003				
Number of Employees by Age Group								
Up to 25 Years of Age	6,538			5,268				
From 26 to 35 Years of Age	43,023			41,574				
From 36 to 45 Years of Age	29,673			30,371				
Over 45 Years of Age	34,948			35,003				
Number of Employees by Education Level:								
Illiterate	-			58				
Primary Education	490			370				
Secondary/Vocational Education	28,552			26,426				
Higher Education	53,223			51,568				
Postgraduate Study	-			109				
(Specialization, Masters and Doctorates)	31,917			33,685				
Number of Women Working at the Company	40,249			46,580				
Percentage of Managerial Positions Occupied by Women	35.3			35.2				
Number of Men Working at the Company	73,933			65,636				
Percentage of Managerial Positions Occupied by Men	64.8			64.8				
Number of Afro-Descendants, Brown-Skinned People or Indians Working at the Company	26,583			26,851				
Number of Afro-Descendants, Brown-Skinned People or Indians Holding Managerial Positions	6,948			7,860				
Number of Handicapped Employees of Those with Special Needs	974			1,038				
Gross Compensation (before charges)	R\$8,725,788,964			R\$9,513,567,577				
Broken Down by:								
Employees	R\$8,702,534,050			R\$9,488,793,381				
Managers (Board of Directors, Auditors and Officers)	R\$23,254,914			R\$24,774,196				
Difference between the Lowest Salary Paid by the Company and the Minimum Salary (national or regional)								
Difference between the Lowest Salary Paid by the Company and the Minimum Salary	R\$1,270			R\$1,365				
6 – Relevant Corporate Citizenship Information	2012			2013				
Ratio of highest to lowest salary at the company	16.8			16.8				
Total Number of Work Accidents	1,122			1,327				
Social and Environmental Projects Developed by the Company Were Defined by:	(x) Senior management () Senior and middle management () All employees			(x) Senior management () Senior and middle management () All employees				
Safety and Health Standards in the Workplace Were Defined by:	(x) Senior and middle management () All employees () All of the above + CIPA			(x) Senior and middle management () All employees () All of the above + CIPA				
With regard to labor unions, right for collective bargaining and internal representation of workers, the company:	() Does not get involved () Adheres to ILO norms (x) Encourages and adheres to the ILO			() Does not get involved () Adheres to ILO norms (x) Encourages and adheres to the ILO				
Regarding Freedom of Union Association, Right to Collective Bargaining and In-House Worker Representation, the Company:	() Senior management () Senior and middle management (x) All employees			() Senior management () Senior and middle management (x) All employees				
The Private Pension Plan Covers:	() Senior management () Senior and middle management (x) All employees			() Senior management () Senior and middle management (x) All employees				

Profit Sharing Covers:	() Are not taken into account () Are suggested (x) Are required	() Are not taken into account () Are suggested (x) Are required
When Choosing Suppliers, the Same Standards of Ethics and of Social and Environmental Responsibility Adopted by the Company:	() Does not get involved () Supports it (x) Organizes and encourages it	() Does not get involved () Supports it (x) Organizes and encourages it
Total Number of Consumer Complaints and Criticisms ⁽⁹⁾ :	At the company: 15,162 At the Procon: 13,828 In court: 159,107	At the company: 16,933 At the Procon: 13,092 In court: 54,969
Percentage of Complaints and Criticisms Addressed or Resolved:	At the company: 100% At the Procon: 100%	At the company: 100% At the Procon: 100%
Actions Taken by the Company to Remedy or Minimize the Causes of the Complaints:	Transformation and Awareness of Employees in Customer Service,	Transformation and Awareness of Employees in Customer Service,
Total Value Added to be Distributed (in thousand of R\$):	40,225,240	49,051,040
Distribution of Value Added:	% of the total	% of the total
Government	27.0	26.8
Employees	40.1	37.1
Shareholders	12.2	12.9
Third Parties	2.2	2.3
Retained	18.5	21.0

7 – Other Information

Banco do Brasil S/A – Brasília (DF) – CNPJ: 00.000.000/0001-91

For clarification about the information disclosed: ir@bb.com.br.

This company does not employ child or slave labor, has no involvement with prostitution of sexual exploitation of children and adolescents and is not involved with corruption. We value and respect diversity, both within and outside the bank.

Notes:

(1) 2012 amount rectified in accordance with the Financial Statements.

(2) Amount corresponding to personnel expenses.

(3) Expenditures with standard teaching at all levels, reimbursement of education expenses, scholarships, magazine subscriptions, library expenditures (excluding personnel) and other expenditures on education.

(4) In 2012, this refers to 4,021 microcomputers worth, on average, R\$281.37. In 2013, it refers to 20,121 microcomputers with an average value of R\$134.07.

(5) In 2012, this refers to 157 projects. In 2013, 255 projects – not including Instituto Cooperforte.

(6) The amounts spent on environmental education are diluted in item 3. External Social Indicators – Education.

(7) Refers to the São Bartolomeu River Project.

(8) Refers to transfers from the BB to WWF Brasil and Fundação Banco do Brasil for implementing actions within the Água Brasil Program.

(9) Takes into account information registered with the company's External Ombudsman and the courts.

(*) Amount representing the Gross Value Added shown in the Statement of Value Added (SVA). The 2012 amount was corrected in accordance with the Financial Statements.

CORPORATE INFORMATION

GRI G4-38

Composition of the Statutory Boards of Banco do Brasil	
Board of Directors	Antonio Mauricio Maurano (since February 14, 2014)
Paulo Rogério Caffarelli (since March 20, 2014)	Antônio Valmir Campelo Bezerra (since April 7, 2014)
Adriana Queiroz de Carvalho	Geraldo Afonso Dezena da Silva
Aldemir Bendine	Ivan de Souza Monteiro
Bernardo Gouthier Macedo	Osmar Fernandes Dias
Elvio Lima Gaspar	Paulo Roberto Lopes Ricci
Henrique Jäger	Paulo Rogério Caffarelli (until February 12, 2014)
Rafael Vieira de Matos	Robson Rocha
Sérgio Eduardo Arbulu Mendonça	Walter Malieni Junior
Internal Audit	Audit Committee
Rudinei dos Santos	Egídio Otmar Ames
Board of Auditors	Antônio Carlos Correia
Paulo José dos Reis Souza	Elvio Lima Gaspar
Aldo César Braido	Henrique Jäger
Augusto Carneiro de Oliveira Filho	Remuneration Committee
Marcos de Andrade Reis Villela	Egídio Otmar Ames
Marcos Machado Guimarães	Aldemir Bendine
Board of Officers	Henrique Jäger
Aldemir Bendine	Sérgio Eduardo Arbulu Mendonça
Alexandre Corrêa Abreu	

GRI G4-5

Investor Relations Unit

SBS Quadra 01, Bloco C, Lote 32 – Edifício-Sede III
– 7th floor
Setor Bancário Sul
CEP: 70073-901
Brasília (DF)
E-mail: ir@bb.com.br

Composition of the Statutory Boards of Banco do Brasil	
Officers	
Adilson do Nascimento Anisio	José Carlos Reis da Silva
Admilson Monteiro Garcia	José Mauricio Pereira Coelho
Adriano Meira Ricci	Luís Aniceto Silva Cavicchioli
Antonio Pedro da Silva Machado	Luiz Henrique Guimarães de Freitas
Carlos Alberto Araujo Netto	Marcelo Augusto Dutra Labuto
Carlos Eduardo Leal Neri	Márcio Hamilton Ferreira
Clenio Severio Teribele	Marco Antonio Ascoli Mastroeni
Edmar José Casalatina	Marcos Ricardo Lot
Edson Rogério da Costa	Nilson Martiniano Moreira
Gueitiro Matsuo Genso	Raul Francisco Moreira
Gustavo Henrique Santos de Sousa	Sandro José Franco
Hayton Jurema da Rocha	Sandro Kohler Marcondes
Ives César Fülber	Sérgio Peres
Janio Carlos Endo Macedo	

Sustainable Development Unit

SBS Quadra 01, Bloco A, Lote 31 – Edifício-Sede I –
16th floor
Setor Bancário Sul
CEP: 70073-900
Brasília (DF)
E-mail: sustentabilidade@bb.com.br

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

To
The Board of Directors, Shareholders and Management
Banco do Brasil S.A.
Brasília – DF

INTRODUCTION

We have been contracted with the purpose of applying limited assurance procedures on the sustainability information disclosed in the Annual Report of Banco do Brasil S.A., related to the year ended December 31 2013.

RESPONSIBILITIES OF COMPANY MANAGEMENT

The management of the Banco do Brasil is responsible for the preparation and adequate presentation of the sustainability information disclosed in the Annual Report according to the Guidelines for Sustainability Reports of the Global Reporting Initiative – GRI (GRI-G4) and using the internal controls that it determined as necessary to enable preparation of such information free of any relevant distortion, even though it was resulted by fraud or error.

INDEPENDENT AUDITORS' RESPONSIBILITY

Our responsibility is to express a conclusion about the information in Annual Sustainability Report based on the limited assurance engagement conducted in accordance with Technical Notice (CT) 07/2012 approved by the Federal Accounting Council and prepared in accordance with NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), issued by the Federal Accounting Council – CFC, which is the equivalent to international standard ISAE 3000 issued by the International Federation of Accountants applicable to Non-Historical Information. These standards require compliance with ethical requirements, including independence ones and also that the engagement is conducted in order to provide a limited assurance that the information disclosed in the Annual Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) primarily consists of questioning to the management of Company and other Company's professional involved in preparing the information in the Annual Report and also applying analytical procedures to obtain evidence that allows us to make a limited assurance conclusion about the information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor learns of issues which lead them to believe that the information in the Annual Report, taken as a whole, could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation and presentation of the information in the Annual Report and other engagement circumstances and considerations about areas where material misstatement could exist. The procedures consisted of:

- a. The planning of the work, considering the relevance, amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Annual Report;

- b. The understanding of the calculation methodology and the consolidation procedures used to of the indicators through interviews with the personnel in charge of the preparation of the information;
- c. The application of substantive procedures to the quantitative information and enquiries about the qualitative information and its relation to the indicators disclosed in the information presented in the annual report; and
- d. The comparison of the financial indicators with the financial statements and/or accounting records.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited conclusion.

SCOPE AND LIMITATIONS

The procedures applied in a limited assurance engagement are substantially less extensive than those applied in an assurance engagement aiming to express an opinion about the information in the Annual Report. Due to this, it does not ensure us that we are aware of all the issues that would be identified during an assurance engagement which aim to express an opinion. If we had conducted an engagement in order to express an opinion, we may have identified other issues and possible misstatements which can be in the information presented in the Annual Report. Therefore, we are not expressing an opinion about this information.

The nonfinancial data is subject to more inherent limitations than the financial data, due to the nature and diversity of the methods used to determine, calculate or estimate this data. Qualitative interpretations of the data's materiality and accuracy are subjected to individual presumptions and judgments. Additionally, we did not examine data informed for prior periods or future projections and targets either.

The objective of our work was to apply limited assurance procedures on the sustainability information disclosed in the Annual Report of Banco do Brasil, not including its greenhouse gas emissions data, neither the assessment of the appropriateness of its policies, practices and sustainability performance.

CONCLUSION

Based on the applied procedures, described in this report, nothing has come to our attention that leads us to believe that the information contained in the Annual Report 2013 prepared by Banco do Brasil SA in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative – GRI (GRI-G4), were not compiled, in all relevant aspects, in accordance with the records and files that served as bases for their preparation.

Brasília, April 30, 2014

KPMG Auditores Independentes

CRC SP-014428/O-6 F-DF

Original report in Portuguese signed by

Giuseppe Masi

Contador CRC 1SP176273/O-7

Independence Statement

To the Board of Directors and Shareholders of Banco do Brasil S.A.

Brasília – DF

April 30th, 2014

In connection with the action to be taken with respect to the issuance of the Independent Auditors on the sustainability information disclosed in the Annual Report of the Banco of Brasil SA, related to the year ended December 31st 2013 we declare that KPMG is independent in relation to the Banco do Brasil SA and there was no conflict of interest in the verification of environmental and social data on the sustainability information in accordance with the rules of the International Federation of Accountants (IFAC) Code of Ethics and local rule CFC Resolução CFC 1.312/10.

Very truly yours,

KPMG Auditores Independentes

CRC SP-014428/O-6 F-DF

Giuseppe Masi

Accountant CRC 1SP176273/O-7

GRI INDEX

Key

- In accordance
- Partially in accordance
- Not in accordance

General standard disclosures								
Strategy and analysis		AR's pages	Pages in FS and RF	Website	Accordance	Omissions	External assurance 112-113	Global Compact
G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	10-11			●		√	
G4-2	Provide a description of key impacts, risks, and opportunities.	10, 30 to 38			●		√	
Organizational profile		AR's pages	Pages in FS and RF	Website	Accordance	Omissions	External assurance 112-113	Global Compact
G4-3	Name of the organization.	5			●		√	
G4-4	Primary brands, products and services.	5			●		√	
G4-5	Location of the organization's headquarters.	111			●		√	
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	5-6			●		√	
G4-7	Report the nature of ownership and legal form.	5	See also Note 1 to the Financial Statements for Fiscal Year 2013.		●		√	
G4-8	Report the markets served (including geographic breakdown, sectors served and types of customers and beneficiaries).	5-6	See also 2013 Reference Form, item 7, Issuer's Activities.		●		√	
G4-9	Report the scale of the organization.	2 to 6	See also Financial Statements 2013.		●		√	
G4-10	Report the total number of employees, contractors and self-employed broken down by employment contract, employment type, region and gender. Report any significant changes in the number of employees.	69, 108 to 110			●	Gender breakdown will be shown in the 2015 report.	√	
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	74			●		√	1, 3
G4-12	Describe the organization's supply chain.	79			●		√	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	5, 61, 79	See also Note 2 to the Financial Statements 2013.		●		√	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	21 to 26, 30-31			●		√	7
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	33			●		√	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.	32, 92			●		√	

Identified material aspects and boundaries		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	12	See also Note 3 to the Financial Statements for Fiscal Year 2013.		●		√	
G4-18	Explain the process for defining the report content and the aspect boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	12 to 16			●		√	
G4-19	List all the material aspects identified in the process for defining report content.	13 to 16			●		√	
G4-20	For each material aspect, report the aspect boundary within the organization. - Report whether the Aspect is material within the organization. Use the entities list described in G4-17 as a reference. - Report any specific limitation regarding the Aspect Boundary within the organization.	13 to 16			●			
G4-21	For each material aspect, report the aspect boundary outside the organization. - Identify the entities, groups of entities or elements for which the aspect is material. In addition, describe the geographical location where the aspect is material for the entities identified. - Report any specific limitation regarding the Aspect Boundary outside the organization.	13 to 16			●			
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements.	12	See also Financial Statements 2013 item 2 – COMPANY RESTRUCTURING.		●		√	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	13	See also Financial Statements 2013 item 2 – COMPANY RESTRUCTURING.		●		√	
Stakeholder engagement		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
G4-24	Provide a list of stakeholder groups engaged by the organization.	13 to 16			●		√	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	13 to 16			●		√	
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	13 to 16			●		√	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	13 to 16			●		√	

Report profile		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-114	Global Compact
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	12			●		√	
G4-29	Date of most recent previous report (if any).	06.11.2013			●		√	
G4-30	Reporting cycle (such as annual, biennial etc.).	12			●		√	
G4-31	Provide the contact point for questions regarding the report or its contents.	12			●		√	
G4-32	Report the in accordance option the organization has chosen. Report the GRI Content Index for the chosen option. Report the reference to the External Assurance Report, if the report has been externally assured.	12			●		√	
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	9, 12			●		√	
Governance		AR's pages	Pages in FS, RF and Bylaws	Website	Accordance	Omissions	External assurance 112-113	Global Compact
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	17 to 21	See also Reference Form item 12 Shareholders' Meeting and Management.		●		√	
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	19	See also Articles 28 and 29 of the Bylaws.		●		√	
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	19			●		√	
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	19			●		√	
G4-38	Report the composition of the highest governance body and its committees.	17, 108 to 110	See also Reference Form item 12 Shareholders' Meeting and Management.		●		√	
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	19			●		√	
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	19			●		√	
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	18			●		√	
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	19			●		√	
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	17			●		√	

Governance		AR's pages	Pages in FS, RF and Bylaws	Website	Accordance	Omissions	External assurance 112-113	Global Compact
G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report actions taken in response to evaluation of the highest governance body's performance.	17 to 19			●		√	
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Report whether stakeholder consultation is used to support the highest governance.	19			●		√	
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes.	19 30			●		√	
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	19			●		√	
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	30			●		√	
G4-49	Report the process for communicating critical concerns to the highest governance body.	19			●		√	
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	30			●		√	
G4-51	Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	19	See also Reference Form item 13. Management's Remuneration.		●		√	
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management.	19			●		√	
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	19			●		√	
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	10,14	Financial Statements item 31 – OTHER INFORMATION in g) Remuneration of Employees and Managers.		●		√	
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	0,98	Financial Statements item 31 – OTHER INFORMATION in g) Remuneration of Employees and Managers.		●		√	
Ethics and integrity		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	7, 17			●		√	
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	19, 93			●		√	
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	19, 93			●		√	

Economic performance indicators								
Aspect: Economic performance		AR's pages	Pages in FS and RF	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to economic performance	26 to 30 47 to 66		http://www.bb.com.br/portalbb/home24.136.3432.0.0.1.8.bb?codigoNoticia=19353&codigoMenu=198				
G4-EC1	Direct economic value generated and distribute.	2 to 4 45			●		√	
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	30 54 56 93 to 96 102			●		√	7, 8
G4-EC3	Coverage of the organization's defined benefit plan obligations.	Not material						
G4-EC4	Financial assistance received from government.	Not material						
Aspect: Market presence		AR's pages	Pages in FS and RF	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to market presence	30-31 66 68 69						
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not material						
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	Not material						
Aspect: Indirect economic impacts		AR's pages	Pages in FS and RF	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to indirect economic impacts	47 to 50		http://www.bb.com.br/portalbb/home29.110.110.11.0.1.3.bb				
G4-EC7	Development and impact of infrastructure investments and services supported.	67 87 to 89			●		√	
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	47 to 66 87 to 91			●		√	
Aspect: Procurement practices		AR's pages	Pages in FS and RF	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to procurement practices	79 to 81		http://www.bb.com.br/portalbb/page3.8305.3950.0.0.1.6.bb?codigoNoticia=28621&codigoMenu=15368&codigoRet=15251&bread=1.2				
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	79			●		√	

Environmental performance indicators								
Aspect: Materials		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to materials	30-31 97 99 to 101		http://www.bb.com.br/portalbb/page44.8305.3964.0.0.1.6.bb?codigoNoticia=28640&codigoMenu=15368&codigoRet=15286&bread=1.9.2				
G4-EN1	Materials used by weight or volume.	99 to 101			●		√	8
G4-EN2	Percentage of materials used that are recycled input materials.	99 to 101			●		√	8, 9

Aspect: Energy		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to energy	30-31, 98-99		http://www.bb.com.br/portalbb/page48305192120016.bb?codigoNoticia=33837&codigoMenu=15217&codigoRet=15651&bread=2_3_2				
G4-EN3	Energy consumption within the organization.	98			●			8
G4-EN4	Energy consumption outside of the organization.	Does not apply, since the bank's main activities take place inside the organization.			●			
G4-EN5	Energy intensity.	98			●			
G4-EN6	Reduction of energy consumption.	4, 98-99			●		√	8,9
G4-EN7	Reductions in energy requirements of products and services.	4, 98-99			●			8,9
Aspect: Water		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to water	30-31, 97-98		http://www.bb.com.br/portalbb/page48305192120016.bb?codigoNoticia=33837&codigoMenu=15217&codigoRet=15651&bread=2_3_2				
G4-EN8	Total water withdrawal by source.	97-98			●		√	8
G4-EN9	Water sources significantly affected by withdrawal of water.	Not material						
G4-EN10	Percentage and total volume of water recycled and reused.	No water is reused.			●			8,9
Aspect: Biodiversity		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to biodiversity	30-31, 93 to 96		http://www.bb.com.br/portalbb/page48305192120016.bb?codigoNoticia=33837&codigoMenu=15217&codigoRet=15651&bread=2_3_2				
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not material						
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not material						
G4-EN13	Habitats protected or restored.	Not material						8
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not material						

Aspect: Emissions		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to emissions	30-31, 97, 102 to 105		http://www.bb.com.br/portalbb/page44.8305.500502.0.0.1.6.bb?codigoNoticia=28664&codigoMenu=15368&codigoRet=15286&bread=1.9.2				
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1).	4, 102 to 105			●			8
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2).	4, 102 to 105			●			8
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3).	4, 102 to 105			●			8
G4-EN18	Greenhouse gas (GHG) emissions intensity.	102 to 105			●			
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	102 to 105			●			8, 9
G4-EN20	Emissions of ozone-depleting substances (ODS).	Not material						
G4-EN21	NOx, SOx, and other significant air emissions.	Not material						
Aspect: Effluents and waste		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to effluents and waste	30-31, 97, 102 to 105		http://www.bb.com.br/portalbb/page251.8305.3964.0.0.1.6.bb?codigoNoticia=40031				
G4-EN22	Total water discharge by quality and destination.	Not material						8
G4-EN23	Total weight of waste by type and disposal method.	101			●		√	8
G4-EN24	Total number and volume of significant spills.	Not material						
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention – Annex I, II, III, and VIII –, and percentage of transported waste shipped internationally.	Not material						
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	Not material						
Aspect: Products and services		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to products and services	30-31, 81 to 84		http://www.bb.com.br/portalbb/page3.8305.3963.0.0.1.6.bb?codigoNoticia=40067&codigoMenu=15368&codigoRet=18502&bread=1.9				
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	99 to 101			●		√	8, 9
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	Not material						
Aspect: Compliance		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to compliance	30-31, 93		http://www.bb.com.br/portalbb/page44.8305.3964.0.0.1.6.bb?codigoNoticia=28640&codigoMenu=15368&codigoRet=15286&bread=1.9.2				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	There were no fines in 2013.			●			8

Aspect: Transport		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to transport	30-31, 97, 102 to 105						
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	102 to 105			●		√	8
Aspect: Overall		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Overall management approach	30-31						
G4-EN31	Total environmental protection expenditures and investments by type.	108 to 110			●		√	8
Aspect: Supplier environmental assessment		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to supplier environmental assessment	30-31, 79 to 81		http://www.bb.com.br/portalbb/page3.8899.8755.0.0.1.6.bb?codigoMenu=4725&codigoNoticia=5652&codigoRet=4749&bread=4				
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	79 to 81			●			
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	79 to 81			●			
Aspect: Environmental grievance mechanisms		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to environmental grievance mechanisms	30-31, 93		http://www.bb.com.br/portalbb/page3.101.2700.0.0.1.6.bb?codigoMenu=229&codigoNoticia=19412&codigoRet=457&bread=3				
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	There were no filings in 2013.			●			

Performance indicators involving labor practices and decent work

Aspect: Employment		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to employment	30-31, 66, 68-69		http://www.bb.com.br/portalbb/page4.8305.3933.0.0.1.6.bb?codigoNoticia=28509&codigoMenu=15368&codigoRet=15250&bread=1_1				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	69-70 and 108 to 110			●	Breakdown by gender, region and age group adjusted to G4 will be presented in the 2015 report.	√	6
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	71			●		√	6
G4-LA3	Return to work and retention rates after parental leave, by gender.	Not material						
Aspect: Labor/Management relations		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to labor/management relations	19, 74		http://www.bb.com.br/portalbb/page4.8305.3940.0.0.1.6.bb?codigoNoticia=28611&codigoMenu=15368&codigoRet=15264&bread=1_1_6				
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Not material						3

Aspect: Occupational health and safety		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to occupational health and safety	74-75		http://www.bb.com.br/portalbb/page4.8305.3940.0.0.1.6.bb?codigoNoticia=28611&codigoMenu=15368&codigoRet=15264&bread=1.1.6				
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	74-75			●		√	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	75			●	Breakdown by gender, region and age group adjusted to G4 will be presented in the 2015 report.	√	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	74			●		√	
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	74			●			
Aspect: Training and education		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to training and education	76, 78		http://www.bb.com.br/portalbb/page4.8305.3940.0.0.1.6.bb?codigoNoticia=28611&codigoMenu=15368&codigoRet=15264&bread=1.1.6				
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	76			●			
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	76			●		√	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	79			●	Breakdown by gender and employee category will be presented in the 2015 report.	√	
Aspect: Diversity and equal opportunity		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to diversity and equal opportunity	71 to 74		http://www.bb.com.br/portalbb/page4.8305.3933.0.0.1.6.bb?codigoNoticia=32720&codigoMenu=15368&codigoRet=15259&bread=1.1.1				
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	72-73 and 108 to 110			●	The age group adjusted to the G4 will be presented in the 2015 report.	√	1, 6
Aspect: Equal remuneration for women and men		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to equal remuneration for men and women	71 to 74		http://www.bb.com.br/portalbb/page4.8305.3933.0.0.1.6.bb?codigoNoticia=32720&codigoMenu=15368&codigoRet=15259&bread=1.1.1				
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	74			●		√	1, 6

Aspect: Supplier assessment for labor practices		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to supplier assessment for labor practices	30-31, 79 to 81		http://www.bb.com.br/portalbb/page3.8899.8746.0.0.1.6.bb?codigoMenu=4725&codigoNoticia=5635&codigoRet=4730&bread=3				
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	79 to 81			●			
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	79 to 81			●			
Aspect: Labor practices grievance mechanisms		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to labor practices grievance mechanisms	19, 30-31, 93						
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.		Note 28 to the Financial Statements 2013.		●			

Human rights performance indicators

Aspect: Investment		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to investment	30-31, 63		http://www.bb.com.br/portalbb/page4.8305.3912.0.0.1.6.bb?codigoNoticia=28458&codigoMenu=15217				
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	All significant investment agreements contain human rights clauses.			●			1, 2, 4, 5, 6
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	78			●			1, 4, 5
Aspect: Non-Discrimination		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to non-discrimination	30-31, 71-72, 79 to 81		http://www.bb.com.br/portalbb/page4.8305.3912.0.0.1.6.bb?codigoNoticia=28458&codigoMenu=15217				
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	72			●		√	1, 6
Aspect: Freedom of association and collective bargaining		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to freedom of association and collective bargaining	74		http://www.bb.com.br/portalbb/page4.8305.3933.0.0.1.6.bb?codigoNoticia=28509&codigoMenu=15368&codigoRet=15250&bread=1_1				
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	74			●		√	1, 3

Aspect: Child labor		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to child labor	79 to 81		http://www.bb.com.br/portalbb/page3.8305.3950.0.0.1.6.bb?codigoNoticia=28621&codigoMenu=15368&codigoRe=15251&bread=1_2				
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	79 to 81			●		√	1, 5
Aspect: Forced or compulsory labor		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to forced or compulsory labor	79 to 81		http://www.bb.com.br/portalbb/page3.8305.3950.0.0.1.6.bb?codigoNoticia=28621&codigoMenu=15368&codigoRe=15251&bread=1_2				
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	79 to 81			●		√	1, 2, 4
Aspect: Security practices		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to security practices	79 to 81						
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	81			●		√	1, 2
Aspect: Indigenous rights		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to indigenous rights	Not material						
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	Not material						1
Aspect: Assessment		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to assessment	30-31, 47, 71-72, 81		http://www.bb.com.br/portalbb/page4.8305.3912.0.0.1.6.bb?codigoNoticia=28458&codigoMenu=15217				
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	Banco do Brasil and its operations abide by the legislations of the countries on matters involving human rights.			●			1
Aspect: Supplier human rights assessment		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to supplier human rights assessment	79 to 81		http://www.bb.com.br/portalbb/page4.8305.3912.0.0.1.6.bb?codigoNoticia=28458&codigoMenu=15217				
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	79 to 81			●			1, 2, 4, 5, 6
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	79 to 81			●			

Aspect: Human rights grievance mechanisms		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to human rights grievance mechanisms	19, 30-31, 93		http://www.bb.com.br/portalbb/page3.101.2700.0.0.1.6.bb?codigoMenu=229&codigoNoticia=19412&codigoRet=457&bread=3				
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	There were no cases in 2013.			●			

Society-related social performance indicators								
Aspect: Local communities		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to local communities	30-31, 84 to 91		http://www.bb.com.br/portalbb/page3.8305.3959.0.0.1.6.bb?codigoNoticia=28635&codigoMenu=15368&codigoRet=15256&bread=1.7				
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	47 to 51, 85 to 91			●		√	1
G4-S02	Operations with significant actual and potential negative impacts on local communities.	56-57			●			
Aspect: Anti-Corruption		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to anticorruption	25-26		http://www.bb.com.br/portalbb/home24.136.3490.0.0.1.8.bb?codigoNoticia=19369&codigoRet=815&bread=1&codigoNoticia=19369&codigoMenu=203				
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	25-26			●		√	10
G4-S04	Communication and training on anti-corruption policies and procedures.	26			●	Breakdown by functional category and region will be presented in the 2015 report.	√	10
G4-S05	Confirmed incidents of corruption and actions taken.	25			●	Numerical data will be presented in the next report in 2015.	√	10
Aspect: Public policy		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to public policy	30-31, 89 to 91		http://www.bb.com.br/portalbb/page100.8305.4911.0.0.1.6.bb?codigoNoticia=28839&codigoMenu=15244				
G4-S06	Total value of political contributions by country and recipient/beneficiary.	Not material						

Aspect: Anti-Competitive behavior		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to anti-competitive behavior	92		http://www.bb.com.br/portalbb/page3.830539580.0.1.6.bb?codigoNoticia=28633&codigoMenu=15368&codigoRet=15255&bread=1_6				
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not material						
Aspect: Compliance		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to compliance	30-31, 93		http://www.bb.com.br/portalbb/page3.101.2700.0.0.1.6.bb?codigoMenu=229&codigoNoticia=19412&codigoRet=457&bread=3				
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	There were no proceedings with fines and non-monetary sanctions in 2013. Administrative or legal sanctions for non-compliance with laws or regulations amounted to R\$15,996,000 in 2013, against R\$12,191,000 in 2012 and R\$6,532,000 in 2011.	See also Note 28 to the Financial Statements 2013.		●		√	
Aspect: Supplier assessment for impacts on society		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to supplier assessment for impacts on society	79 to 81		http://www.bb.com.br/portalbb/page3.830539510.0.1.6.bb?codigoNoticia=28624&codigoMenu=15368&codigoRet=15280&bread=1_2_2				
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society.	79 to 81			●			
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken.	79 to 81			●			
Aspect: Grievance mechanisms for impacts on society		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to grievance mechanisms for impacts on society	19, 30-31, 93		http://www.bb.com.br/portalbb/page3.101.2700.0.0.1.6.bb?codigoMenu=229&codigoNoticia=19412&codigoRet=457&bread=3				
G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	There were no cases in 2013.			●			

Product responsibility performance indicators								
Aspect: Customer health and safety		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to customer health and safety	30-31, 81 to 84		http://www.bb.com.br/portalbb/page44.8305.3954.0.0.1.6.bb?codigoNoticia=28626&codigoMenu=15368&codigoRet=15252&bread=1_3				
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Not material						
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	Not material						
Aspect: Product and service labeling		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to product and service labeling	30-31, 81 to 84						
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	82			●			8
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	In 2013 there were no lawsuits for non-compliance with regulations and voluntary codes concerning product and service information and labeling.			●			8
G4-PR5	Results of surveys measuring customer satisfaction.	84					√	
Aspect: Marketing communications		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to marketing communications	30-31, 81 to 84						
G4-PR6	Sale of banned or disputed products.	Not material						
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	There were no cases of non-compliance in 2013.			●		√	
Aspect: Customer privacy		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to customer privacy	30-31, 81 to 84						
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not material						
Aspect: Compliance		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
Management approach	Management approach to compliance	30-31, 93		http://www.bb.com.br/portalbb/page3.101.2700.0.0.1.6.bb?codigoMenu=229&codigoNoticia=19412&codigoRet=457&bread=3	●			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	84	See Note 28 to the Financial Statements 2013.		●		√	

Financial services sector supplement performance indicators								
Aspect: Product portfolio		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
FS1	Policies with specific social and environmental components applied to business lines.	30-31 , 47 , 53 to 57			●		√	
FS2	Processes for accessing and screening environmental and social risks in business lines in regard to each policy.	30-31 , 47 , 53 to 57			●		√	
FS3	Processes for monitoring customer's implementation of and compliance with environmental and social requirements included in agreements or transactions.	30-31 , 47 , 53 to 57			●		√	
FS4	Processes for improving staff competency for implementing environmental and social policies and procedures applied to business lines.	47-48 , 76 to 79			●		√	
FS5	Interactions with customers and other stakeholders regarding environmental and social risks and opportunities.	57 , 81 to 84 , 93 to 96			●		√	
FS6	Percentage of the portfolio for business lines by specific region, size and sector.	47 to 57			●			
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business, broken down by purpose.	55 , 60 , 62 , 63 , 66			●		√	
FS8	Total monetary value of environmental products and services broken down by business line.	55 , 60 , 62 , 63 , 66			●		√	
Aspect: Audit		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	56-57			●		√	
Aspect: Assets		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental and social issues.	47 to 50			●			
FS11	Percentage of assets subject to positive and negative environmental or social screening.	63-64			●		√	
FS12	Voting policies applied to environmental and social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	In spite of not having an internal policy for advising on voting, Banco do Brasil aderese to several the guiding principles such as those mentioned in indicator G4-15.			●			
Aspect: Local communities		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
FS13	Access points in the low-populated or economically disadvantaged areas by type.	81			●		√	
FS14	Initiatives to improve access to financial services for disadvantaged people.	83			●		√	
Aspect: Product and service labeling		AR's pages	Pages in FS	Website	Accordance	Omissions	External assurance 112-113	Global Compact
FS15	Policies for the fair design and the sale of financial products and services.	39 , 47 , 78 , 81			●			
FS16	Initiatives to enhance financial literacy by type of beneficiary.	37 , 83 , 86			●		√	

CREDITS

Content Coordination

Banco do Brasil – Investor Relations Unit

Banco do Brasil – Sustainable Development Unit

Creation Coordination

Banco do Brasil – Marketing and Communication Department

Content consultants and layout project

TheMediaGroup

Photos

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