



Annual Report



2017





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About Us

We are Banco do Brasil S.A., the first bank to operate in the Country and also the first company to conduct a public offering of shares in the Brazilian capital market. With over **200 years of existence**, we have actively contributed to the development of Brazil. Our brand reflects attributes such as **strength, confidence, and credibility**. Private limited, public limited, mixed-capital company and controlled by the Federal Government, we are part of **Novo Mercado of B3**, included in the Corporate Sustainability Index (**ISE**) and the Dow Jones Sustainability Index (**DJSI**), of the New York Stock Exchange, in the Dow Jones Sustainability Emerging Markets portfolio, a result of our Management's commitment to transparency, accountability, equity and socioenvironmental responsibility, supported by the use of monitoring tools that align the executives' behavior to the interests of the shareholders and the society in general.

102-1, 102-5

We are present in **99.8% of the Brazilian municipalities**, and our **4,770 branches** represent **21.8%** of the share of the national financial system. Our external network is composed of **29 branches** located in **20 countries**. We maintain agreements with financial institutions abroad and, in 2017, there were **884 banks** operating as our correspondent banks in 106 countries. **102-4**

The continuous innovation of business and relationship models allow us to maintain competitiveness and the preference of customers, building solid and long-lasting relationships. The expansion of the **digital model** is one of the main actions that promote the improvement in the customer experience, who seeks more and more easiness in the relationship with banks. Based on the principles of **sustainability**, we will continue giving priority to profitability, revenues from the provision of services, reduction of losses, gains in efficiency and improvement in productivity from the simplification of processes and **digital transformation**.

Assets
R\$1.37 trillion

Common Equity
Tier1 Capital (Basel)
10.48%

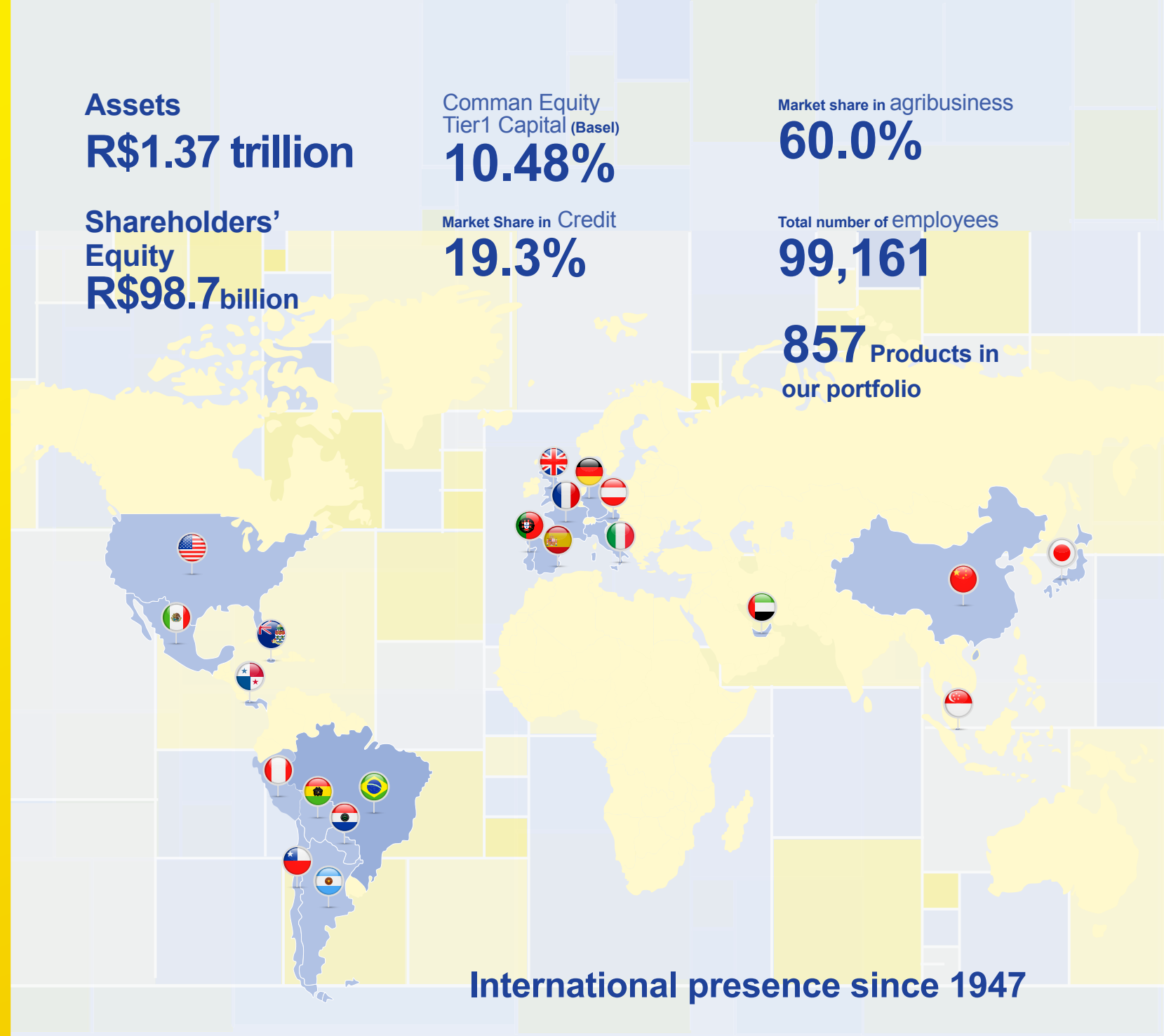
Market share in agribusiness
60.0%

Shareholders' Equity
R\$98.7 billion

Market Share in Credit
19.3%

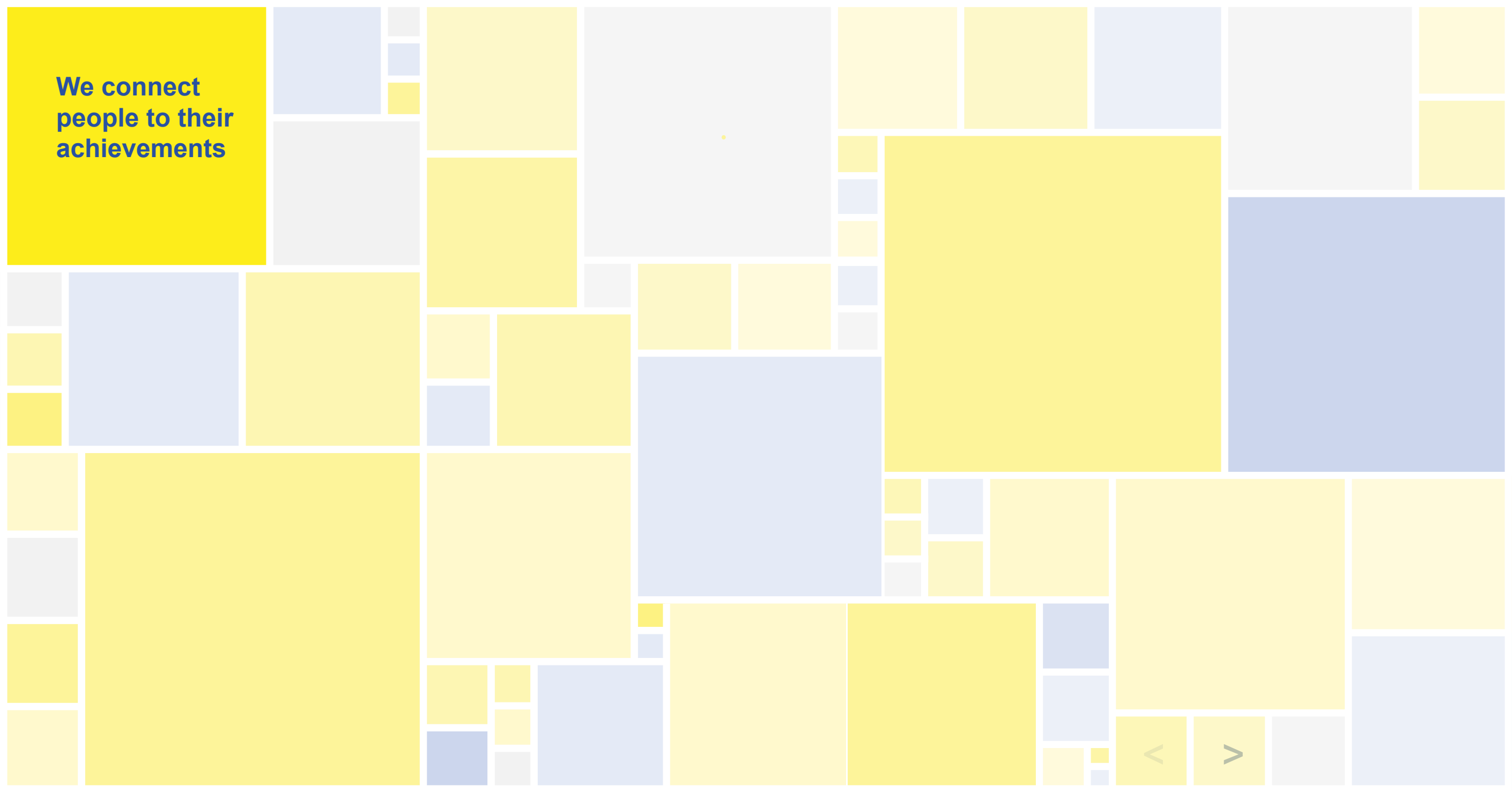
Total number of employees
99,161

857 Products in
our portfolio



International presence since 1947

**We connect
people to their
achievements**



Transforming Role

R\$**193.0** balance of green billion businesses



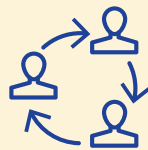
Juvenile Insertion into the Digital Economy, which will develop children and adolescents from the **AABB Comunidade Program**, of Banco do Brasil Foundation (Fundação Banco do Brasil – **FBB**), for the job market.



Our **CCBB** were the zone of **230** cultural initiatives, with **4.1 million** visitors and **R\$967.8 million** return in spontaneous media.

60% of share in funding intended for **agribusiness**, serving **1.2 million** family rural producers. The businesses reached **97.2%** of Brazilian municipalities.

230 works completed and financed by us, totaling **37,573** new real estate units, i.e. **114** developments in the line of Minha Casa Minha Vida (Real Estate Lending) Program, with the delivery of **18,824** housing units.



R\$54.5 million contributed in **FBB**, which represents an increase of **12.8%** compared to 2016.

Corporate Governance

Level 1 Seal with maximum score, in the Governance Indicator of the Department of Coordination and Governance of State-Owned Companies (IG-SEST).



MEMBER OF **Dow Jones Sustainability Indices**
In Collaboration with RobecoSAM

Risk Management

R\$1.4 billion resources are allocated in funds with socioenvironmental characteristics.



We initiated the **environmental due diligence** process, when we joined the Carbon Disclosure Program (**CDP**).



We supported initiatives directed to mitigation of climate change, such as the **Low-Carbon Agriculture Program (ABC Program)**, in which we identified positive financial implications with the contracts of operations in 2017 in the amount of **R\$1 billion**, at a contracting cost of **R\$3.8 million**



We expanded by **160%** the number of users of BB Code on the internet and exceeded the mark of **29 million customers** with biometrics registered.

Creation of Financial Value

Adjusted **Net Income**
R\$11.1 billion
 R\$9.5 to 12.5 billion estimate

Nil (Net of Recovery of Write-offs)

-3.8%
 -4 to 0% estimate

All Expenses Net of Recovery of Write-offs

-R\$20.1 billion
 -R\$23.5 to -20.5 billion estimate

Fee Income
9.0%
 6 to 9% estimate

Organic Domestic Loan Portfolio
-3.2%
 -4 to -1% estimate

Individuals 2.7%
 2 to -5% estimate

Companies -10.6%
 -11 to -8% estimate

Rural 6.1%
 6 to 9% estimate

Administrative Expenses
-3.1%
 -2.5 to 0.5% estimate

Creation of Social Value



App Cliente 360° Mobile,

which can be downloaded on the cell phone and is another way for managers to interact with their portfolio.



Fale Com seu Gerente, which

revolutionized the digital service. By accessing via the Internet or BB App, customers can contact their Relationship Manager, from 8 a.m. to 10 p.m.



New solutions for **means of payment** that allowed greater economic dynamism in partnership with municipalities.



More than **1 million** of **Estilo Digital**, customers, consolidating our leadership in the high-income market in Brazil.



66,017 thousand customers.

36,417 thousand checking accounts:

34,098 thousand individuals and 2,319 thousand companies.



101,247 employees:

99,161 employees and **2,086** interns.



73.4% of total transactions were conducted through Cell phones and the internet.

Creating Value for the Environment



Reduction of the total consumption of water by **10.3%** in the year 2017.



The reduction of electric power consumption avoided an expense of **R\$36 million**.



Reconditioning of **105 thousand** cartridges (which corresponds to **97.58%** of the total used in 2017) which provided savings of **R\$91.8 million**.



1,704 branches with the Selective Waste Collection Program implemented.



Digital transformation strategy, which contributed to reducing paper consumption by **628 tons**.



In the first half of 2017, **42%** (2,021 units) of the branches evaluated reached the target set for IPE. Already in the second semester, **51%** (2,902 units) reached the indicator – a increase of 9% in compared to the first half.

2018 Estimates

The estimates for 2018 are below. The indicators and the way they are calculated have not changed compared to the previous year.

The results depend on market conditions, the economic performance of the country and the foreign markets, which can impact the effective performance of those provided for in our estimates.

Indicators	2018 Estimates
Adjusted Net Income (R\$ billion)	11.5 to 14
NII (Net of Recovery of Write-offs) (%)	-5 to 0
Organic Domestic Loan Portfolio – Expanded View (%)	1 to 4
Individuals (%)	4 to 7
Companies (%)	-3 to 0
Rural Loans (%)	4 to 7
ALLL Expenses net of Recovery of Write-offs (R\$ billion)	-19 to -16
Fee Income (%)	4 to 7
Administrative Expenses (%)	1 to 4

Assumptions that Are Influenced by the Management

- ✔ Maintenance of the current business model, without considering the sale of companies or businesses of the Conglomerate;
- ✔ Prioritize business with better income, adjusting profitability to sustainable thresholds, adding value to shareholders;
- ✔ Growth of the loan portfolio in strategic macro-sectors, in compliance with the economic conditions;
- ✔ Focus on the relationship, seeking to be the primary provider of solutions in order to enhance the customer experience and the income of the Bank;
- ✔ Intensification of the digital service model, with investments in the rationalization of the operational structure;
- ✔ Does not to consider new acquisitions and/or strategic partnerships that can be signed for the exploitation of specific segments; and
- ✔ Adjustments in contracts with suppliers and the collective bargaining agreement, aligned to the market practice.

Assumptions that Are beyond the Control of the Management

- ✔ National and international regulatory changes in the financial market;
- ✔ Consistent growth of the world economy;
- ✔ Preservation of the current macroeconomic policy architecture: floating exchange rate, goals for inflation and fiscal discipline;
- ✔ Gradual reduction of the level of unemployment in the job market; and
- ✔ Prospect of gradual resumption of the economy (GDP).



Awards

In 2017, we were recognized with awards, recognition, and certifications that attest our commitment to sustainable development and the qualified relationship with our stakeholders. The main ones were:

efinance Award: we were awarded in 21 categories in view of several innovations, including the possibility of purchasing with points in physical stores through the Ourocard application, open banking solution with the launch of the Portal for Developers, the spread of digital culture for the development of Labbs in Silicon Valley and Conta Fácil, the first step to the checking account opened by using the cell phone.

Ombudsman Quality Ranking:



our Ombudsman's Office was recognized by the Central Bank as the best one among the five financial institutions with more than 30 million customers.

2017 Top Employer Certification:

we were recognized by Top Employer Institute for offering employees a work environment of excellence.

Best Corporate University Innovation – Gold Award

UniBB: our Corporate University received the international award from the Global Council of Corporate Universities for the second time. The award is granted every two years and disseminates the best corporate education programs in the world.

Cubic Awards Corporate University Best-in-Class:

awarded by International Quality & Productivity Center (IQPC), the award is the main one in corporate education in the world. We were recognized in 2017 in the "Excellence in Leadership Development" category.

Cardmonitor Award of "Preferred Card of Brazilians":



for the ninth consecutive time, we received the award from the Medida Certa Institute, which interviewed approximately 12 thousand credit card holders throughout Brazil.

Abrarec Gold Service Award:

we received the award with a case of our Customer Service, which conducted the differentiated service to a customer for the settlement of a money order to abroad, in record time.

Worldwide Socially Devoted:



we occupied the first place among the Brazilian banks that have the best relationships in social networks (Facebook and Twitter), based on an analysis of Social Bakers, one of the main suppliers of analytical data on the effectiveness of communication of brands in these media.

Corporate Innovation:



our Silicon Valley Labbs was recognized in the Fall Summit event, organized by Plug and Play, a major accelerator of startups on the planet.

Anbima Ranking:

we occupied the first place in the ranking of Anbima in the management of Investment Funds intended for the Public Sector, in terms of Government's Asset Management.

Green Latin America Finance Award:

we were recognized in the "Eco-efficiency" and "Climatically Smart Agriculture" categories in the award sponsored by the Latin American Federation of Banks (FELABAN), in partnership with the International Bankers Association (FIBA) and International Finance Corporation (IFC).

Gold Seal of the Brazilian GHG Protocol Program:

for the quality and reliability of our inventory of Greenhouse Gases (GHG), we received the Gold Seal of the Brazilian GHG Protocol Program.

Brand Finance Global 500 2017:

Brand Finance presents the largest brands in the world each year and assesses which are the most powerful and valuable. In 2017, we occupied the 319th position (440th in 2016).

Top of Mind 2017:

we won all the editions of the "Top Bank" category.

Best Banks Award 2017 in Latin America – Brazil:

the publishers of *Global Finance* magazine recognized our activities in fully meeting the needs of customers, even in a challenging year.

Most Valuable Companies in Brazil:



we are in the fifth position in the annual ranking of the most valuable brands in Brazil, according to a survey of the Interbrand consulting firm.



Reading Guide

Our report was developed to provide a simple and enjoyable reading, especially the topics of greatest relevance to our businesses

Introduction

The 2017 Annual Report discloses to employees, shareholders, investors, customers and Government representatives the way we operate and manage our businesses and their resulting impact on economic, environmental and social spheres.

Published in electronic media since 2010, this report has been prepared in accordance with the GRI Standards, Essential option, and audited by KPMG Auditores Independentes. The purpose is to demonstrate our value creation, in alignment to the principles of Integrated Reporting and through the results achieved during the period in response to our challenges in sustainability – Agenda 30 BB (see chapter “Business Model” for more information).

The economic and financial data is in compliance with Act No. 6,404/1976 (Business Corporation Act) and with the standards issued by the Brazilian Securities and Exchange Commission (CVM) and by the Central Bank of Brazil (Bacen). The figures stated are related to our performance and that of our subsidiaries, in compliance with the standards in force and the Brazilian practices applicable to financial institutions, according to the financial statements available on the Investor Relations website (www.bb.com.br/ri). The information related to social and environmental indicators comprises Banco Múltiplo, which, in 2017, contributed with 75.8% of our operating income.

Relevant Topics

This report presents a summary of the main events of the year 2017, as well as our performance in this scenario. In order to reinforce our commitment to transparency, we disclosed the main facts associated with our brand.

We will discuss in depth the relevant topics, expressed in our materiality, revised in 2016 (see GRI Appendix, [page 95](#) for more information). They are worked on challenges and identified in boxes, according to the icon. In short, the challenges are:

- Advances in governance;
- Non-financial and/or emerging risk management;
- Search for innovation;
- Customer satisfaction;
- Social affairs;
- Productive development and financial inclusion;
- Ensuring the promotion of diversity;
- Development of our human capital;
- Ethics and anti-corruption;
- Development of financial solutions focused on the inclusive green economy;
- Evaluation process and environmental criteria for lending and financing;
- Development of process of due diligence; and
- Strategic management in the private social investment.



Alignment with Trends

We continue the journey towards integrated management and thought. This is expressed in the update of our Sustainability Plan – Agenda 30 BB, in alignment with the Sustainable Development Goals (SDG). We demonstrate the importance of our transforming role through our products and services, which promote the transition to an inclusive green economy.

In the GRI Content Summary and throughout this report, there are icons identifying the correlation of our performance with the SDGs. Where appropriate, there is also an icon, linking our activities to the capitals proposed by the framework of the Integrated Reporting.

Keeping the history of accountability, the GRI Content Index also shows a correlation with the 10 Global Compact principles.

Also focused on improvement and production of Integrated Reporting, we reviewed our business model and disclosed the results that assess our value creation.

Identification of:

- Challenge;
- Capital of Integrated Reporting; and
- SDG.

For any questions or suggestions regarding this publication, please send us an email to the following addresses: ri@bb.com.br e direo.sustentabilidade@bb.com.br.

Have a good reading!

Agenda 30 BB Challenges



Capitals



Message from the Management 102-14

Even in a challenging year, we operated with full confidence of delivering results compatible with the estimates disclosed and commitments taken, because we know the capacity and the commitment of our employees.

We ended 2017 with an adjusted net income of R\$11.1 billion and adjusted return (ROE) of 10.6%, compared to 8.4% in 2016. Part of this result was achieved with the efficient control of administrative expenses, which fell 5.5% in a year, even with an inflation (National Extended Consumer Price Index – IPCA) of 2.95% and substantial reduction of the allowance for doubtful accounts (AFDA) by R\$2.9 billion (10.3% compared to 2016).

Our revenues from service provision and bank charges grew 9.0% compared to 2016, which demonstrates the success of the evolution of our customer relationship strategy, especially with the use of new technologies. The materialization of this result is in our adjusted efficiency ratio, which reached 38.1%, compared to 39.7%, in 2016 and the improvement of our Basel and common equity tier 1 capital indexes, which increased to 19.6% and 10.5%, respectively, in 2017.

The review process of the Corporate Strategy included the involvement of several stakeholders. After extensive reflection, we agreed to work in the 2018-2022 period on five performance perspectives – Financial;

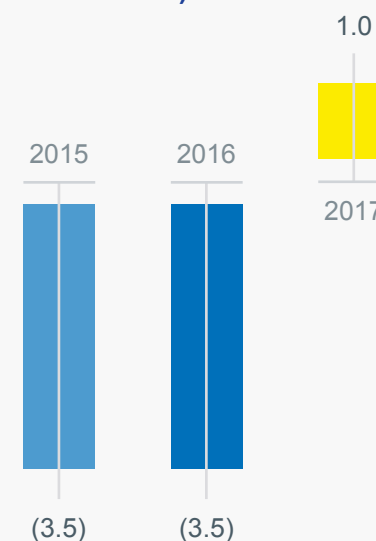
Customers; Processes; People; and Sustainability – formally assuming the purpose of “taking care of what is valuable to people”. That means assisting in the achievement and preservation of which is important for our customers, shareholders, employees and society in general.

That is also why the sustainability is an aspect that crosses the management of our businesses, which enables us to match the service to the shareholders’ interests with the responsible extension of credit. With this commitment and inspired by the Sustainable Development Goals, launched by the United Nations (UN), we have a Sustainability Plan, called Agenda 30 BB.

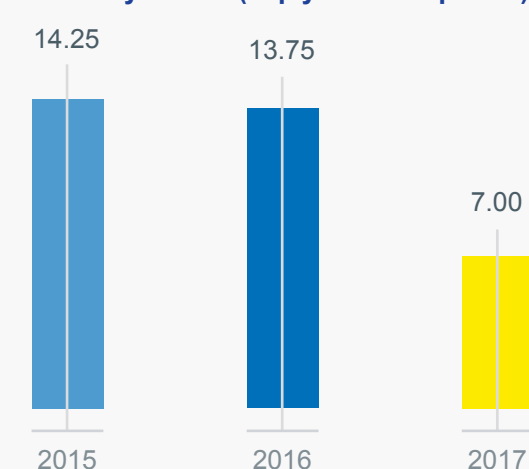
In all our activities, we make use of guidelines for an increasingly efficient consumption of natural resources and so that our products and services have environmental attributes, in order to help with the transition to an inclusive green economy. In these terms, we entered into agreements with sectoral entities and agencies that promote socioenvironmental responsibility activities, nationally and internationally. We participate, for example, in the Brazilian Global Compact Committee and keep our commitment to the 10 Global Compact principles.

Supported by the achievements of 2017, we believe that, in 2018, the transformation and complexity of the business environment will intensify.

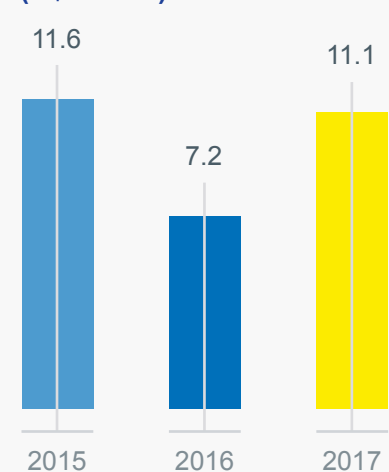
GDP (variation % in 12 months)



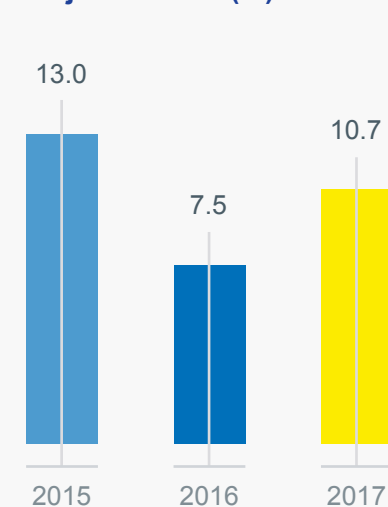
Special System for Settlement and Custody – Selic (% p.y. – end of period)



Adjusted Net Income (R\$ billion)



Adjusted ROE (%)



Therefore, improving the customer experience and investment in innovation will continue to be assumptions of our performance. More efficiency in operations and in the processes, the growth of the use of artificial intelligence in data analysis, plus specialization of the employees and the constant search for the convenience of customers when using our service channels will be crucial pillars in the evolution of profitability.

We also believe that the acceleration of the economic recovery will drive the growth of our loan portfolio, especially to individuals, small and medium-sized enterprises and agribusiness. The effects of the strengthening of the economic activity are also reflected in the increase of insurance business, means of payment, capital market and asset management.

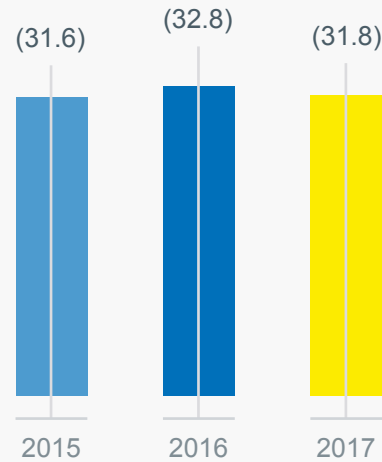
We appreciate the dedication and effort of our employees and the trust of the customers and society, that guide us toward the vision of “Being the company that provides the best experience for people’s lives and promotes the development of society in an innovative, efficient and sustainable manner.”



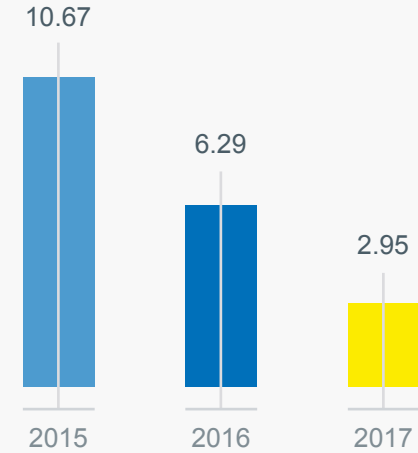
Paulo Rogério Caffarelli
Banco do Brasil's CEO

Fabício da Soller
Chairman of the Board of Directors

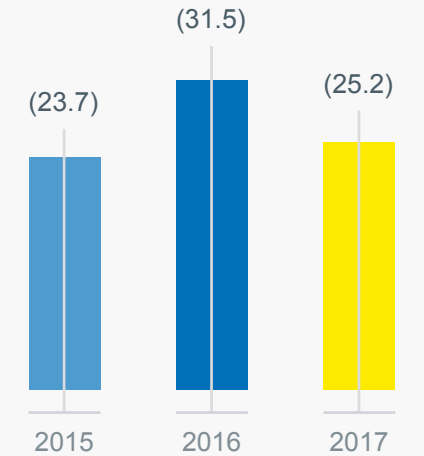
Administrative Expenses (R\$ billion)



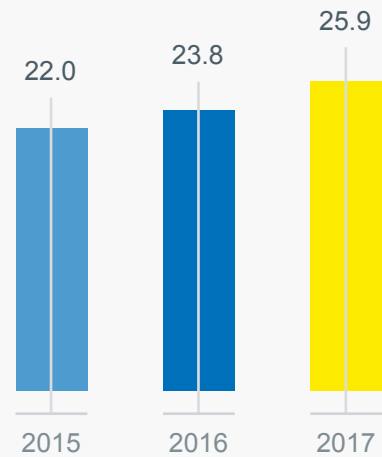
National Extended Consumer Price Index – IPCA (% accumulated in 12 months)



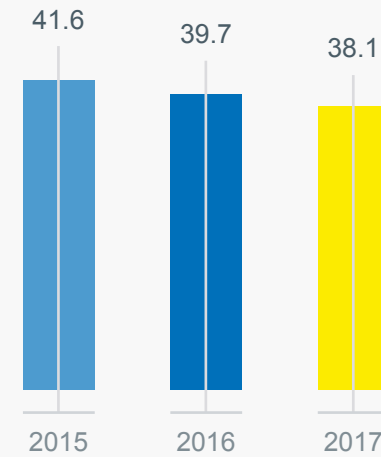
AFDA Expenses (R\$ billion)



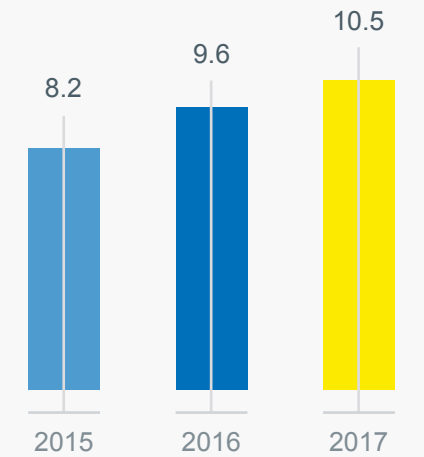
Fee Income (R\$ billion)



Efficiency Index (%)



Common Equity Tier 1 Capital – Basel (%)





Business Model

Business Model

2018-2022 BB Corporate Strategy 102-16

In 2017, in an evolutionary and participatory process, we redesigned our strategic guidelines:



Purpose

To take care of what matters to people.



Vision

To be the company that provides the best experience for people and promote society's development in an innovative, efficient and sustainable way.



Values

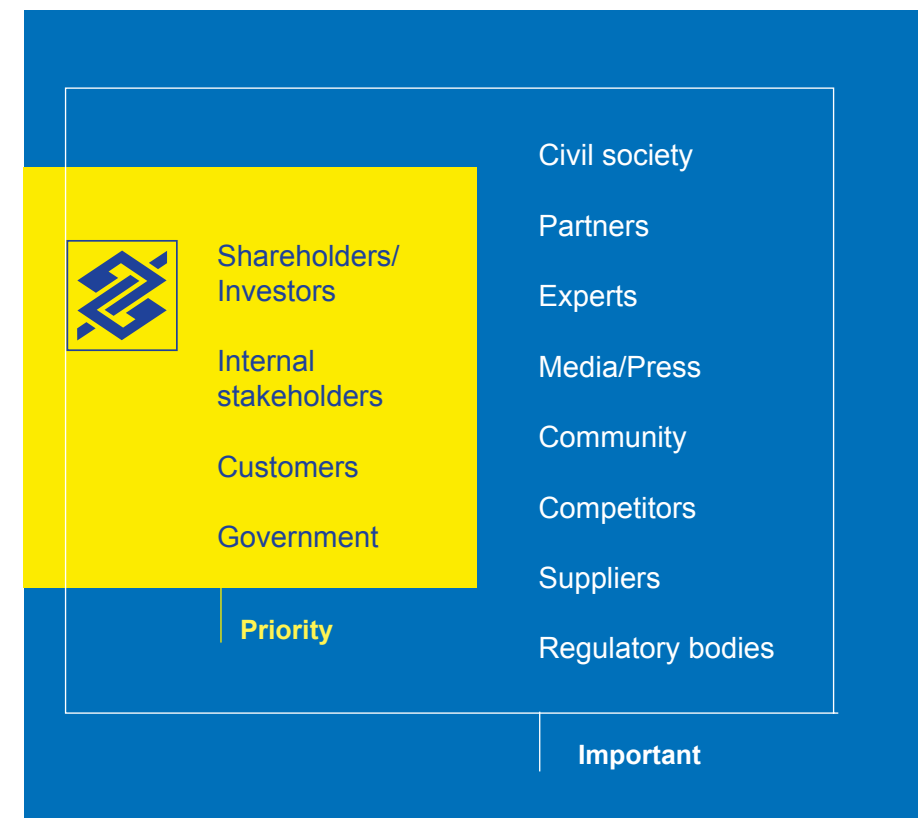
Customer Focus, Innovation, Ethics, Efficiency, Protagonism, Reliability and Public Spirit.

This conception reinforces the central role of people in our strategic decisions with the intention in being “a innovative brazilian company, which connects people to their achievements.”

Our Stakeholders 102-40 | 102-42

In order to improve our perception with regard to diverse stakeholders with which we interact, we promoted in 2014, with an update in 2016, an evaluation of the relevance of the main categories of stakeholders.

This mapping, in the scope of the process of updating our sustainability plan, allowed us to broaden the focus of our activities in search of value creation, as follows:



Our Conception of Integrated Reporting Capitals



Financial Capital:

funds available or invested in own or third-party businesses obtained through borrowings, provision of services and the supply of products to our customers.

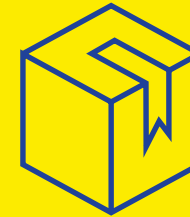
Intellectual capital:

consists of intangible assets such as the value of our brand, the accumulated technical knowledge and our ability to innovate in the development of new products, services, and technologies, aimed at the perpetuity of the business.



Social and Relationship Capital:

the ethical relationship we maintain with our stakeholders – customers, shareholders/investors, suppliers, regulatory bodies, society and Government – and shows our ability to share values and improve the individual and collective well-being.



Manufactured Capital:

consists of our facilities and equipment, including buildings, a network of branches, ATMs, systems, and applications.



Human Capital:

composed of our employees, their expertise, experience and capacity for innovation. It includes their alignment with our good governance practices and ethical values; ability to execute our strategy; the motivation to improve processes, goods, and services; and ability to direct, manage and collaborate.

Natural Capital:

consists of all environmental, renewable and non-renewable resources, used or impacted by our business, and that support our prosperity. It includes mostly water, air, land, forests, biodiversity, and ecosystem health.



Our Relevant Topics

In 2016, we reviewed our materiality, which resulted in the definition of 13 priority sustainability challenges, that guided the update of our Sustainability Plan, referred to as Agenda 30 BB, in alignment to 2030 Global Agenda and to the Sustainable Development Goals (SDG).

We associate our priority challenges with the capitals proposed by the framework of the Integrated Reporting and identify indicators for quantifying our value creation.

Material Challenge 102-44



Challenge 11

To ensure greater proportionality of representation of gender and race in all the hierarchical levels of BB.



Challenge 14

To strengthen the role of BB with regard to human capital, considering the management of health, safety and wellness, the development and the retention of talents.



Challenge 15

To strengthen the role of BB with regard to the ethics and anti-corruption topics.



Challenge 2

To identify and manage medium and long-term non-financial and/or emerging risks that may significantly impact BB's businesses.



Challenge 19

To improve the management of socioenvironmental risk based on socioenvironmental criteria in the granting of financing, considering also the controversial issues.



Challenge 21

To develop a social (includes human rights and labor practices) and environmental due diligence process to assess the impacts of operations and commercial relations of BB.



Challenge 1

To align the governance of Banco do Brasil (BB) to the best international practices and strengthen the role of the Senior Management in the sustainability strategy.



Challenge 4

To enhance customer relationship management and increase the satisfaction and retention indices.



Challenge 6

To strengthen the engagement of BB in the pursuit of social affairs through comprehensive, efficient and innovative solutions aligned to public policies.



Challenge 7

To enhance BB's initiatives towards the effective development, entrepreneurship and the promotion of social and financial inclusion.



Challenge 16

To develop financial solutions and business models that promote the transition to an inclusive green economy.



Challenge 24

To improve the integration of the Private Social Investment (PSI) and the business strategy.



Challenge 3

To identify innovations in the financial sector (business and technology models) and anticipate the trends in order to ensure the perpetuity and longevity of BB.



interactivity page

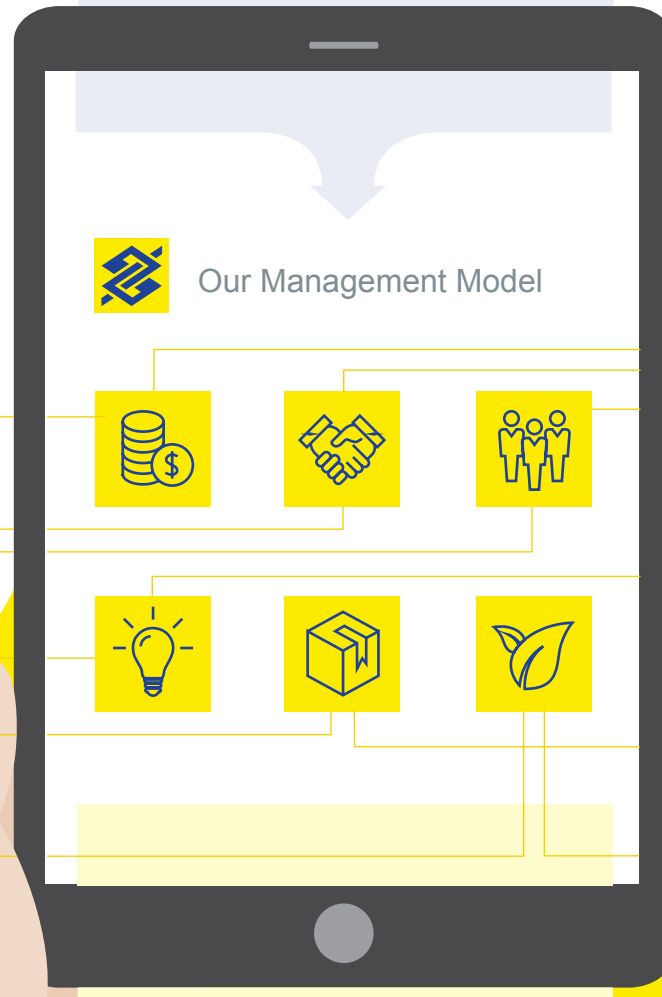
Challenges



Statement of Value Added
R\$45.8 billion

Capitals

- Financial**
 - R\$1.4 in trillion in financial assets
 - R\$864.5 billion of third-party asset management
- Social and Relationship**
 - More than 300 thousand shareholders
 - 65.8 million clients
 - 36.4 million account holders
- Human**
 - 101,247 employees
- Intellectual**
 - R\$3.1 billion – investment in technology
- Manufactured**
 - 4.770 agencies
 - 73.4% transactions by mobile/internet
- Natural**
 - Electricity: 609 GWh
 - Water: 1,405 thousand m³
 - Paper: 5,454 t



Capitals

- **Financial**
 - R\$10.8 billion – Other JCP + Retained Earnings + Non-controlling interest in retained earnings
 - **Social and Relationship**
 - R\$13.9 billion – JCP of the Union, Interest on instrument eligible for capital of the Union
 - **Human**
 - R\$19.5 billion in wages
 - **Intellectual¹**
 - Training – R\$64.3 million
 - Data processing – R\$851.2 million
 - Advertising and publicity – R\$394.6 million
 - Corporate Education – R\$70.9 million
 - **Manufactured**
 - R\$1.6 billion – rentals
 - **Natural¹**
 - Material, water, energy and gas – R\$604.4 million
- (1) Values complementary to the Distribution of Added Value.

Creation of BB value

Strategy

In 2017, we reviewed our Corporate Strategy for the period of 2018-2022 (ECBB 2018-2022) through a more complete and comprehensive process than the one promoted in previous years, with the active participation of shareholders, employees, leaders, and representatives of entities linked to Banco do Brasil (ELBB). We also discussed studies on the financial industry, considering eight megatrends, involving the following emerging topics, opportunities, and risks for the sector (see more information in Chapter 4, Risk Management): [102-43](#) | [102-15](#)

Based on these megatrends and in response to the scenarios assessed, we promoted SWOT (strengths, weaknesses, opportunities, and threats) analysis to support the formulation of our 2018-2022 Corporate Strategy.

Convergence of industries: innovation is destroying the boundaries among industries, which are being redrawn by disruptive technology companies, with the revolution of traditional business and their production chains. In this scenario, organizations must analyze the threats and seek opportunities beyond the limits of their industry, always considering, in that convergence, the service demands and needs of customers.

Future of work: the working model is changing, moving first to a more independent economy to then achieve an economy driven by artificial intelligence and robotics. This process should affect occupation and employment concepts, with impacts on businesses, Governments, and society.

Intelligent technologies: intelligent technologies raise the level of insight and decision-making beyond the simple interaction between connected items. In a network, assets, infrastructure or even a transaction become autonomous, so that information systems can detect and automatically solve operating problems and/or detect suspicious patterns.

Resources and sustainability: the discussions about the sustainability become more relevant with the current demographic, social and urban changes. The possibility of occurrence of extreme weather events and other situations that put the societies at risk raises the pressure for smart cities, for models of guarantee of reliability of the social system and for the maintenance of ethical behavior.

ECBB 2018-2022

Concentration of population in urban environments: the number of residents in cities, including those of small and medium sizes, increases each year. This concentration brings challenges related to the organization and to the infrastructure in those municipalities; causes behavioral changes in society; leads to the need for a review of the physical presence of the service providers; and influence the emergence of media interaction with customers.

Demographic changes: behavioral patterns have been undergoing changes arising from new demographic dynamic. Changes in life expectancy and fertility rate, changes in the structure of homes and digital nativity demand solutions that meet the desires of the consumer market in a simple, immediate and secure way.

Global connectivity: the great flow of information causes behavioral changes in society in many ways – at the same time it provides greater freedom of choice, reduces privacy and brings doubts as to the security in data management. The agents are constantly exposed, which raises the reputational risk. Thus, the environment needs constant attention because of information overload, in which the dynamics of consumption changes from “ownership” to “access”.

Empowerment of customers: the customer profile is changing and evolving into a niche and custom culture, leveraged through data analysis. This transformation occurs mainly in the business-to-consumer (B2C) but has a ripple-down effect also in the business-to-business (B2B) and consumer-to-consumer (C2C) relationships. This scenario accelerates the transformation of competitive environments and fosters the emergence of disruptive entrants.

2018-2022 ECBB Highlights



In the Financial perspective, we will prioritize the growth of profitability, the increase of revenues from the provision of services, the improvement in the operational efficiency, the adequacy of capital and the reduction of operational and credit losses.



For Customers, our focus will be to provide high-value experiences to this kind of stakeholder, prioritizing actions that foster the increase in satisfaction.



For Processes, we will continue investing in Digital Transformation, by means of which we have continually improved methods, products and channels, making them more simple, agile, innovative, integrated and oriented to the journey of our customers.



In the People perspective, we seek to develop strategic skills necessary to face the challenges identified for the next few years, and we continue to be guided by the meritocracy in succession processes in order to recognize and retain our talents.



For Sustainability, which complements and transcends all other perspectives, the focus is on improving our performance on sustainability, on economic, social and environmental dimensions, since the generation of sustainable returns in the long term assumes going beyond financial issues and traditional risks.

Innovation and Digital Business

The 2018-2022 ECBB positions us as “a Brazilian innovative company that connects people to their achievements.” Thus, for us, innovation is an organizational value, through which we encourage the development of transforming services and products, as well as actions that foster entrepreneurship and experimentation.

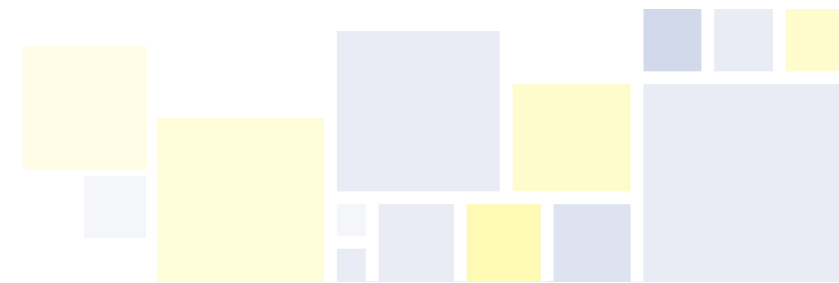
More than a technological process, the digital transformation is a behavioral and adaptation movement in a scenario marked by the evolution of the communications and internet connection devices.

Specifically in the banking system, the digital reality implies new complexities, with more demanding consumers and entrants eager to provide financial services similar to those provided by banks. Therefore, we seek increasingly to combine face-to-face service with the best in a full digital experience. Our strategy of digital transformation allows us to deliver value and enhance the customer experience, which is in line with our goal of being noticed as promoters of innovation and digital inclusion, strengthening ties with the Brazilian society. As an example of this movement, we launched in 2017 the Portal for Developers, which makes us the first bank in Latin America to make a structured open banking operation.

Strategic Program Salas de Guerra – Digital Transformation

Over 2017, we implemented the Strategic Program Salas de Guerra – Transformação Digital (War Rooms – Digital Transformation), focused on strategic initiatives that strengthen our positioning, stimulate the culture of innovation, improve the efficiency, intensify the digital transformation and enhance the digital and leadership skills, among other topics. The War Room – Digital Transformation has enabled the convergence of organizational efforts in different working contexts, which reached, among the main results:

- Institutional campaign “#maisquedigital;”
- Improvement of instruments for budget and measurement of results in digital channels;
- Development of strategies for transformation of the culture and development of digital skills in the various segments of employees;
- Development of work teams and instruments models that facilitate the development of solutions that promote digital transformation;
- Review of the internal structures and decision-making processes, seeking greater agility in the decision-making process; and
- Structuring and intensification of e-commerce and development of open Banking business model.

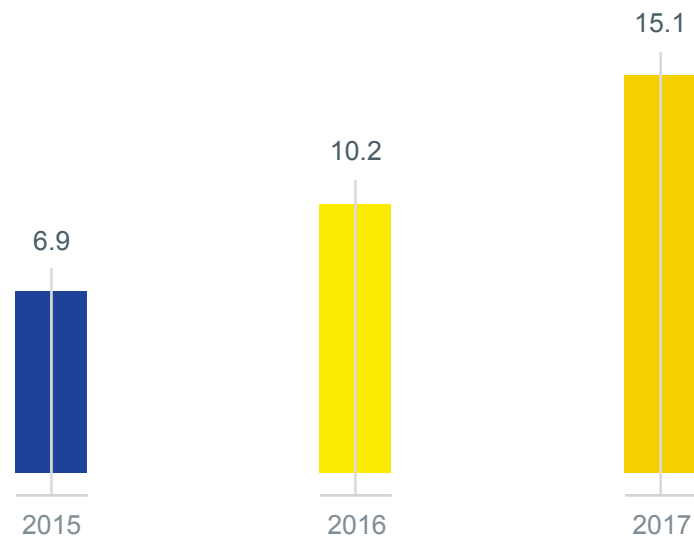


Digital solutions result in lower cost with regard to the physical points and have increased their participation in our result. Another indication that we are on the right path is the fact that we record an average growth of 45% annually in our base of customers using the application (see table below). In 2017, 1.5 million users with accounts opened through the BB application contributed to this performance (for 2018, 3 million accounts are expected to be opened), offering a fully digital experience in the acquisition of financial products. Another highlight is the possibility of contracting Vehicle Loan via mobile, of approximately R\$1 billion payment. The solution brings more convenience to customers – more than half of the sales were performed outside banking hours, including on weekends.

Digital Inclusion and Transformation of the Brazilian Society

In line with our Corporate Strategy and our Brand Positioning, we defined, in 2017, the challenge of promoting the “Digital Inclusion and Transformation of the Brazilian Society” as a socioenvironmental cause. This new cause is expressed in our concern and our commitment to transforming Brazil through innovation and digital inclusion, promoting the democratization of access to digital media and information technologies. This is how we seek to enable the communities to take advantage of the opportunities and benefits of the information age (for more information, see chapter 2, Transforming Role).

Number of Users in the Application (millions)



The strategy of connecting people to their achievements includes increasingly digital solutions



Labbs

In December 2017, we completed one year of operation of our Advanced Laboratory (Labbs), a space for drawing and experimentation of projects and technological solutions with the potential of radical innovation in our processes, products, and services. In order to strengthen the culture of intrapreneurship and innovation, we have selected and empowered our teams to put their best ideas in practice. For that, at the end of 2017, we had two units of Labbs, one in Brasilia and one in Silicon Valley, California (USA).

About 270 employees contributed with the Labbs during the year. Of the suggestions presented, approximately 30 have resulted in innovative solutions. More than 80 companies and 3,000 people also visited the space, whose actions were disseminated and shared in lectures.

The entire cycle of incubation and acceleration of Labbs comprises a year and a half of operation. Thus, the final deliveries of the first initiatives should occur in 2018.

Inclusion and digital transformation of the Brazilian society were elected our main cause in the socio-environmental dimension

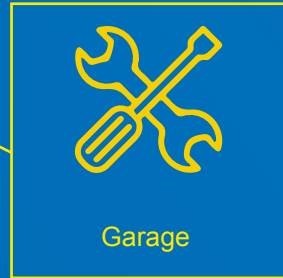
How Labbs works



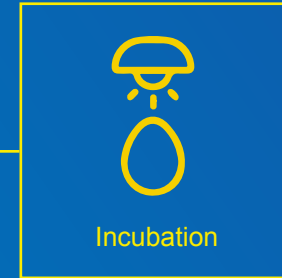
- We have employees full of suggestions to improve our products and our services and even to propose entirely new businesses. In order to stimulate and support teams, we hold events and programs for collection and selection of the ideas of greatest potential.



- The project is ready to be accelerated! At this stage, which lasts up to 12 months, the project will aim to increase the number of users, in addition to adopting features. This trail is followed by metrics to verify that the initiative is on the right path and, at the end of the acceleration, another validation committee meeting is held. If approved, the project becomes a business or product to be offered by us.



- Here, the ideas selected in the first phase begin to take shape. With the use of Design Thinking, Design Sprint and even research with customers, the suggestion is improved and presented to a committee. If approved, it moves to incubation.



- In this step – which can happen in Labbs Brasilia or Labbs Silicon Valley – there are the effective development and construction of the project, which includes tests with users for validation. After three months, it is presented to the committee sponsoring the project, which decides whether the initiative can move to the next stage or not.



Pensa BB

We maintained the Innovation Incentive Program (Pensa BB), through which we launched strategic challenges for all employees, encouraging them to submit innovative solutions. In December 2017, the program started its final stage, when the best actions of the 2016/2017 edition were selected and awarded, namely:



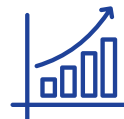
- **Visitas PJ application:** the creation of a mobile application to be used by corporate account managers in their visits, with features such as geolocation, visit guide, audio recording, and scanning of documents, schedule and information about the customer registration. It was awarded as the best idea of the 2016/2017 edition.



- **Turning (companies) corporate account managers into sponsors of products:** provision of specific training for corporate account managers to take the stance of “sponsors” of the products of Special Social Security Schemes (RPPS) and Closed Supplementary Pension Entities (EFPC), disseminating them in their locations.



- **Portal for disclosure of personal assets available:** comprises the development of strategies and electronic environments to facilitate and expand the sharing of personal assets across our units, with opportunities to gain efficiency and use our assets optimally.



- **Indicator of sustainable results:** inclusion of performance indicators in Labor Agreements (ATB), with indexes for determination of sustainability of our businesses over the medium and long term.



- **New model of relationship in people management – centralized structures:** use of virtual platforms to enhance the framework of the Regional People Management (Gepes), focused on operating nationally. This allows the release of funds and people, operational efficiency, agility and adoption of technological innovations.



- **Real Estate Loan application:** new functionality in our mobile application, which enables customers to execute the real estate loan process entirely using the cell phone.



- **Full Home Broker:** expansion of the solutions offered by our home broker, especially with regard to the possibility of the customer to operate with derivatives and their diverse financial strategies.



- **Online team of consultants to advise on an immediate solution for the occurrences of closing trial balances:** adoption of online customer service team (through chat or video) for all units of the Country that are having trouble closing the trial balance. The action aims to give greater efficiency to our customer service, reduce response times and facilitate monitoring.



Sustainability Strategy 102-15

In addition to continuing directing efforts to our process of digital transformation, we reinforced, in our Corporate Strategy, the focus on improving performance in sustainability, which should permeate the other perspectives – Financial, Customers, Processes, and People. Our perpetuity depends on the maintenance of a continuous dialogue with the society, which goes beyond our offer of products and services.

The directions on sustainability are evaluated through indicators, ranging from a strategic level, with the Master Plan, to the operational level, in the Work Agreement of branches. The indicators include the assessment of results in the operational plans of the branches, impacting the variable compensation of the statutory officers and employees. 102-18 | 102-19

The Management's Variable Compensation Program (RVA) is subject to the distribution of Profit Sharing (PLR) to employees. The amount varies according to the performance observed in ten indicators based on the Corporate Strategy of BB, one of which is specific to the social business perspective.

The variable compensation of the employees is linked to Work Agreement (BB and ATB connection) and includes indicators related to the efficient use of resources (water, energy, and paper) and the expansion of employee involvement in social and voluntary causes. The model measures the performance of the management of branches with respect to the established goals and affects the variable compensation upon payment of profit sharing (PLR), whose receipt is subject to a minimum score in the Work Agreement.

Thus, we believe that the Corporate Socioenvironmental Responsibility (CER) should be an aspect that crosses the management of our businesses. We believe that it is possible to reconcile the interests of shareholders with socioenvironmentally sustainable businesses by establishing ethical and responsible relations with our various stakeholders.

For greater effectiveness, we spread the culture of sustainability among our staff through training in several contexts. One of them is the Sustainability Trail, available on Banco do Brasil Corporate University (UniBB) and that brings together in an environment all training content of the area of Socioenvironmental Responsibility and Sustainable Development. Another context refers to the Certification of Corporate Socioenvironmental Responsibility, whose evidence is made available on a half-yearly basis to employees enrolled in the Internal Knowledge Certification Program.

Through these actions, we have a prominent role in the global scenario in the sustainability theme, so much so that we are part of nationally and internationally recognized indexes such as the Dow Jones Sustainability Index (DJSI), of the New York Stock Exchange; the Dow Jones Sustainability Emerging Markets portfolio; and the Corporate Sustainability Index (ISE) of B3.








Sustainability Plan –

Agenda 30 BB 102-43 | 102-44

Aligned with the world transformation agenda focused on sustainable development, we update our Sustainability Plan every two years. In 2016, the review, in addition to the contributions obtained with an extensive consultation with our stakeholders, was inspired by the Sustainable Development Goals (SDG) launched by the United Nations (UN), in 2015.

Our Sustainability Plan contributes to the improvement of businesses and processes by consolidating actions with socioenvironmental bias. Organized on sustainability challenges, it unfolds in mapped commitments based on the evaluation of national and international trends of sustainability, market indexes and demands of society in general. For their organization and effectiveness, the challenges are distributed among the five pillars of SDG (see the table).

Agenda 30 BB Challenges in Sustainability

 PROSPERITY	 PARTNERSHIP	 PEOPLE	 PLANET	 PEACE
Challenge 1: to align the governance of Banco do Brasil to the best international practices and strengthen the role of the Senior Management in the sustainability strategy.	Challenge 6: to strengthen the engagement of Banco do Brasil in the pursuit of social affairs through comprehensive, efficient and innovative solutions aligned to public policies.	Challenge 11: to ensure greater proportionality of representation of gender and race in all the hierarchical levels of Banco do Brasil.	Challenge 16: to develop financial solutions and business models that promote the transition to an inclusive green economy.	Challenge 21: to develop a social (includes human rights and labor practices) and environmental due diligence process to assess the impacts of operations and commercial relations of Banco do Brasil.
Challenge 2: to identify and manage medium and long-term non-financial and/or emerging risks that may significantly impact Banco do Brasil's businesses.	Challenge 7: to enhance Banco do Brasil's initiatives towards the effective development, entrepreneurship and the promotion of social and financial inclusion.	Challenge 12: to expand programs on education and awareness-raising in sustainability for internal stakeholders and the society.	Challenge 17: to improve the management of the climate change theme in Banco do Brasil in such a manner that it takes into account the governance, risks, opportunities, and adaptations.	Challenge 22: to review and develop the commitments of Banco do Brasil set out in the guidelines of sustainability for the credit and controversial issues.
Challenge 3: to identify innovations in the financial sector (business and technology models) and anticipate the trends in order to ensure the perpetuity and longevity of Banco do Brasil.	Challenge 8: to strengthen the dissemination of the sustainability topic in the entities affiliated with Banco do Brasil.	Challenge 13: to improve the model of variable compensation of employees, including that of the Senior Management, expanding the socioenvironmental criteria and considering the individual performance.	Challenge 18: to improve the Environmental Management System (EMS) and the eco-efficiency practices seeking to reduce the ecological footprint of Banco do Brasil.	Challenge 23: to improve management and reporting practices of Banco do Brasil on the sustainability performance.
Challenge 4: to enhance customer relationship management and increase the satisfaction and retention indices.	Challenge 9: to enhance the role of Banco do Brasil as an advisor for financial education.	Challenge 14: to strengthen the role of Banco do Brasil with regard to human capital, considering the management of health, safety and wellness, the development and the retention of talents.	Challenge 19: to improve the management of socioenvironmental risk from socioenvironmental criteria in the granting of financing, considering the controversial issues as well.	Challenge 24: to improve the integration between the Private Social Investment and the business strategy.
Challenge 5: to enhance the management of Banco do Brasil's tax strategy, with a focus on governance, tax risks, and transparency.	Challenge 10: to improve the management of socioenvironmental risk from socioenvironmental criteria in the supply chain and in the process of sustainable purchases.	Challenge 15: to strengthen the role of Banco do Brasil with regard to the ethics and anti-corruption topics.	Challenge 20: to improve the management of socioenvironmental risk from socioenvironmental criteria in own investments and third-party asset management.	Challenge 25: to ensure transparency in communication and ethics in the marketing of products and services.

Agenda 30 BB Highlights in 2017

Our Agenda 30 BB comprises 82 actions for us to, among others, enhance the sustainability governance, promote initiatives for social and financial inclusion in the context of the green economy and adopt sustainable projects and solutions.

These actions are distributed in the ATB of the areas responsible for the development of initiatives and compose one of the indicators that measure the performance of the management of our Units. **102-43**

Challenge 16, "To develop financial solutions and business models that promote the transition to an inclusive green economy," was considered by our main stakeholders as the most relevant challenge to be addressed in the 2017-2019 period. Therefore, from the point of view of business opportunities, we seek to prospect and/or propose financial solutions and business models for our various pillars of activity, in addition to performing actions that stimulate the green economy promotion. The main actions were:

Promotional campaigns supporting the offer to small and medium-sized enterprises (MSE) of Corporate Constitutional Fund for Financing the Mid-Western Region (FCO), Corporate Urban Proger and Corporate Finame credit lines, which fund sustainable assets and encourage the consumption of goods and services intended for the use of clean energy.

Proposal of a financial structure of reimbursable and non-reimbursable funds raising for the promotion of green economy and contribution to achieving the goals of the Brazilian Nationally Determined Contributions (NDC).

We also approved, in our Executive Committee of Internal Control and Risk Management (CEGRC), the development of a socioenvironmental rating to enhance the socioenvironmental risk management. With a focus on our human capital, we defined indicators to monitor the total absenteeism and work-related indicators. In addition, we implemented the Career Advancement Program for Division Manager of Strategic Units, of talent identification for appointment to the position.

With regard to the challenge of ensuring greater proportionality of representation of gender and race in all hierarchical levels, we adopted actions that integrate the Career Advancement Program to stimulate greater participation of women in our managerial functions.

The other actions performed in 2017, within the scope of Agenda 30 BB, are available in GRI Appendix, on page 95 of this report.

Draft of Technical Cooperation with Banco Interamericano de Desenvolvimento for the incorporation into our planning of actions of dissemination of the concepts of green economy on the lines of credit and financing.

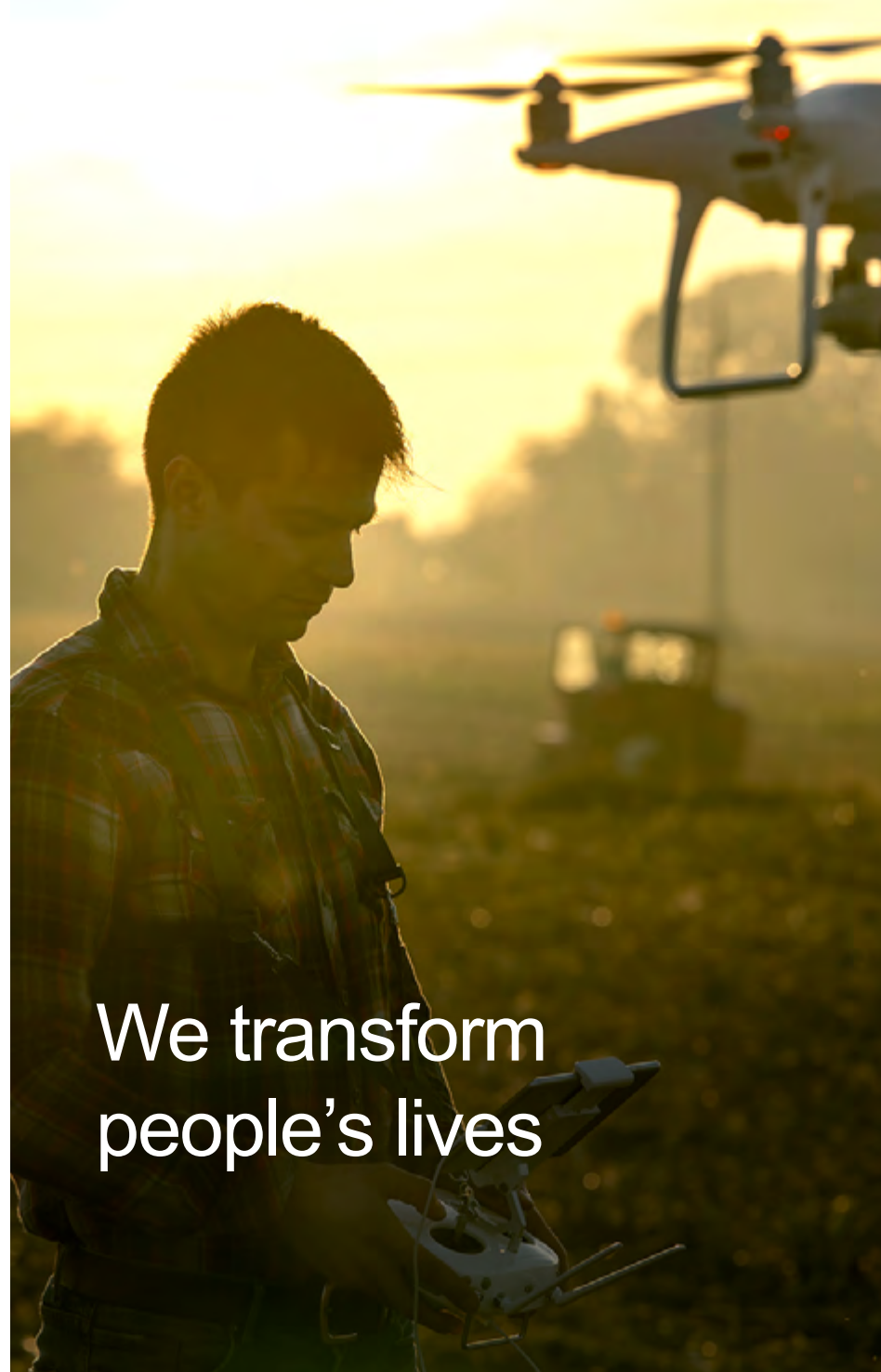
Agro Energia program, to support the use of photovoltaic and biomass energy in the field, especially in traditional customers, such as poultry and pig farmers.

 See more in GRI Appendix **102-21 | 102-29 | 102-43 | 102-44 | 102-46 | 102-47 | 103-2 | 103-3**



Digital inclusion and transformation of Brazilian society were elected in the year as our main cause in the socioenvironmental dimension





We transform
people's lives

02 | Transforming Role

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- 27 Our Role in Society
- 28 Green Economy
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Transforming
Role

Corporate
Governance

Risk
Management

Financial
Value Creation

Social
Value Creation

Environmental
Value Creation

Our role as an agent that transforms the Brazilian society is played for more than 200 years, either through the launch and review of our products and services or through the relationship with customers and communities. We reaffirm this intent in 2017 by declaring formally the purpose of “taking care of what is valuable to people.”

For that, we are attentive to the quality and adherence to our products, which provide the accomplishment of projects, businesses and dreams, as well as the development of companies and Brazil. We have a great concern for our portfolio, which has characteristics to boost environmental, educational, housing, cultural and agribusiness issues – all of them of joint and public interest. We invest, in this respect, in services provided by means of branches and digital channels.

Our transforming role is a historical vocation, which must be consolidated in customer experience, to which we aim to advise and offer loans consciously and responsibly. We are present in 99.8% of Brazilian municipalities and finance the most varied types of productive activity in order to ensure generation of wealth, circulation of money, offer of jobs and local growth. This is achieved with technology and mainly with people. Bearing this in mind, we seek outstanding relations for employees to be ambassadors of our brand and customers to be proud of trusting what is valuable to a genuinely Brazilian bank.

Message from the Board of Officers

R\$ **193.0** balance of green billion businesses



Juvenile Insertion into the Digital Economy, which will develop children and adolescents from the **AABB Comunidade** Program, of Banco do Brasil Foundation (Fundação Banco do Brasil – **FBB**), for the job market.

230

works completed and financed by us, totaling **37,573** new real estate units, i.e. **114** developments in the line of Minha Casa Minha Vida (Real Estate Lending) Program, with the delivery of **18,824** housing units.



Our **CCBB** were the zone of **230** cultural initiatives, with **4.1 million** visitors and **R\$967.8 million** return in spontaneous media.

60%

of share in funding intended for **agribusiness**, serving **1.2 million** family rural producers. The businesses reached **97.2%** of Brazilian municipalities.



R\$54.5

million contributed in **FBB**, which represents an increase of **12.8%** compared to 2016.

Agenda 30 BB – Challenges and actions taken



Challenge 6: to strengthen prominence of Banco do Brasil (BB) in the realization of social businesses through solutions that are comprehensive, effective and innovative and aligned to the public policies.

Indicator: balance of the portfolio in Social Affairs – Microcredit for Production with Guidance – MPO (R\$305 million), Real Estate Lending Program – MCMV (R\$21.3 billion), National Family Agriculture Development Program – Pronaf (R\$43.2 billion), Accessibility Credit (R\$163.6 million) and Student Financing Fund – Fies (R\$35.8 billion).

Challenge 7: to enhance Banco do Brasil’s initiatives towards the efficient development, entrepreneurship and the promotion of social and financial inclusion.

Action 21: we reviewed our Sustainability track including thematic Social Business, with content update.

Indicator: partnership to increase access to banking services – maisBB network has 13,774 service stations; and support for financial education – Minhas Finanças App with four million registered users and two million hits daily.



Challenge 16: to develop financial solutions and business models that promote the transition to an inclusive green economy.

Action 46: we developed digital financial solutions to support the public sector, such as Ourocard Cidades, and sought business partners and development institutions for agreements and technical cooperation aimed at promoting the green economy.

We intensified the use of the mobile channel as a way to reduce the consumption of natural resources. The main actions are the signings of Crédito Veículo (Vehicle Loan), whose volume increased by 32% from January to December 2017, which represented, in contrast, the reduction of 180,000 print sheets.

Indicator: balance of green businesses – R\$193.0 billion, which represents 32.4% of our loan portfolio classified internally.



Challenge 24: to improve the integration of the Private Social Investment and the business strategy.

Action 76: we approved and published the new guidelines for the Private Social Investment.

Indicator: donations encouraged (PSI) in the amount of R\$37.7 million.

Our Role in Society

Through our businesses and processes, we seek the vision of providing the best experience for people's lives and promoting the development of society in an innovative, efficient and sustainable way. Our actions go through constant improvement and we are focusing on reaching the digital transformation, by promoting and highlighting initiatives that contribute to the journey of our customers and the technological inclusion in Brazil. To this end, we are focused on the following areas:



Digital access

We support digital inclusion by offering and stimulating the access to internet and technologies.



Innovation and entrepreneurship

Via technologies and digital media, we contribute with the incentive to financial education, innovation, entrepreneurship and social and effective inclusion.



Digital culture

Through technology, digital media and the development of cross-sectional approaches, of relevant cultural and social scope, we enhance opportunities and access to knowledge.

Thus, we highlight below the initiatives effectively carried out during the year in alignment to the Inclusion and Digital Transformation of the Brazilian Society (see *additional information on innovation and digital businesses in Business Model*):



Juvenile insertion into the digital economy, which will develop children and adolescents from the AABB Comunidade Program, of Banco do Brasil Foundation, for the job market. In 2017, 20 pilot projects for training in activities directed to social and effective insertion into the digital economy were approved, for the purpose of developing digital and information technology skills.



Pilot project for revitalization of AABB Comunidade Program of Banco do Brasil Foundation that, in the year 2017, served over 34 thousand children and adolescents throughout Brazil. The goal is, by updating the pedagogical matrix, to reinforce the pillars of innovation, entrepreneurship and social and effective inclusion into the digital economy.



Environmental education and digitization of the Botanical Garden of Rio de Janeiro (RJ), through FBB, for the purpose of improving visitation through digital solutions, information on the mobile application, digital collection, and virtual educational environmental, cultural and historical trails.



Availability of free Wi-Fi, at Avenida Paulista, in São Paulo (SP), with a contract effective from August 2017 to July 2018, and in 1,181 of our branches, in order to facilitate the access by customers to BB application.



Service to microentrepreneurs via Facebook, provided since November 2017. The action, pioneer as a digital microcredit agent, includes tips to boost sales, advertise products and services, expand production, create cash flow and develop the business in order to improve the customer experience and encourage entrepreneurship in Brazil.



Launch of the Public Intelligence Portal – BB Integra:

(<http://bbintegra.com.br>), in October 2017, for free access to more than 370 indicators, with contextualized information, presented in the form of charts and graphs, about the Brazilian municipalities. The focus is to support the public administration and the improvement of citizens' life quality; and



Launch of "Município Mais que Digital" strategy, implemented in October 2017 to expand, in small and medium-sized municipalities, the use of alternative means of payment, such as debit cards, credit cards and digital channels. The strategy aims to reduce the circulation of paper money, include population digitally, strengthen the local economy and consolidate our partnership with public entities.

We also play a **transforming role** by **providing loans**, moving all corners of Brazil. Our expertise ranges from microcredit operations to **financial solutions** for major customers of the wholesale, capital markets and Governments, as well as prominence in **rural and housing financing** – areas that are essential to the economy and **social welfare** of the Brazilians.



Green Economy

By incorporating sustainability in a cross-sectional way into our strategy, we seek to align the provisions of the United Nations Environment Programme (UNEP) on the green economy. As agents of the financial system, we assume a crucial responsibility: to direct the investment of funds and assist the transition from a high-impact economy to a green, low-carbon and inclusive economy, with an assertive risk management and preparation of innovative models of fundraising.

In our planning, we take into account the matter regarding climate change and prioritize businesses that take advantage of the opportunities of a low-carbon economy. In addition, we identify sustainable production chains that may encourage the green economy, especially to meet the needs of emission reductions undertaken by Brazil in the Conference held in Paris.

In this context, our main challenges include promoting the national economic growth on a sustainable basis so that it comprises production chains with lower socioenvironmental risk with higher return. In the coming years, we will continue betting on models for private and public funding for investments in projects that have sustainability as a premise. We capture opportunities in reforestation, urban infrastructure, mobility, decentralized energy generation, energy efficiency and sustainable production chains in agricultural and livestock activities.

Initiatives Developed in 2017



Water and Energy Efficiency Portal – BB Internet – shows our financial solutions and offers guidelines and tips on using natural resources in an eco-efficient way, especially on the use of solar energy.



Business Models for Reforestation of Areas of Permanent Preservation (APP) and Legal Reserves (RL) – enables the environmental alignment of rural properties through the adoption, in 2018, of a forest recovery model, with 50% of native species and 50% exotic species. The project is in accordance with the new Forest Code and aims at the economic, financial and technical feasibility of the properties.



Solutions for risk management related to Socioenvironmental Criteria for commodities – we held a series of discussions with experts for a discussion of socioenvironmental criteria for funding of commodities in Brazil, with a focus on the main risks and socioenvironmental impact mitigation factors. Socioenvironmental and management risks were mapped in the production chains of soybeans, corn, cotton and rice. The result of such process is the preparation of the Socioenvironmental Risk Management Matrix, a document which includes measures for the identification, measurement and management of socioenvironmental risk in the properties.



Sustainable Credit Guidelines – the process of updating the document included a Stakeholder Panel held for the sectors of civil construction and electric power, which was an opportunity for collection of criticisms and suggestions from our various stakeholders.

Green Businesses 203-2

Our Socioenvironmental Responsibility Policy (PRSA) provides for the work in conjunction with companies, Governments and society in the definition of initiatives aimed at reducing risks and leveraging opportunities related to socioenvironmental issues. We work continuously to develop financial solutions and business models that promote the transition to an inclusive green economy – and we reached national prominence in this perspective.

Based on the methodology developed by the Brazilian Federation of Banks (FEBRABAN), which deals with the measurement and identification of funds allocated in the Green Economy, in 2017, our portfolio of green business presented a balance of R\$193.0 billion. Loan operations related to investments and lending for renewable energy, energy efficiency, sustainable building, sustainable transportation, sustainable tourism, water, fishing, forest, sustainable agriculture and waste management are part of this portfolio. In order to foster an inclusive economy, social areas such as education, health and local and regional development, are also part of the portfolio. Sectors are considered according to the UNEP classification, as well as thematic products specific to activities related to the green economy.



For more information on the FEBRABAN study, please visit

R\$193.0 billion
Green Businesses
(2017)

32.4%
of our internally
classified loan portfolio

R\$2.8 billion
Contribution margin

R\$309.1 billion
FEBRABAN portfolio
(2016)

21.7%
Risk-Adjusted Return
RAR measures the efficiency of products taking
in consideration the relationship between
Return vs. Capital Consumption

Sustainable Agriculture 203-2

We were recognized as one of the main agents that drive the agribusiness development in Brazil, supporting the sector at all stages of its production chain. Our work is aligned with the criteria established for the maintenance of socioenvironmental sustainability.

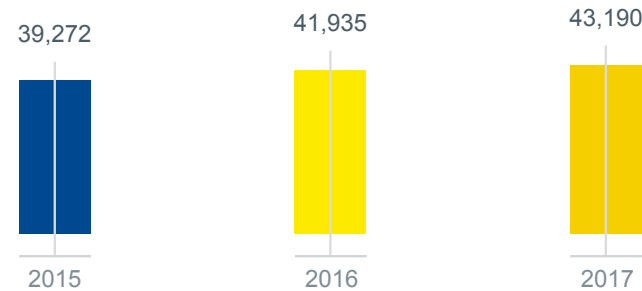
We are partners of the Sustainable Rural Project, created to encourage small and medium-sized producers to adopt technologies with a low emission of Greenhouse Gases (GHG), as well as train and reward the technical assistance agents responsible for preparing and monitoring the projects.

We provide solutions with socioenvironmental attributes to our rural producing customers, such as the National Family Agriculture Development Program (Pronaf), which has the support from teams that are qualified in agricultural financing, experts in investments and agronomists. Created in 1995 by the Federal Government, the program is intended for the provision of specialized service to mini and small rural producers, which promotes income generation and values the use of family workforce.



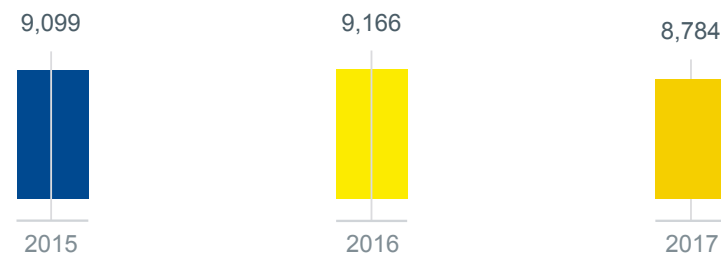
At the end of 2017, we served approximately 1.2 million family farmers under Pronaf, with a share in 65% of contracts of costing and investment operations in the market. The businesses reached 97.2% of Brazilian municipalities, which indicates the scope of the program.

Information about the Portfolio – Pronaf (R\$ million)



In 2017, we remained a leader in the number of contracts of financing within the scope of the Low-Carbon Agriculture (ABC). The initiative finances sustainable agricultural production systems, with a recognized capacity to reduce or sequester GHG emissions and promote vegetation/biomass and food production and the preservation of the environment. The actions of the program are aligned to the ABC plan, coordinated by the Ministry of Agriculture, Livestock and Food Supply (Mapa).

Information about the Portfolio – ABC Program (R\$ million)



 More information in GRI Appendix FS7 | FS8

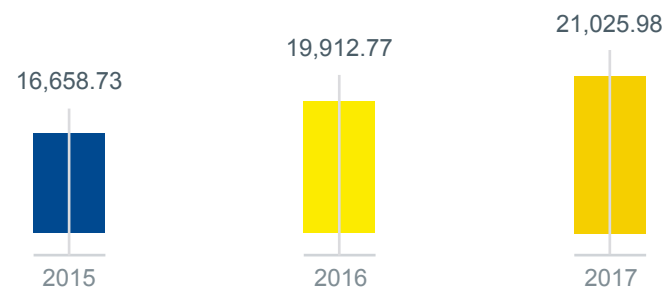


Popular Housing 203-2

We are also the financier of the set of measures of the Federal Government aimed at facilitating the acquisition of houses by low-income families through Minha Casa Minha Vida Program – PMCMV (Real Estate Lending). By means of the funds provided as real estate loan, we also helped the Brazilian economy and society, the reduction of the housing deficit, the growth of the entire chain of the civil construction industry and the improvement of the quality of life.

In 2017, 230 works financed by us were completed, totaling 37,573 new real estate units, 114 of which were developments in the line of PMCMV Program, with the delivery of 18,824 housing units. There was the release of the amount of R\$1.38 billion for the construction of 235 developments, 62 of which in the PMCMV line, with 9,395 housing units. In addition, we allocated funds for the acquisition of other 10,900 units under the program, contributing to the goals of the housing policies of the Country. In the Individuals segment, 14,455 PMCMV operations were carried out, which results in the portfolio of R\$21.03 billion.

Information about the Portfolio¹ – PMCMV (R\$ million)



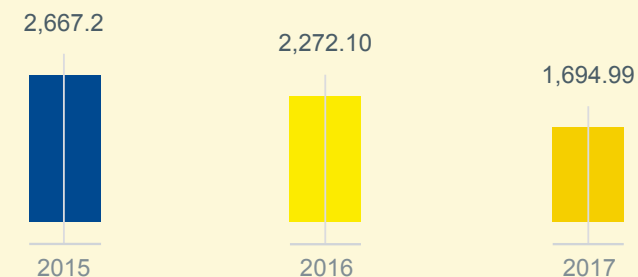
(1) It comprises only the Individuals Portfolio.

Effective Development and Support for Entrepreneurship 203-2

We provided micro and small-sized enterprises and individual micro-entrepreneurs with appropriate solutions to support their development, ranging from financial alternatives to business models that promote the transition to an inclusive economy. We encouraged the entrepreneurial culture in Brazil and the perpetuity and sustainability of the projects.

Our lines for micro and small-sized enterprises, such as those linked to the Income Generation Program (Proger), fund the installation of energy efficiency (lighting, engines, climate control, solar panels and wind power, among others) and water (water intake, reuse and treatment, hydrometer, regulators, etc.) equipment, with cost reduction and savings for our customers.

Information about the Portfolio – Proger (R\$ million)

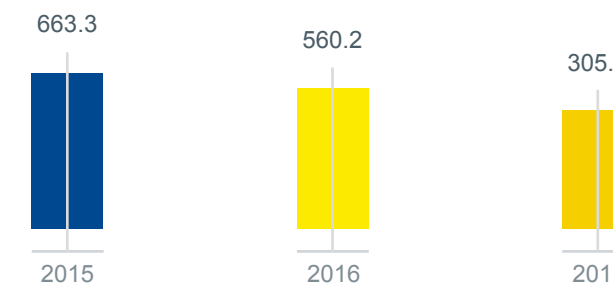


Our contribution in the extension of microcredit occurs through Microcredit for Production with Guidance (MPO) program, which aims to improving the cash flow or financing the purchase of equipment, furniture or tools for individual micro-entrepreneurs (MEI), either formal or informal, with revenues up to R\$200 thousand per year. The MPO enables credit-oriented access, with consequent financial and efficient inclusion, education in the use of the money and generation of employment and income.

With a focus on intensifying our work in microfinance, we improved, in 2016, the strategic partnership with Movera, our affiliate for actions related to MPO. The company has specialized microcredit agents so that entrepreneurs are advised and can sign contracts in a qualified way, and they also monitor the investment of the loan, with close control of non-default.

In 2017, with 220.7 thousand active customers, the portfolio ended the year with a balance of R\$305.2 million, which represents a reduction of 45.5% in the year.

Information about the Portfolio – MPO (R\$ million)





Private Social Investment

Our Private Social Investment (PSI) comprises the voluntary, monitored and systematic allocation of private funds to social, environmental and cultural initiatives of public interest. The PSI can be leveraged through tax incentives and the allocation of non-financial and intangible resources.

Our tax incentives follow specific legislation and are destined for the Childhood and Adolescence Funds (FIA), the Elderly Fund, the National Program for Cancer Care Support (Pronon) and the National Program for Support to the Healthcare of the Disabled People (Pronas/PCD). The FIA and the Elderly Fund work with groups of people prioritized by the State for social inclusion and protection, while donations from Pronon and Pronas support initiatives and services developed by entities, associations and private non-profit foundations in the field of oncology and PCDs.

Tax Incentives (R\$ million)	2015	2016	2017
Culture Support Rouanet Act	36.3	32.8	31.8
Sports Incentive Act ¹	12.0	16.6	2.4
Fund for the Rights of Children and Adolescents ²	2.0	9.8	1.5
National Fund for the Elderly ²	2.0	10.0	0.9
National Program for Cancer Care Support ²	2.0	9.6	0.9
National Program for Support to the Healthcare of the Disabled People ²	-	-	0.2
Total Amount in Donations	54.3	78.8	37.7

- (1) The amount in 2017 was lower because the sponsors failed to approve the projects in the Ministry of Sports in a timely manner.
- (2) The transfer amounts are calculated based on income tax due by the company in the reference year, according to the legislation in force. Therefore, when there is a change in that basis, the amounts of donations are impacted.

Social Business

Our PSI guidelines provide for the work integrated with social affairs, which, for us, are cost-effective initiatives seeking solutions to social problems – using market mechanisms – for the purpose of reducing social and economic inequalities in a sustainable way and ensuring income, effective inclusion and access to public services. Examples of these businesses are funding under the MPO, Pronaf, BB Accessibility Credit, Fund for Financing the Higher Education Student (Fies) and PMCMV.

As founders of FBB, we carried out donations in accordance with our financial availabilities – limited to 5% of our operating income, according to the Bylaws. In 2017, we allocated R\$54.5 million in FBB, which represents an increase of 12.8% compared to 2016.

FBB directs funds to actions related to the urban and rural areas, in five themes: water, agro-ecology, agro-industry, solid waste and education. Thus, through the Foundation, we seek to improve the lives of people by encouraging the social and effective inclusion, the sustainable development and social technologies, contributing in an integrated and participatory manner to the achievement of the Sustainable Development Goals (SDG).

Contributions to Banco do Brasil Foundation per Source (R\$ million)

Sources of Expedients	2015	2016	2017
Banco do Brasil	47.6	48.3	54.5
Brasilcap	9.3	3.8	0.1
BB DTVM	0.5	0.5	1.8
FENABB	24.2	24.2	22,8

Investment in Sports and Culture

Within the framework of our PSI, we maintain four Cultural Centers of Banco do Brasil (CCBB) – in the cities of Brasília (DF), Belo Horizonte (MG), Rio de Janeiro (RJ) and São Paulo (SP) – with varied schedule of projects, in addition to a structured Educational Program. With this investment, we offer equipment of culture available to the population, with free or low-cost access, thus contributing to the development of the society. **203-1**

The definition of actions, which should be adhering to our curatorial axis, passes through a public selection and prospecting process in the cultural market. In addition to regular and qualified, CCBB schedule strengthens the bond with our customers and in the segments that we prioritize.

In the Educational Program, the scope of work includes the creation of educational materials designed for exhibitions of greater visibility, with appropriate language to elementary and high school students. Some exhibitions have material in Braille and visits designed to assist hearing impaired people.

In 2017, our CCBB were the zone of 230 cultural initiatives, with 4.1 million visitors and R\$967.8 million return in spontaneous media.

We also sponsored sports projects that meet our premises of sustainability, and most of which includes athletes and modalities that evoke the national identity, especially the Brazilian Volleyball and Handball Confederation, the project Ambassadors of Sports and also social inclusion initiatives focused on education and the incentive to sports. Of this total, R\$2.4 million were invested through the Sports Incentive Act.

The year 2017 was marked by a new sports platform within the portfolio of BB-sponsored modalities: the first edition of the Banco do Brasil Running Circuit. The project encouraged the practice of street running in eight capitals and brought together around 30 thousand participants of all ages, with differential offers and advantages to customers and employees.



CCBB 2017 Socio-environmental actions



Educational project
250,483 visitors served



Direct jobs
6,245



Free transportation
45,521 people



Indirect jobs
27,695

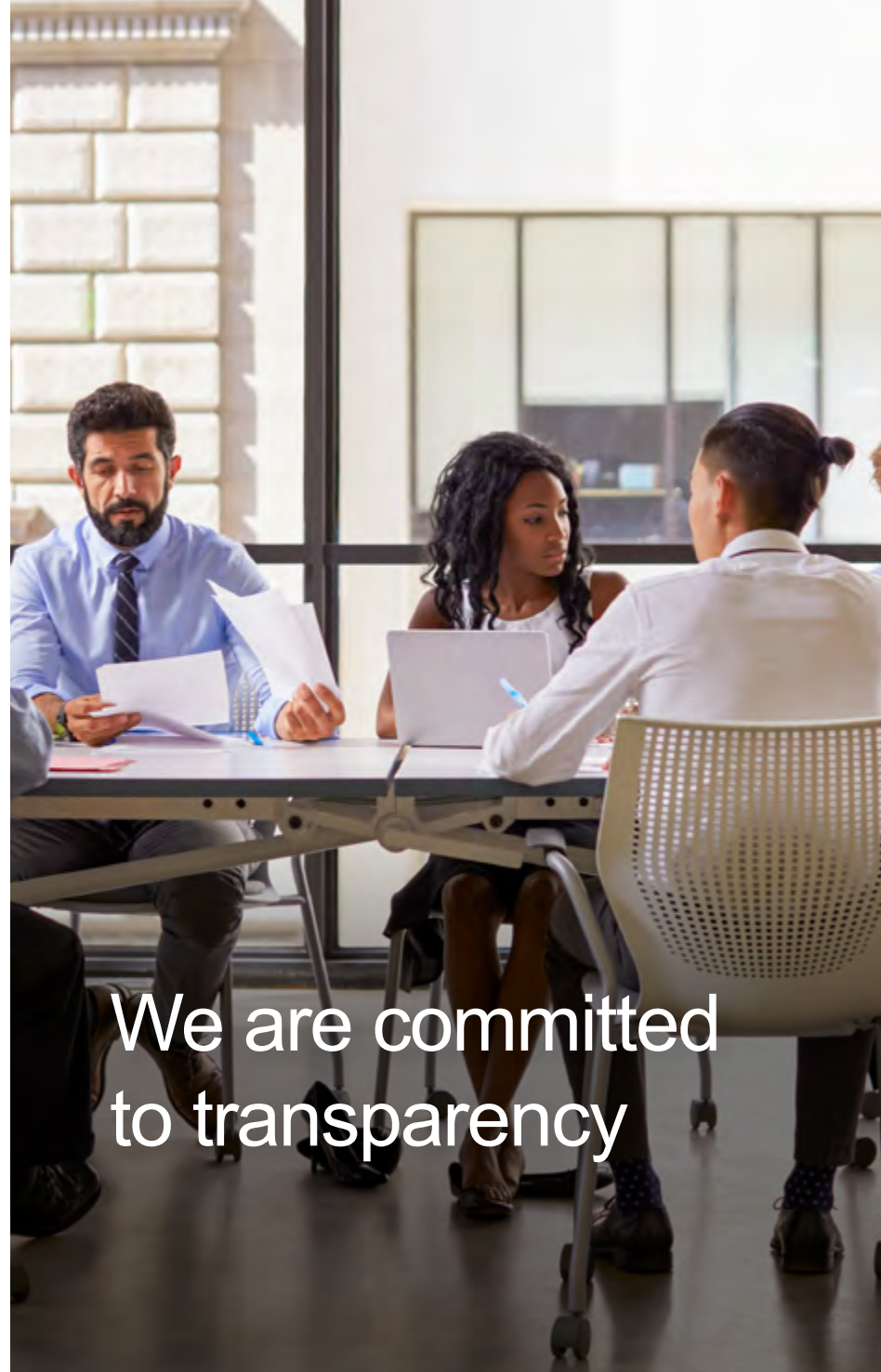
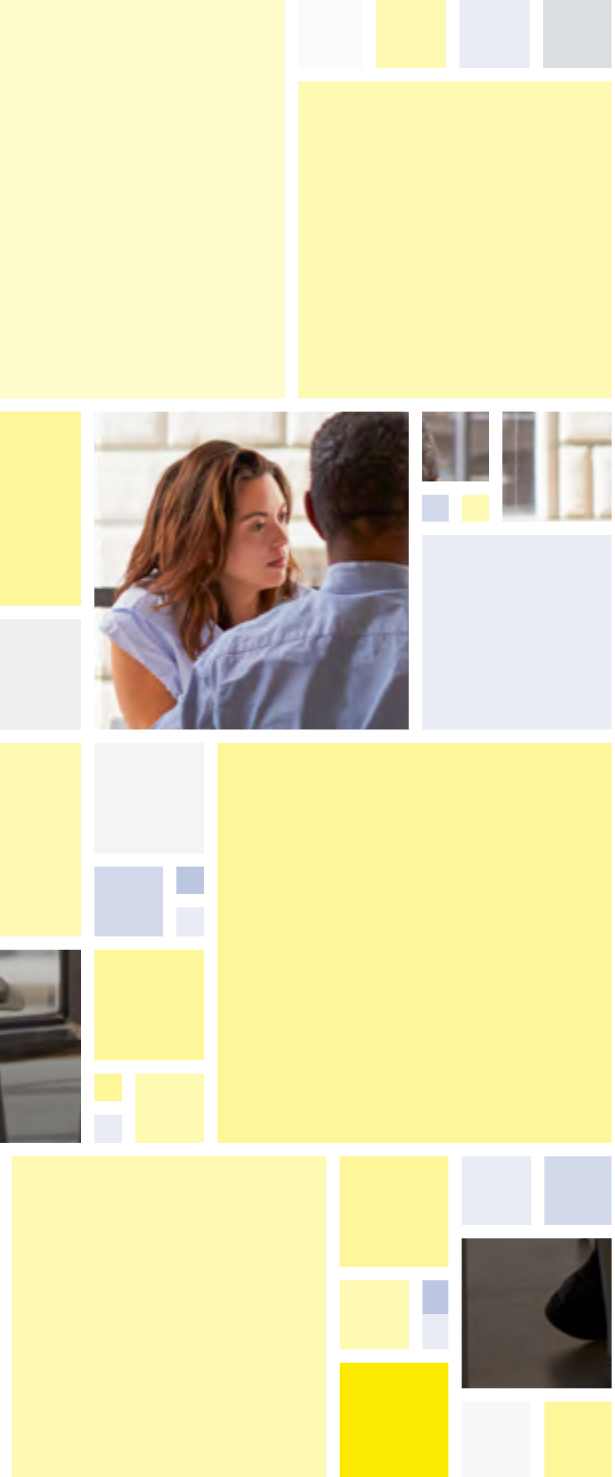


Education transportation
21,276 children of the Educational Program



Selective waste collection
5.6 tons

➔ See the actions of the year of FBB here



We are committed
to transparency

03 | Corporate Governance

- 35 Message from the Strategy and Organization Officer
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- 40 Ethics and Transparency

Transforming Role

Corporate Governance

Risk Management

Financial Value Creation

Social Value Creation

Environmental Value Creation

We are a bank with a unique identity, which operates in partnership with the Brazilian society, whose national treasury is the main shareholder. We exercise our corporate governance on the basis of the most widely recognized practices – for example, the fact that we work with committee structure – and in line with the applicable regulations.

In 2017, for compliance with State-Owned Companies Act, we reviewed our Bylaws and established two committees: Eligibility, coordinated by a representative of minority shareholders, and Capital Risk. We were also the fastest public company to adopt the State-Owned Companies Act, in advance of a year. We have integrated Novo Mercado of B3, in which we are distinguished in the Highlights in Governance of State-Owned Companies Program. These are recognitions to our continuous and clear accountability to investors and the market in general.

These actions reinforce our commitment to the development of the Brazilian society and transparency in management and governance. Also, with this focus, we reviewed in 2017 our strategy and our purposes, always with a focus on the relationship and the satisfaction of our stakeholders.

Carlos Alberto Araújo Netto
Strategy and Organization Officer

Level 1 Seal with maximum score, in the Governance Indicator of the Department of Coordination and Governance of State-Owned Companies (IG-SEST).



Agenda 30 BB – Challenges and actions taken



Challenge 1: to align the governance of Banco do Brasil to the best international practices and strengthen the role of the Senior Management in the sustainability strategy.

Action 4: we approved the expansion of the scope of performance of the Compensation Committee which now is referred to as Compensation and Eligibility Committee (Corem).

Action 5: we created the Risk and Capital Committee (Coris) whose purpose is to assist the Board of Directors regarding the performance of its duties concerning the management of risks, including the socioenvironmental and capital risk, in a unified manner, for institutions that are members of the Prudential Conglomerate of Banco do Brasil.

Indicator: to be in the Highlights in Governance of State-Owned Companies Program.



Challenge 15: to strengthen the role of Banco do Brasil with regard to the ethics and anti-corruption topics.

Indicator: results of the Integrity Program – Completion of the mapping of risks related to corruption in all our Strategic Units.

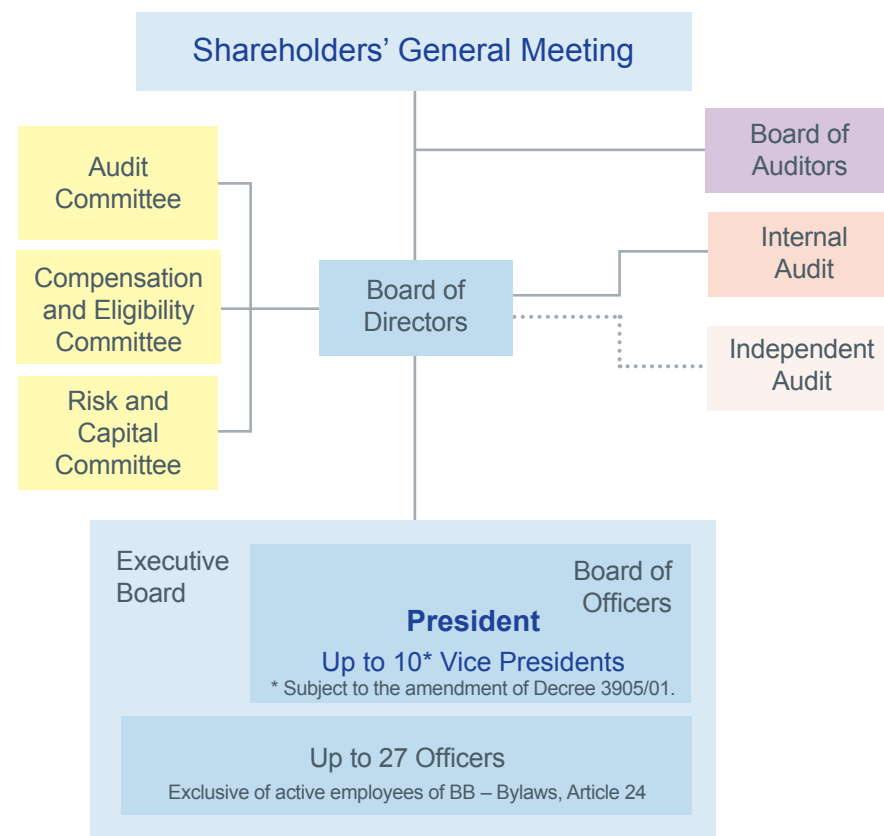
Structure 102-18

At all levels of our company, decisions are taken in committees and with the support of strategic committees that guarantee agility, quality and safety to the process. In this way, we also share our administrative vision, spread knowledge, add value and quality to our positioning and mitigate risks.

The segregation of duties is a premise adopted by us within the scope of corporate governance. Our areas responsible for the management of risks, for example, are not under the direct supervision of superior departments or those linked to any other administrative or business activities, except in the cases of recovery of credits and internal controls. The same occurs with the areas that deal with credit risk analysis and those of third-party asset management, which is separated from own asset management.

In line with good governance practices, we are also guided by transparency, which guarantees the objective, clear, reliable and timely provision of information. We consider all the facts that can be disclosed, except those of restricted character, which put at risk our activity and institutional image, or those that are protected by law.

Our Board of Directors' Structure



Shareholders' General Meeting

It is the deliberative body of the company, responsible for, in addition to the powers provided for in law, deliberating on the sale, in whole or in part, of the shares of the capital stock of the Bank or its subsidiaries, IPO and increase of capital stock through the subscription of new shares, as well as the spin-off, merger or takeover of the company (Bylaws, art. 10).

Board of Directors (BoD)

It is the body that provides the general guidance about the businesses of the Bank, its subsidiaries and controlled companies. It has strategic, guiding, elective and surveillance assignments, not covering operational or executive functions.

Executive Board (Direx)

A body responsible for the management of the Bank, composed of the President, the Vice Presidents and Officers. The Executive Board is responsible for complying and causing compliance with the Bylaws, the resolutions of the Shareholders' General Meeting and the Board of Directors and exercising the tasks set by this Board, always complying with the principles of solid banking technique and the good corporate governance practices (Bylaws, art. 28).

Board of Officers (BoO)

A committee composed of the President and the Vice Presidents, responsible for proposing and enforcing the policies, corporate strategy, the investment plan, the master plan and the general budget of the Bank; adopting and enforcing the plan of markets and the work agreement; deciding on the internal organization of the Bank and its administrative structure; distributing and applying the earnings, deliberately by the General Meeting or by the Board of Directors, in compliance with the legislation in force (Bylaws, art. 29).

Board of Auditors (BoA)

The Board of Auditors, which operates on a permanent basis, is the body that oversees the acts of management, for the purpose of protecting the interests of the Bank, meeting the requirements of the public asset and the social function of the company (Bylaws, art. 39).

Audit Committee (Coaud)

A statutory body, composed according to the regulation of the National Monetary Council (CMN), whose duty is, among other duties provided for in the legislation, to advise the Board of Directors in the exercise of its audit and inspection functions (Bylaws, art. 33, paragraph 6th).

Compensation and Eligibility Committee (Corem)

A statutory body, composed according to the regulation of the National Monetary Council (CMN), whose duty is, among other duties provided for in the legislation, to advise the Board of Directors in the establishment of the policy on compensation of the Bank's administrators (Bylaws, art. 34, paragraph 5th).

Risk and Capital Committee (Coris)

A statutory body, composed according to the regulation of the National Monetary Council (CMN), whose essential duty is to advise the Board of Directors on risk and capital management (Bylaws, art. 35, paragraph 2nd).

Internal Audit (Audit)

The Internal Audit reports to the Board of Directors and is responsible, among other duties, for the audits focused on the risks and the provision of advice to the Board of Directors, Board of Auditors, Executive Board and subsidiaries.

Independent Audit

The Board of Directors is responsible for choosing and dismissing the independent auditors, whose activities are supervised and evaluated by the Audit Committee (Bylaws, art. 21, subparagraph IX, and 33, paragraph 2nd, subparagraph II).

[➔ See more in Chapter 2 of the Reference Form](#)



We review our Bylaws aligned with the best corporate governance practices

Innovations and Adjustments – State-Owned Companies Act and PDGE

In the period, in the Shareholders' General Meeting, it was approved a comprehensive review of our Bylaws in order to adjust it to best practices of corporate governance and the State-Owned Companies Act, to which we aligned with a year in advance of the term stipulated by the legislation (see below). The body also confirmed our adherence to the Highlights in Governance of State-Owned Companies Program (PDGE), of B3, which certifies companies controlled, directly or indirectly, by the federative entities, and that undertake voluntarily with the best practices of corporate governance.

Another innovation of 2017 that brings us to a level of excellence was the reach of Level 1, with maximum score, in the Governance Indicator of the Department of Coordination and Governance of State-Owned Companies (IG-SEST), of the Ministry of Planning. The IG-SEST is an instrument of periodic monitoring to assess compliance with the requirements of Act No. 13.303/2016.

Among the changes related to the State-Owned Companies Act and/or PDGE, the main ones are:

- Expansion of the requirements and prohibitions for the appointment of members of the Board of Directors, Executive Board and Board of Auditors;
- Creation of the Risk and Capital Committee, composed of four members, most of them independent, to advise the Board of Directors;
- Inclusion in the Bylaws of the section on risk management practices and internal controls;
- Extension of the duties of the Compensation Committee (current Compensation and Eligibility Committee), with powers to express an opinion on the compliance with the process of appointment and evaluation of members of the Board of Directors (and its advisory committees), the Executive Board and the Board of Auditors;
- Increase of the minimum percentage of independent directors in the Board of Directors to 25%; and
- Explanation of the requirement, in contracts entered into with the Federal Government of Brazil, of the forecast of terms for the compliance with the obligations and penalties for noncompliance.

In addition to the broad review in our Bylaws, we also carried out:



In search of permanent improvement and aware of the need for adjustment, we anticipate for 2018 the disclosure of the minutes of the meetings of the Board of Directors, its committees and the Board of Auditors in the internal regulations of the bodies, as well as disclosing the certificate of adequacy of the structure and budget of the area of Internal Controls and Compliance.



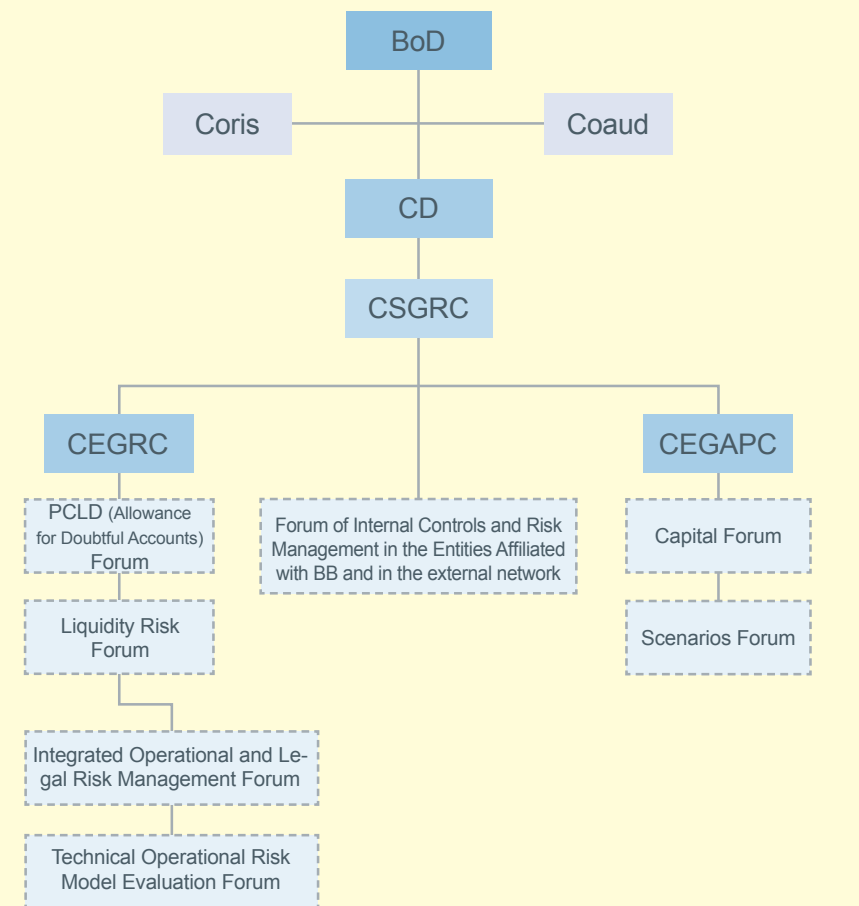
Risk Management Governance

Our model of governance for risk and capital management involves top and executive committees structure, with the composition of various areas and participation of the President, Vice Presidents and top executives (as the case may be). The following aspects are considered:

- Segregation of duties – business x risk;
- Specific structure of risk management;
- Defined management process;
- Decisions at various hierarchical levels;
- Clear rules and authorities structure; and
- Reference to the best management practices.

Our risk management framework involves specific policies, Statement of Risk Appetite and Tolerance, strategies, processes, procedures and management structures, always in compliance with the specificities of each risk.

Organizational Structure of Risk and Capital Management



- BoD — Board of Directors
- Coaud — Audit Committee
- Coris — Risk and Capital Committee
- BoO — Board of Officers
- CSGRC — High Committee for Risk, Assets, Liabilities, Liquidity and Capital Management
- CEGRC — Executive Committee of Internal Control and Risk Management
- CEGAPC — Executive Committee for Assets, Liabilities, Liquidity and Capital Management

Risk and Capital Management Bodies and their Duties

Committees	Main Purposes
Risk and Capital Committee (Coris)	<ul style="list-style-type: none"> ■ Assist the Board of Directors on risk and capital management; ■ Supervise the compliance, by our Executive Board, with the terms of Statement of Risk Appetite and Tolerance; and ■ Assess the degree of adherence to the processes of risk management framework to policies related to risk and capital management.
High Committee for Risk, Assets, Liabilities, Liquidity and Capital Management (CSGRC)	<ul style="list-style-type: none"> ■ Adopt strategies for management of assets, liabilities and liquidity, risks, internal controls and capital.
Executive Committee of Internal Control and Risk Management (CEGRC)	<ul style="list-style-type: none"> ■ Approve methodologies for management of risks and their mitigation actions; ■ Express itself about methodologies for identification and classification of deficiencies in the internal control system and correction measures; and ■ Equip the CSGRC in its duties.
Executive Committee for Assets, Liabilities, Liquidity and Capital Management (CEGAPC)	<ul style="list-style-type: none"> ■ Approve guidelines for the management of funding and liabilities, models, criteria and parameters applied to capital management; ■ Approve the scenarios to be used in the capital management process; and ■ Equip the CSGRC in its duties.

➔ [Learn more on Chapter 2 of the Risk Management Report](#)



Governance of the Corporate Socioenvironmental Responsibility

The Corporate Socioenvironmental Responsibility (CER) permeates our organizational structure and is expressed in our policies and in several voluntary commitments that we assumed.

The main purpose of governance in CER is to manage our socioenvironmental performance, which occurs from the implementation and dissemination of the Socioenvironmental Responsibility Policy (PRSA) which considers, in an integrated manner, the economic, social and environmental dimensions in business and in the ethical and transparent relationship with our stakeholders.

The monitoring of the actions that form the plan of action of PRSA occurs within the scope of Agenda 30 BB, for the purpose of improving the socioenvironmental risk management (see more about Agenda 30 BB in the Business Model chapter).

Our other policies include socioenvironmental aspects, which are also considered in negotiating and administrative practices, such as credit and investment operations, and those of relationship with suppliers and employees. For their relevance, these guidelines are replicated in the Sustainable Credit Guidelines and in the Socioenvironmental Guidelines for Controversial Issues. Read the full Guidelines.

 See more in GRI Appendix [102-21](#) | [102-29](#) | [102-43](#) | [102-44](#) | [102-46](#) | [102-47](#) | [103-2](#) | [103-3](#)

Structure and Roles [102-29](#)

Our governance of CER is structured as follows:

Board of Directors, which follows up our socioenvironmental performance and ongoing initiatives annually.

Board of Officers, responsible for approving, every two years, the actions of the Sustainability Plan – Agenda 30 BB and for monitoring the related initiatives, whose accountability is carried out every six months.

Risk and Capital Committee, which advises the Board of Directors in the performance of its duties concerning the management of risks, among which, socioenvironmental and capital risk.

Sustainability Forum, composed of our executives and those of Banco do Brasil Foundation (FBB), which supports the incorporation, the alignment and the dissemination of our sustainability principles and practices; as well as following up socioenvironmental initiatives and the implementation of actions of Agenda 30 BB. This forum is held on a quarterly basis and reports to the Executive Business Committee.

Strategy and Organization Board, a body directly linked to our Presidency and responsible for driving the corporate socioenvironmental responsibility topic.

In 2017, our governance structure of CER was enhanced with the creation of the Risk and Capital Committee and from the migration of responsibility for driving the theme for the Strategy and Organization Board, which contributes to greater alignment to the Corporate Strategy.

Governance of the Entities Affiliated with Banco do Brasil (ELBB)

The ELBB are organizations with independent legal personality, with their own business strategies and policies, in which we seek synergy and dissemination of our governance, guidelines and best practices which we adopted as a way of base them on decisions about the sustainability theme.

The governance of ELBB includes the formulation of analyses and considerations to base the directors appointed by us, in addition to the modeling of standards and mechanisms. In 2017, the main ones were:

- Establishment of Eligibility Committee, aligned to Act No. 13,303/2016 and its Decree No. 8,945/2016;
- Improvement of the criteria and review of our process of selection and appointment of members to compose the governance bodies of ELBB, with the development of a model and system for implementation of a Base of Directors and standardized research (by segment, by governance body, by education background and experience) for candidate searches, among other features; and
- Provision to ELBB of the Specific Policy of Relationship with Customers and Users of Products and Services, approved by our Board of Directors, with promotion of exchange and proposal of synergistic actions in CER.

In 2017, we followed up the deliberation of topics of the meetings of the Board of Directors (BoD) of the Entities Affiliated with Banco do Brasil (ELBB) on socioenvironmental and sustainability issues, through issuance of analysis and subsidy of information, through the Executive Summary document, sent to the directors appointed by us.

Banco Patagonia S.A.: annually, the Directory (Board of Directors – BoD) of the company approves the report (<http://bancopatagonia.com.ar/institucional/rse.shtml>) in which the socioenvironmental programs performed in the previous year are detailed.

Banco Votorantim: the Socioenvironmental Responsibility and Sustainability Policy is being revised at the beginning of 2018, with contributions from BB and BV.

Cielo: in September 2017, the Board of Directors of the company deliberated the Proposal of the Sustainability Strategic Plan by the representatives of BB in the company.

BB DTVM: 2018-2022 Corporate Strategy of the company and the Master Plan, approved in 2017, contemplate the strategic goal of “enhancing sustainable investment practices.” The Review of the Specific Supplier Relationship Policy, approved in 2017, requires from suppliers the socio-environmental responsibility commitments.

BB Consórcios: it advocates the responsible management and the preservation of the environment in its Supplier Policy, approved in 2017. We recommend to BB Consórcios to evaluate the inclusion of reputation, strategy and socioenvironmental risk in its Inventory of Risks and Set of Relevant Risks. In 2017, the Board of Directors of the entity considered such risks as emerging risks, not relevant risks.

Cateno: the Board of Directors of the company has been discussing the formulation of the company’s policies, including the Socioenvironmental Policy that complies with the applicable law and the guidelines of BB.

BB Seguridade: the company supports the socioenvironmental responsibility policies set out in the public commitments of its parent company, BB.

Assets: the review of the Unified Risk Management Policy of the company (including Socioenvironmental Risk) was deliberate by the Board of Directors in 2017.

PREVI: it is a signatory to the Principles for Responsible Investment (PRI) since 2006 and included in its Investment Policy the criteria of socioenvironmental responsibility (SER).

Ethics and Transparency 102-17

We value ethical reflection as a way to improve behaviors and we recognize that our employees must be the legitimate representatives of the theme. Our Corporate Ethics Management aims to:

- Raise the awareness of the staff about the essential character of ethical behavior;
- Train the teams regarding the standards of behavior that we expect;
- Inhibit misconduct;
- Identify any deviations, risks and their consequences, with the proposal of corrective actions; and
- Provide information to managers of products and services to an ethical conduct.

We participated in the National Forum of Ethics Management in State-Owned Companies to share practices, formulate strategies and establish procedures compatible to the demands of the companies represented, with the adoption of actions for the dissemination of ethical principles in the organizational policies and practices. We are also part of the Working Group of the Business Pact for Integrity and Anti-Corruption, of Ethos Institute, created to support signatories in the implementation of policies to promote the integrity and anti-corruption.

See more in
GRI Appendix

205-1 | 205-2 | 406-1 | 407-1 | 408-1
409-1 | 412-1 | 412-2 | 410-1



Code of Ethics and Standards of Conduct 102-17

We have a Code of Ethics and Standards of Conduct to systematize the amounts that should be practiced by our professionals, of the various functions, and service providers in relationships with the various segments of society, in Brazil and abroad. The document regulates the actions in the performance of functions and, to this end, it has the description of concrete situations of everyday life.

The document is reviewed periodically to provide guidelines on how to act before today's challenges. Our Board of Directors updated the Code in April 2017, in compliance with Act No. 13,303/2016; CMN Resolution No. 4,539/2016, which deals with principles and policy of relationship with customers and users of financial products and services; and for the inclusion of guidelines for improving the culture of customer service and satisfaction.

	2015	2016	2017	2018 goals
Employees Who Have Declared Adherence to the Code of Ethics and Conduct Norms (%)	96.13	97.14	96.46	97.50

For the correct understanding and implementation of the guidelines in the document, we invested in communication and education. In this sense, annually, our Senior Management, employees,

interns and apprentices perform reading and electronic concordance of the Code of Ethics and Standards of Conduct. 205-2

Periodically, all are instructed on matters of relevance to business and conduct in work through notices and booklets, which also encourage the reporting of any suspicious situations to the Internal Ombudsman.

We also have a structured internal control model through layers of control, and we have standards and procedures aimed at the restoration of order and repositioning of employees, in case of non-compliance with the Code, policies and other internal regulations.

In 2017, we received through the channels of the Internal Ombudsman (email, BB intranet, letter, in person, via telephone or via trade unions) 603 complaints relating to possible breaches of the Code of Ethics and Standards of Conduct, of which 80 were considered valid, which resulted in administrative measures such as feedback, guidance, mediation of conflicts, improvement of processes and others. Of the total, 170 conflict mediations were performed with the agreement.

 **See more in GRI Appendix** 205-1 | 205-2 | 406-1 | 407-1 | 408-1 | 409-1 | 412-1 | 412-2 | 410-1



We share our principles with employees and partners. The goal of the adopted practices is to develop relationships based on integrity and transparency



Reporting Channel – Ethics and Anti-Corruption 102-17

We maintain dedicated structures to receive and handle complaints related to ethics and corruption. Our [External Ombudsman](#) and our [Audit Committee](#) are channels for receiving external complaints about possible frauds or noncompliance with standards.

In the case of complaints concerning the suspicion that legal entities have practiced harmful act eligible as corruption, in accordance with Act No.12,846/2013 (Anti-Corruption Law or Clean Company Law) against us, our flow includes the following steps:

- Admissibility of the complaint;
- Establishment of a preliminary investigation;
- Establishment of administrative accountability process;
- Trial; and
- Archiving.

Our Internal Ombudsman, means of communication with employees, interns, apprentices and workers of contractors, receives annually approximately 3.7 demands. Communications include workplace conflicts, complaints about behavioral deviations and non-compliance with internal standards and complaints relating to people management processes.

- The corruption cases committed by an individual that cause injury or expose us to risks are referred as irregularities, regarding conducting the disciplinary control;
- Complaints about behavioral or relational themes are always treated for the purpose of repositioning of employees and the search for a restorative and healthy environment;
- When there is proof of social and functional objectionable behaviors, signs of bullying and/or failure to comply with the rules of the Code of Ethics and Standards of Conduct, the employee is unable to rise professionally and to participate in programs of recognition and awards, among others. If there is a recurrence, the case is escalated to the Ethics Committee;
- Women and transgenders may request the service to be provided exclusively by women whenever a complaint involving evidence of sexual harassment or gender discrimination is registered; and
- Cases about evidence of sexual harassment, if proven, are assessed by the Internal Audit.

 See more in GRI Appendix **205-1 | 205-2 | 406-1 | 407-1 | 408-1 | 409-1 | 412-1 | 412-2**

Ethical Trail

We conduct training on our Code of Ethics and Standards of Conduct through the Ethical Trail, created in 2014 and hosted on the portal of the Banco do Brasil Corporate University (UniBB).

The Trail is reviewed and updated according to our strategy, our context and the national scenario. After 2017, it was composed of 15 educational solutions (courses, video classes, articles, booklets, among others) for discussion on ethical behavior. The main actions were: Prevention and Fight Against Corruption, Prevention and Fight Against Bullying and Sexual Harassment, and Learning about the Code of Ethics and Standards of Conduct.

For their relevance, since 2015, by the decision of the Board of Officers, the courses that form the Ethical Trail are prerequisite in selection processes and for the enrollment of employees in opportunities for internal professional rise and obtainment of scholarships from our Continuing Education Programs.

For the Senior Management, training on ethics involves lectures on a half-yearly basis that cover topics such as Anti-Corruption Law and regulatory framework on the governance of State-owned enterprises.

 See more in GRI Appendix **205-2**



Integrity Program

We seek to ensure an ethical work environment in our activities and in the relationship with our stakeholders through the Integrity Program that adds procedures for prevention of situations that can be qualified as active or passive corruption.

The initiative aims at the prevention and identification of risks that can be qualified as corruption and the remediation of situations related to harmful acts against us.

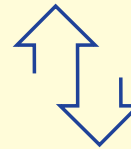


Efforts and Results

In order to mitigate the occurrence of harmful acts that can be qualified as corruption in 2017, we list:



Review of the procedures of the Administrative Proceedings of Accountability, by the Board of Officers.



Issuance of specific guidelines for the conduct of the Process of Prevention and Fight Against Corruption in the Entities Affiliated with BB.



Completion of the mapping of risks related to corruption in all our Strategic Units. The process, started in 2016, evaluated 389 internal processes and enabled the classification of 156 as “at risk of corruption,” under the point of view of Act No. 12,846/2013. We identified complementary integrity procedures capable of implementation in seven Strategic Units. For these, technical recommendations of security were drawn up aimed at the monitoring of deployments.



Participation in the actions of the National Anti-Corruption and Anti-Money Laundering Strategy, whose focus was the prevention and repression of corruption.



Participation in advisory boards of institutions intended for the prevention and fight against corruption, such as Alliance for Integrity and International Transparency in Brazil.



Extensive disclosures, to our external and internal stakeholders, of the channel of Clean Company Reporting Channel, specific to receive suspected acts of corruption provided for in Act No. 12,846/2013; and to employees, of the theme Prevention and Fight Against Corruption through corporate messages and Internal News Agency.



Inclusion, in the instruments for donations and sponsorships, of recommendation so that beneficiaries achieve the maximum efforts for the adoption of the Integrity Program, in accordance with the provisions of Federal Decree No. 8,420/2015.



Dissemination of guidelines and information on the theme Prevention and Fight Against Corruption to our suppliers, on page Relationships with Suppliers.

 See more in GRI Appendix 205-1

Planning of Prevention and Fight Against Corruption and Money Laundering

We focused mainly on the prevention and fight against corruption and money laundering. The main risks include the possibility of being classified as authors of acts of corruption in actions of agents who act on our behalf and any benefits received in trading with legal entities. In order to mitigate these risks, we conducted, during 2017, initiatives within the scope of the Action Plan based on the determinations of a report of the Office of the Comptroller-General (CGU). We also completed, during the year, a mapping of Prevention and Fight Against Corruption (learn more on the topic above), in addition to the following actions:

- Review of methodologies for the evaluation of risk of money laundering;
- Update of a platform for assessment of money laundering;
- Evaluation of the quality of the management of the process of preventing money laundering; and
- Participation in the development of the National Anti-Corruption and Anti-Money Laundering Strategy (ENCCLA).

Specifically in the Entities Affiliated with BB, we supported and managed the review and structuring of processes, in addition to periodically evaluating if the policies and procedures defined for prevention of corruption and money laundering are aligned with our determinations. Additionally, we invited Technicians and/or Executives of the Entities Affiliated with BB for all our training events.

All members of our Board of Officers and Board of Directors are aware of our Specific Anti-Money Laundering, Counter-Terrorism Financing and Anti-Corruption Policy. We also maintain training on the subject in our UniBB Portal. Since the launch, in November 2016, and the end of 2017, 45 thousand employees completed the training session. [205-2](#)

Our general process of supply of goods and services includes procedures focused on the prevention and fight against corruption and to avoid situations that could set up a conflict of interest. These determinations are expressed in the invitations to bid and are set out in internal regulations. There are also guidelines in our [Regulation of Bids e Contracts](#).

Calculation

We are not involved in any corruption case confirmed, classified under the Anti-Corruption Law or Clean Company Law, and we had no contracts terminated and/or not renewed as a result of violations related to the theme. In 2017, we filed 27 administrative proceedings of accountability to assess the practice of act of corruption on the part of legal entities against us. At the end of the fiscal year, such proceedings were still under investigation. During 2017, no public lawsuits were identified related to corruption filed against the organization or its employees. [205-1 | 205-3](#)

We completed six administrative proceedings with the determination of responsibilities in instances involving the charge or receipt of improper commission for a service provided, which resulted in the disciplinary penalties for the people involved, including dismissal with cause. [205-3](#)

 See more in GRI Appendix [205-1 | 205-2](#)



Other Information

In 2017, two facts were highlighted by the press, about which we expressed our positioning, in line with the principle of transparency.

Aldemir Bendine, former President of Banco do Brasil in the period of 2009 to 2015, was charged and arrested in connection with Lava Jato Operation for alleged receipt of unfair advantage during his term of office as President of Petrobrás. Based on the analysis of the statements made public and according to the understanding of the Federal Prosecution Service itself and the Court of the 13th Federal Court of Curitiba, the facts indicate that Banco do Brasil is not related to the alleged crimes. Yet, our Internal Audit, by request of the Board of Officers of BB, has been assessing the facts referred to in the testimonials and the news released by the press.

We clarify that at all levels of the Bank, our decisions are taken collectively. In order to involve executives in the definition of strategies and approval of proposals for the various businesses of BB, we use strategic committees that ensure agility and security to the decision-making process. Such a configuration contributes to the sharing of administrative vision, dissemination of knowledge and risk mitigation.

In addition, our practices for the protection of the reputation and the good progress of the activities include the zeal in the choice of the members of the Board of Directors and the Executive Board. From the appointments, they must provide data and information that support the verification of qualifications and potential impediments to assume the functions.

As a reinforcement to this measure, we prepared an Appointment and Succession Policy, with requirements and restrictions provided for in Act No. 13,303/2016, which rules on the legal statute of state-owned companies. The provision led to the amendment of the name and the duties of the Compensation Committee, which now performs as Compensation and Eligibility Committee, responsible for verifying the compliance of the process of appointment.

Before this change, our Appointment and Succession Policy has already established the moral integrity and irreproachable reputation as requirements for the exercise of the position in the management bodies. As a financial institution, we are subject to the definitions of CMN Resolution No. 4,122/2012 – Appendix II, which are conditions for

the exercise of administrative positions, in addition to others required by the law and by the regulation in force, “not being prevented by special law, or convicted of bankruptcy crime, tax evasion, prevarication, active or passive corruption, concussion, embezzlement against the popular economy, public faith, property or the National Financial System, or sentenced to criminal penalty that prohibits, even if temporarily, the access to public offices.”

Cautions like those are recognized by the market. Recently, we have been certified in the Highlights in Governance of State-Owned Companies Program of B3 S.A. – Brasil, Bolsa, Balcão (B3). The initiative is an incentive for state-owned companies to adopt good corporate governance practices. It is our case: we adjusted ourselves, with a year in advance, to the governance measures established by Act No. 13,303/2016 and integrated the Novo Mercado segment of B3, which attests the strength, transparency and reliability of our business practices.

Still, we seek the constant improvement of our standards. Recent examples in this regard are the preparation of the Annual Letter of Public Policies and Corporate Governance; the preparation of the Related-Party Transactions Policy and the Policy on Compensation to Shareholders; the improvement of the content of the Reference Form; the revision of the Code of Ethics and Standards of Conduct; and the strengthening of risk management and internal controls structure, with the creation of the Risk and Capital Committee.

Another case refers to a possible conflict of interest of one of the participating members of the bidding committee. When we became aware of the news published in media, indicating suspected anticipation of the outcome of the bidding of advertisement, we immediately established a verification process, even it has not been possible to prove that there has been leaking or favoritism.

Despite the bidding process to choose the new advertising agencies have complied strictly with the legislation and the definition of the winners have been guided by technical criteria, we identified potential conflict of interest of one of the members of the bidding committee, who had recently provided services to one of the competitors, different from that which was in the first position in the phase reported by the newspaper.

Considering this fact, and also the possibility of misrepresentation by the signature of an instrument in which the servant stated having no conflict of interest, we reported it to the police authority for crime investigation and the Federal Bureau of Control of the CGU,

considering that this is a civil servant. We also chose to revoke the contest and, at the appropriate time, initiate such advertising bidding.

Additionally, we adopted measures to strengthen the mitigation of this risk – we disclosed to the market the measures adopted on the subject and our Internal Audit recommended adjustments in physical environments and standards, in order to strengthen security in our bidding processes.

An example is the publication of bid regulation and Bank’s contracts, adjusting fully to the new regime of Bids and Contracts of the State-owned companies provided for in Act No.13,303/2016 (State-Owned Companies Act) with a year in advance, including the provision of training in the Bank’s Corporate University Portal accessible to all employees.

Addendum to the 2017 Annual Report

On March 13, 2018, during the final process of preparation of the 2017 Annual Report, we informed to the Market our reply to Official Letter No. 90/2018/CVM/SEP/GEA-1, in which the Superintendence of Relations with Companies of the Brazilian Securities Commission (CVM) of Rio de Janeiro (RJ) requested our opinion on the veracity of the information disclosed on March 11 and 12, 2018, by blog “O Antagonista,” under the following titles: “Bendine revela esquema do PT no Banco do Brasil” (Bendine reveals a PT’s scheme in Banco do Brasil) and “Bendine e o desvio de R\$1 bilhão” (Bendine and the misappropriation of R\$1 billion). We emphasized that we did not coadunate with any unethical or unlawful practice that may have been committed by any of our employees and we are proud to maintain a staff recognized by technical competence, ethical behavior and the commitment to customers and the communities where we operate. We reaffirm our complete willingness to cooperate with the Courts in any investigation, but we regret that speculations that denigrate the image of the institution and of our employees are published in the press without proper verification of the facts. Finally, we emphasize that the facts disclosed in the news mentioned were subsequently denied in an Official Note published.



We strengthen the risks management culture

04 | Risk Management

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Transforming Role

Corporate Governance

Risk Management

Financial Value Creation

Social Value Creation

Environmental Value Creation

The development and consolidation of a system for the definition of the credit risk appetite, as well as the effective credit recovery and resumption process – notably in the micro and small-sized enterprises – were heavily worked in 2017.

We have the right direction to keep sustainable performance, with a risk/return ratio suitable for the protection of our funds, whose methodology has been widely discussed and approved by the governance bodies.

The focus on internal controls, with the awareness of risk management in our base, in particular, operational risks, also contributed to the achievement of stable results. The entire team is responsible for the management of the risks of the activities under its management and we know that, for our scope, this work has no end. In 2018, we will keep the investments to strengthen the risk management culture among our staff, assisting in the development of strategies and action plans for this purpose. We begin the new cycle with even more quality in our loan portfolios and confidence in the strength of the businesses signed with our various customers.

Most part of our investments in technology is in systems to ensure the full safety of who accesses the bank. There is a barrier that makes it very difficult the access to new facilities by malicious people. We can tell customers that they do not need to worry: our websites are safe and we do not owe anything to the Financial System, including the International one, as a whole. We have had no episode of invasion of our systems by persons not accredited.

Márcio Hamilton Ferreira
Vice-President of Internal Controls and Risk Management (CRO)

R\$1.4 billion resources are allocated in funds with socioenvironmental characteristics.



We initiated the **environmental due diligence** process, when we joined the Carbon Disclosure Program (**CDP**).



We supported initiatives directed to mitigation of climate change, such as the **Low-Carbon Agriculture Program (ABC Program)**, in which we identified positive financial implications with the contracts of operations in 2017 in the amount of **R\$1 billion**, at a contracting cost of **R\$3.8 million**

We expanded by **160%** the number of users of BB Code on the internet and exceeded the mark of **29 million customers** with biometrics registered.



Challenge 2: to identify and manage medium and long-term non-financial and/or emerging risks that may significantly impact Banco do Brasil's businesses.

Indicator: emerging risks – we supported initiatives directed to mitigation of climate change, such as the Low-Carbon Agriculture Program (ABC Program), in which we identified positive financial implications with the contracts of operations in 2017 in the amount of R\$1 billion, at a contracting cost of R\$3.8 million.



Challenge 19: to improve the management of socio-environmental risk from socioenvironmental criteria in the granting of financing, considering the controversial issues as well.

Action 64: we developed Socioenvironmental Rating in order to identify, classify, evaluate, monitor, mitigate and control the socioenvironmental risks in our operations.

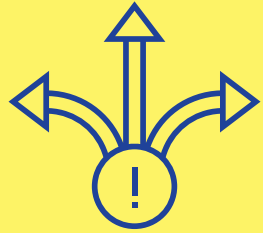
Action 66: we updated and published the Guidelines of Sustainability to the Credit of the Civil Construction and Electric Power sectors.

Indicator: we approved three projects in view of the Equator Principles.



Challenge 21: to develop a social (includes human rights and labor practices) and environmental due diligence process to assess the impacts of operations and commercial relations of Banco do Brasil.

Indicator: supplier management – of a total of 14,795 contracts in force, only 0.15% showed non-compliance with the labor legislation.



Mapping and Identification of Risk 102-15

We keep a structured process to identify and define the inventory and the corporate set of more critical risks for our business and in the interaction with the stakeholders. They are reviewed annually, based on consideration of importance in various sectors of activities operated by us and by our subsidiaries, and the classification of the impacts is based on quantitative and qualitative criteria.

This method promotes the correct management of both the risks and the capital of the activities.

Corporate Set of More Relevant Risks

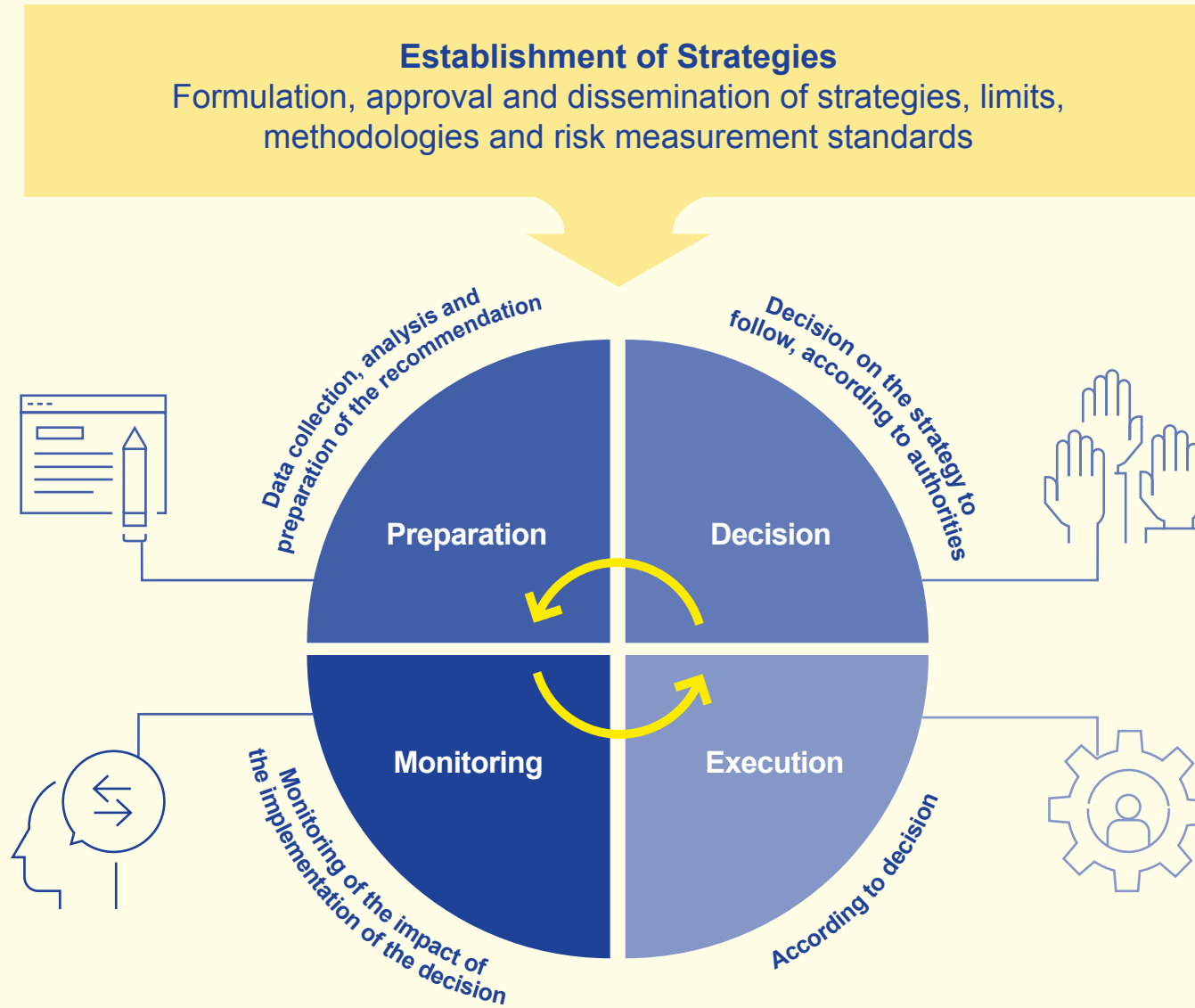
Risk	Concept
Credit	Possible occurrence of losses related to non-compliance by the borrower or counterparty with their respective financial liabilities under the agreed terms, devaluation of credit agreement derived from deterioration in borrower's risk rating, reduction of gains or compensations, advantages granted in renegotiation and recovery costs.
Credit Concentration	Possible credit losses arising from significant exposures to a counterparty, a risk factor or groups of related counterparties through common characteristics.
Counterparty Credit	Possible non-compliance, by a certain counterparty, with the obligations related to the settlement of operations involving negotiation of financial assets, including those related to the settlement of derivative financial instruments.
Market	Possible occurrence of financial or economic losses resulting from the fluctuation in the market values of positions held by us.
Banking Book Interest Rate	Possible loss arising from the exposures subject to variation in interest rates of operations not classified in the trading portfolio.
Liquidity	Possible loss arising from imbalances between tradable assets and liabilities payable – "mismatches" between payments and receipts – which may affect our ability to pay, taking into account the different currencies and terms for settlement of their rights and obligations.
Operational	Possible losses resulting from failure, deficiency or inadequacy of internal processes, people and systems, or external events. This definition includes the possibility of losses arising from legal risk.
Legal	Possible loss resulting from the inadequacy or deficiency in contracts entered into by us, as well as the sanctions due to the breach of legal provisions and claims for damages to third parties arising from the activities that we develop.
Socio-environmental	Possible losses arising from exposure to socioenvironmental damages generated by our activities.
Strategy	Possible losses arising from adverse changes in the business environment or use of inappropriate premises in the decision-making process.
Reputation	Possible losses resulting from a negative perception on the part of our stakeholders, which can adversely affect the sustainability of the business.
Closed Supplementary Pension Entities and Operators of Health Plans to Employees (EFPPS)	Possible negative impact resulting from the "mismatch" between actuarial liabilities and the assets of the closed supplementary pension entities and operators of private health plans to employees.
Model	Possible losses resulting from the development or inappropriate use of models by reason of the inaccuracy or insufficiency of data or the incorrect preparation during its development.
Contamination	Possible negative impact on capital arising from adverse events in the equity interests that are not part of our Conglomerate.
Compliance	Possible financial or reputation losses resulting from failure to comply with laws, regulations, internal rules, codes of conduct and guidelines established for our business and our activities.



See more in the Risk Management Report

Processes and Strategies for Management

Our risk management process involves a continuous flow of information, as shown in the following figure:



We also adopted – with the requirement to use – a corporate tool for Control and Assessment of Risks of Products, Services and Self-Service Channels (Carps), which aims to:

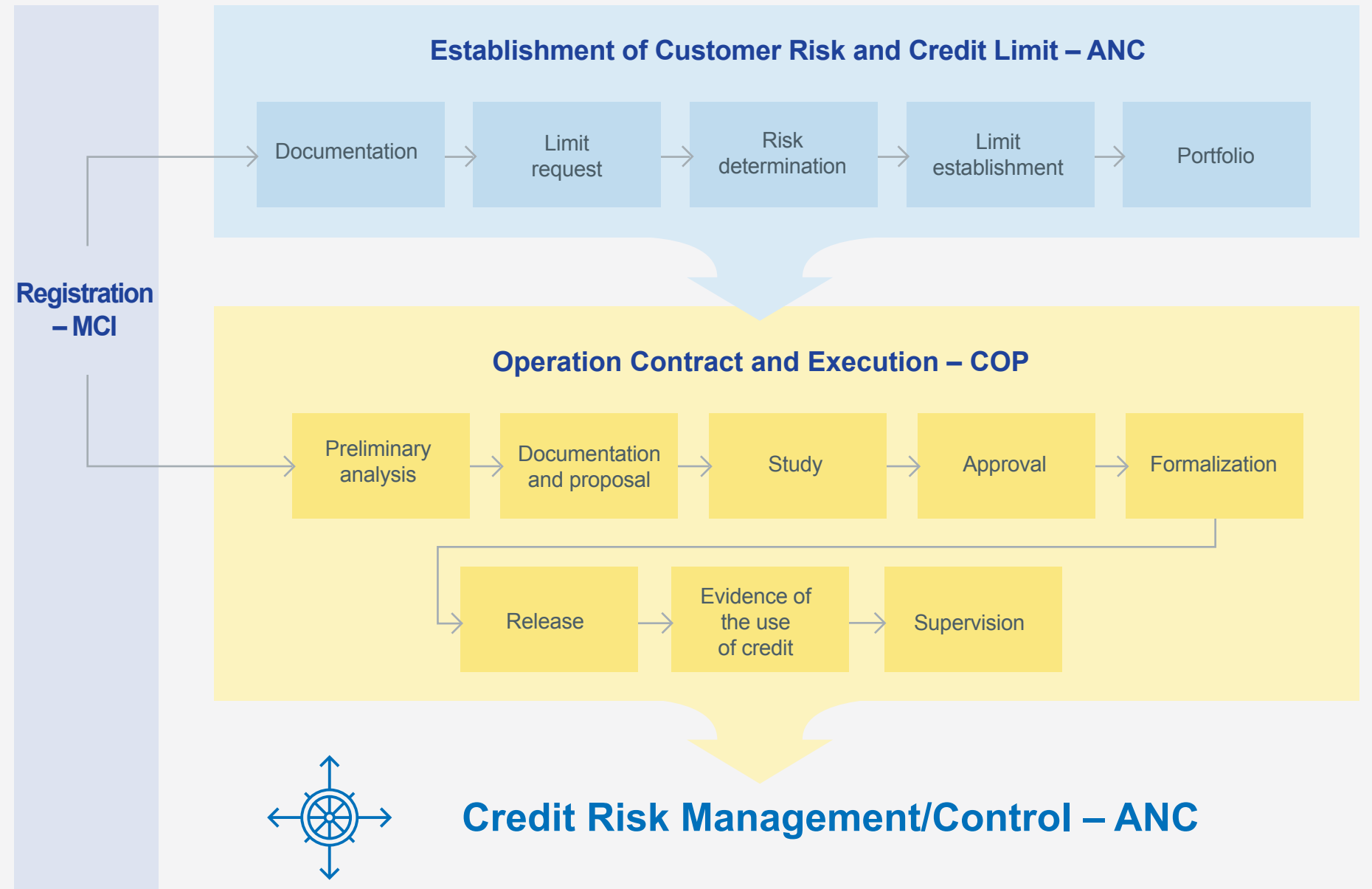
- Provide information to decision makers to add security for products, services and self-service channels to be launched on the market;
- Identify and assess the types of risks in creating and revitalizing product/service/self-service channels;
- Seek control and compliance solutions that minimize the impacts; and
- Promote synergy between managers and stakeholders of products/services/self-service channels, for the purpose of promoting operational efficiency.

➔ See more in Chapter 2.5 of the Risk Management Report

Credit Risk

Our lending process is preceded by advanced methodologies for calculation of risks, developed by us in line with the best management practices.

Credit process



Based on the identification of situations that may lead to credit losses, we assessed the condition of risk assumed and the best method to control and monitor it. We seek to safeguard the creation of value to shareholders through stable maintenance of results, protection of funds and the quality of the credit offered, always in line with regulatory conditions and relevant international conventions.

Our management strategy follows guidelines approved by the Board of Directors and guides the operating actions. For this purpose, it includes, among others, the approval of models for management; the definition of goals for the quality of the loan portfolio; the establishment of limits of the risk of concentration and exposure; and maintenance of appropriate levels of capital and provisioning.

We maintain a Specific Credit Policy that determines the use of instruments that mitigate that risk at all levels and at all stages of the management. Therefore, our operating units are provided with clear and comprehensive information to minimize credit risks in the entire cycle of operation. Our theme follow-up structure also allows us to verify the effectiveness of the mitigating instruments, with the correction of any shortcomings.

» Progress in 2017:

- Development of a prototype of the mitigating instruments panel;
- Improvements in the management of the risk of concentration, with the development of stress testing;
- Development of exposure control panel with countries, macro-sectors and agricultural exposures;
- Diversification of the limits of tolerance and system development for the definition of the credit risk appetite;
- Creation of a specific quantitative tolerance limit for socio-environmental risk;
- Review of an econometric model for stress testing;
- Improvement of the safety of the data environment; and
- Consolidation of the flow of supply of database for modeling.

Indexes of Credit Risk Measurement (R\$ billion)

	2015	2016	2017
NPL+90D ¹ (%)	2.2	3.3	3.7
Concentration ² (%)	27.5	26.1	25.5
Write-offs for Loss (R\$ million)	17.4	25.8	24.7

(1) Relation between the operations past due for more than 90 days and the balance of the loan portfolio classified.

(2) Concentration of the 100 largest debtors with regard to the total loan portfolio.

➔ See more in Chapter 6.1 of the Risk Management Report



We maintain a range of corporate policies and procedures for strategic and assertive management of the main risks to which we are exposed

Market Risk

In order to measure the market risk, we adopted statistical and simulation methods including metrics of sensitivities, Value at risk (VaR) and stress testing. For the effective management, we established policies and strategies, as well as using systems that guarantee the management of positions recorded in the trading books and non-trading books, in addition to the operations intended for the fulfillment of the objectives of hedge established (protection). The objective is to compensate for variations in market values of assets and reduce the possibility of loss resulting from fluctuations. We also managed possible mismatches from overseas investments to reduce the relevant foreign exchange exposures.

» Progress in 2017:

- Adoption of assets and liabilities management system for the external branches, with the adoption of a tool that allows the analysis of the balance sheet (separate or consolidated balance sheets of the units) structure;
- Simulations of structural changes in the balance sheet, under the aspect of indexers, fees and terms, in order to allow the assessment of the impact on net interest income; and
- Improvement in pricing dynamics, with greater competitiveness and efficiency.

In order to optimize the risk/return ratio, we have an assets and liabilities management process, with the formulation, adoption and monitoring of strategies for interest rates, foreign exchange and fiscal and tax efficiency, adopted by our High Committee for Risk, Assets, Liabilities, Liquidity and Capital Management (CSGRC).

The process of management of the portfolios of assets of the Treasury follows a formal contingency plan, revised every six months to ensure our operation in any existing crisis situations, without compromising performance, reliability, security and the availability of information.

Liquidity Risk

We maintained appropriate levels of liquidity to commitments undertaken by us and in line with our large and diverse base of depositors, the quality of our assets, the penetration of our network and our access to the international capital market. There is a strict control of such risk, in compliance with the Specific Liquidity Risk Policy, that meets the requirements of the national banking supervision and the rest of the countries in which we operate.

We use and monitor instruments reported to Strategic Committees, including: liquidity projections, with prospective evaluation of the effect of mismatching between fundraising and investments; stress testing; liquidity risk limits; and liquidity contingency plan.

We also measured the Short-Term Liquidity (LCR) indicator, required for banks with total assets above R\$100 billion. On the average in 2017, our LCR was 278%, compared to 388% assessed in 2016.

Net Position by Index (R\$ billion)

	2015		2016		2017	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fixed	727.0	501.5	833.8	537.4	735.5	363.9
Foreign Currency/Gold/RV	312.9	324.5	294.3	302.4	244.4	252.4
CDI/TMS/FACP	290.6	345.6	275.0	363.4	251.5	380.3
IRP/TBF/TR	169.6	265.6	163.4	298.4	168.7	308.5
Long-Term Interest Rate (TJLP)	29.5	29.2	24.8	26.6	24.8	36.7
Price Index	15.7	3.3	18.0	3.8	20.7	4.6
No index	192.8	268.4	92.0	169.3	86.5	185.7
Total	1,738.1	1,738.1	1,701.3	1,701.3	1,532.1	1,532.1

→ See more in Chapter 6.2 of the Risk Management Report

Short-Term Liquidity (LCR) Indicator

	4Q16	4Q17
LCR (%)	234.5	350.5

→ See more in Chapter 6.3 of the Risk Management Report

Operational Risk

Our operational risk management follows a Referential Model of Lines of Defense that involves our entire structure, at its various levels.



1st Line: composed of the production chain, in which there is the identification of processes, products and services risks, with the establishment of controls for mitigating and monitoring the effectiveness and performance.



2nd Line: is organized to advise our managers in the identification and mitigation of operational risks and to assess the impacts identified through the quantification of exposure; measure and control exposure; monitor the adequacy and effectiveness of the operational risk management; and report their results.



3rd Line: composed by the Internal Audit, a body responsible for the independent assessment of the governance, the management of any impacts and internal controls.

Operating Losses Breakdown (%)

	2015	2016	2017
Business Failures	(0.9)	52.0	52.4
Labor Issues	61.6	29.2	31.6
External Fraud and Theft	25.7	14.2	12.3
Process Failures	10.8	4.2	2.6
Physical Assets Damage	0.3	0.1	0.6
Internal Fraud	2.1	0.3	0.5
System Failures	0.4	0.0	0.0
Total	100.0	100.0	100.0

We also use Operational Risk Panel to manage losses and monitor the classification in the Overall Limit and the Specific Limits established. The results of the panel are reported monthly to our Executive Internal Control and Risk Management Committee (CEGRC) and the High Committee for Risk, Assets, Liabilities, Liquidity and Capital Management (CSGRC), and quarterly brought to the attention of the Board of Directors.

➔ See more in Chapter 6.4 of the Risk Management Report

➔ Progress in 2017:

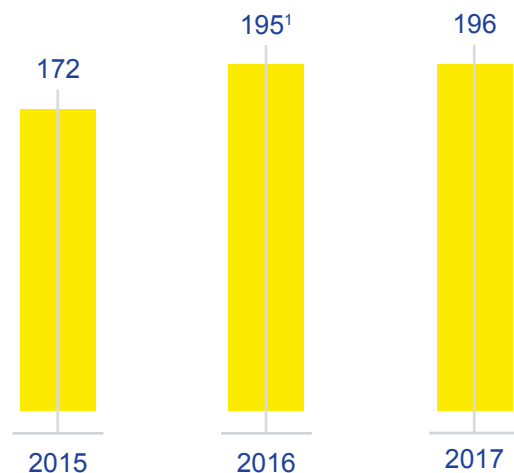
- Improvement of the categorization of specific limits, with the identification and appointment of new managers of the processes related to operating losses for non-electronic foreign fraud category;
- Segregation and redistribution of losses among the managers responsible for fragility (root cause) of the occurrence; and
- Issuance of technical recommendations for managers of products/services for the proposition of preventive measures in order to correct or prevent failures, deficiencies, or inadequacies in the processes that can generate risks and operational losses.

Internal Audit

Through our Internal Audit, we raise the main risks to which our Conglomerate is exposed. They are evaluated at least every year or, at most, every three years, according to the severity.

We also developed the Innovation of Internal Audit Program (iNovAudit), which adds actions to stimulate the proposition and implementation of innovative projects.

Audit Work Performed



(1) Up to 2015, the duration of the audit work coincided with the duration of the calendar year. Since 2016, some works are initiated in a given year and completed in another. In order to avoid dubious interpretations or duplicity of data, we adjusted the information published in the previous report, considering only the work completed in the course of each year.

Crisis and Business Continuity Management

In order to minimize the impacts of suspensions in strategic processes in diverse scenarios, we adopted the methodology of Crisis and Business Continuity Management (GCN). We also invested in the improvement of strategic and tactical skills so that we could plan and respond to incidents and interruptions.

Progress in 2017:

- Over 10 thousand employees qualified in GCN;
- 584 processes assessed with regard to the severity in case of interruption, with subsidies for defining business continuity strategies; and
- 14 tests of Business Continuity Plan (PCN) promoted in order to evaluate the effectiveness of business continuity strategies adopted.



Information Security and Cyber Attacks

We have a Specific Information Security Policy, which has its own methodology for classification of corporate information in order to ensure the correct treatment and appropriate protection of the data. We determined that suppliers and contractors also know and disseminate the Security Policy.

There is also an Information Security Management System (ISMS), which aims to protect the confidentiality, integrity and availability of corporate information and inform those involved about their responsibilities.

Since the creation of the specific channel of Management of Information Security Incidents, in 2015, 18 reports were received, of which five can be classified as possible breach or loss of customer data.

In order to guarantee the information security and to prevent cyber-attacks, there are the following initiatives:

- Security management and governance structures;
- Teams dedicated to the identification and agile response to incidents;
- Service continuity plans, tested and audited periodically;
- Penetration/vulnerability testing;
- Use of encryption in the life cycle of sensitive information;
- Security infrastructure for the protection of communication network, systems and applications;
- Access control in systems and IT resources; and
- Regular audits (internal and external) related to the theme.

Protection of Customers

In 2017, as a reinforcement to the protection of the customers in self-service channels, we intensified the incentive for the use of strong credentials, such as BB Code – expanded to the Corporate and Government audiences – and biometrics. As a result, we expanded by 160% the number of users of BB Code on the internet and exceeded the mark of 29 million customers with biometrics registered.

We also improved the transaction monitoring systems with the use of big data integrated with a proprietary system of monitoring, which increased the precision of the rules and optimized the detection time of transactions that are not compatible with the behavior of the customer.

Crucial in this regard is the Safe Behavior project, whose rules are updated constantly. In addition to the traditional means of communication to customers, we kept tips and guidelines on our security page and promoted campaigns on social networks. Another context was the intense internal communication for employees to notify customers about safe behavior, encouraging them to use strong credentials.

In the year, within the scope of the Ombudsman's Office, no demands related to the violation of privacy and the loss of customer data were identified or treated. **418-1**

Socio-environmental Risk 102-11 | 412-3

Our socioenvironmental risk management structure follows policies and processes approved by Senior Management. Our goal is to identify, measure, assess, monitor, report, control and mitigate social risks resulting from impacts on the well-being of our stakeholders; as well as environmental risks relating to the possibility of adverse effects caused by us.

We have a Specific Socioenvironmental Responsibility Policy (PRSA), which takes into account our work in conjunction with companies, Governments and society in the definition of initiatives aimed at reducing risks and leveraging opportunities related to socioenvironmental issues, including climate changes. Our loan operations are also guided by the Sustainable Credit Guidelines for eight sectors of the economy and consider cross-sectional issues, such as forests and biodiversity, water and climate change.

 [Learn about our Guidelines here](#)

We apply the precautionary principle, taking into account the analyses carried out in the lending process, in compliance with the applicable legislation, self-regulation, compacts and voluntary commitments that we assumed. We base ourselves, mainly, on the applicable legislation and voluntary commitments undertaken such as the Green Protocol, the Equator Principles and the Compact for the Eradication of Slave Labor.

We are signatories of the Equator Principles since February 2005. Therefore, we submit the industrial projects and large infrastructure projects to a set of requirements based on the Performance Standards of Socioenvironmental Sustainability, of International Finance Corporation (IFC), and the Guidelines for the Environment, Health and Safety, of World Bank Group.

We conditioned the extension of rural credit in the Amazon Biome to the evidence of environmental and land regularity of the properties, not financing producers included in the list of embargoed areas due to deforestation or irregular burning disclosed by Ibama. Financing proposals that benefit rural properties located in the Amazon Biome have their analysis centered on expert teams, not linked to the branches that originate these proposals. Such centralization ensures compliance with all legal requirements.

For projects covered by the Equator Principles, we require social and environmental compliance evaluations, conducted by independent consulting firms, if a risk is indicated in the analysis conducted by our responsible area. Such evaluation covers legal requirements applicable to the management of health and occupational safety and health, the conditions of environmental permits and the implementation of the Basic Environmental Plan for compensation and mitigation of social and environmental impacts, as well as the other criteria set out in the Equator Principles, if they are more demanding than the law. For projects with social and environmental impacts of high magnitude, social and

environmental monitoring reports are also required at regular intervals, covering the deployment and operation of the project, during the term of the financing.

We do not finance customers included in the list of employers who submit their workers to degrading forms of work or keep them in conditions similar to slavery disclosed by the Ministry of Labor and Employment. We do not take credit risk with customers who practice sexual exploitation of children or child labor. For these topics, we protected ourselves with contractual clauses which include prerogative of suspension of the release of installments and acceleration of the expiration of the contract in the cases referred to above.

We do not extend credits in activities that do not have the formal authorization of the competent body. Among others, such situation includes activities that require environmental resources or projects capable of causing environmental degradation.

In addition to the Equator Principles, we adopted socioenvironmental criteria in the evaluation of the study of the credit limit of companies and investment projects. In 2017, we reviewed such procedures and introduced a new criterion that considers first the companies or economic macro-sector groups with greater social and environmental impact, and then checks the amount of the Gross Operating Income (GOI). Investment projects with an amount funded by BB equal to or greater than R\$2.5 million are also evaluated.

We use contractual clauses of extraordinary/accelerated maturity for cases of violation of laws and regulations concerning the Amazon Biome, environmental licensing, crime against the environment, slavery-like labor, child labor, discrimination of race or gender, bullying, sexual harassment or criminal advantage of prostitution, property located in archaeological heritage preservation area, land of traditional people and communities.

» Progress in 2017:

- Preparation of social and environmental rating as a tool of socioenvironmental risk management and maintenance of a level of excellence in practices related to the topic;
- Implementation of the Survey of Evidence of Contamination (LIC) to check for evidence of contaminated areas in the properties listed in the proposals for loan operations; and
- Progress in the construction of the bases of socioenvironmental losses from the credit and operational risks.

→ See more in Chapter 6.5 of the Risk Management Report

We also commit ourselves, among others, to: Guidelines of the Organization for Economic Co-operation and Development (OECD) for multinational companies; Business Letter for Human Rights and Promotion of the Decent Work; Women Empowerment Principles; Caring for Climate; Gender Equity; Fund for the Defense of Children's and Adolescents' Rights. **201-2**

Controversial Issues

In the process of credit risk management, in addition to quantitative limits, we established qualitative restrictions to operations that can promote reputational damages or whose socioenvironmental risks are high. These guidelines are formalized in the Specific Credit Policy, which considers, in addition to the risks inherent in our business, the corporate socioenvironmental responsibility and the capacity to generate employment and income with regard to the counterparty. According to the document, we do not take credit risk in the following situations with customers that:

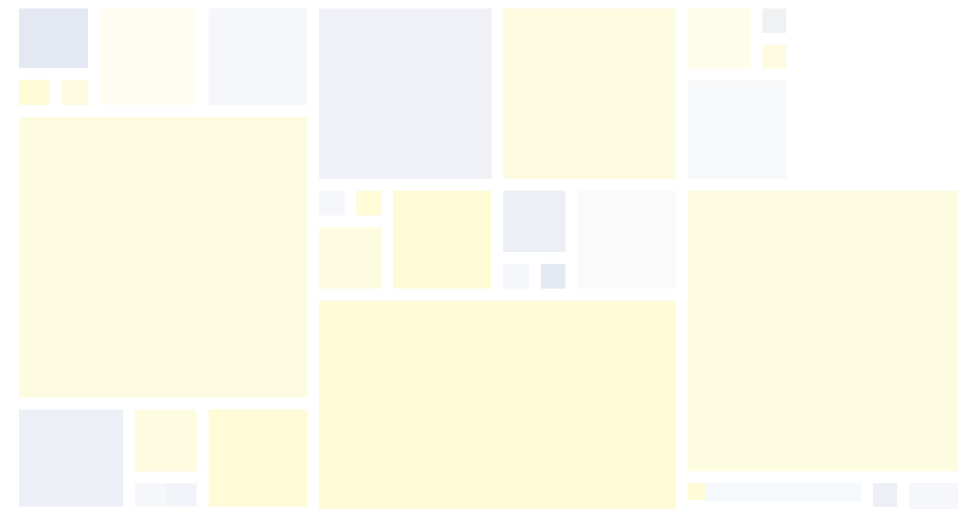
- Are involved in crimes of money laundering or concealment of property, rights and values;
- Engage in any illegal activity;
- Provide guarantees from, directly or indirectly, illicit activities;
- Are responsible for intentional damage to the environment;
- Subject workers to degrading forms of work or keep them in slavery-like conditions;
- Practice sexual exploitation of minors and/or child labor; and
- Are part of a political party.

Risk Factors

We detail the factors so that potential buyers of our securities are aware of the specific risks related to them. Thus, the information that can influence investment decisions are public and can be found in section 4 of our Reference Form.

→ Download the Reference Form

☀ See our Socio-environmental Directives for Controversial Subjects here



Emerging Themes

Climate Changes 201-2

We manage the risks arising from climate change within the scope of socioenvironmental impacts, considering that the profitability of our business may be affected as a result of this exposure. We believe that climate changes may not only interfere with our operations, but also in various economic sectors.

Our management of the effects of climate changes is closely related to our Sustainability Plan – Agenda 30 BB, with regard to the development of initiatives and adoption of practices that contribute to mitigating the effects of our operations against the socioenvironmental aspects. Our actions in sustainable development are related to our General and Specific Policies and Sustainable Credit Guidelines, in synergy with the international commitments assumed by the Federal Government, among them, those related to mitigation and adaptation of climate change effects.

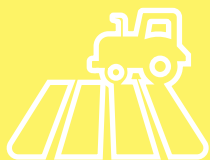
In order to mitigate the impacts arising from the theme, we use tools such as the Agricultural Climate Risk Zoning (Zarc) and the Technical Agricultural Reference (RTA) System, through which we follow up the entire national territory.

This care is essential, since we are crucial in lending to agribusiness, with 60.0% of market share. Therefore, one of the most significant risks is related to rural activity financed by us, due to its vulnerability to extreme weather events more and more recurrent and intense. As a way to minimize these risks, we

comply with the recommendations of the Agricultural Climate Risk Zoning of the Ministry of Agriculture, Livestock and Food Supply, reviewed annually, which indicate the municipalities with climate and soil adequacy for certain crops and the most adapted cultivated plant varieties. We also performed a Monitoring of Climate Risk throughout the national territory based on Weather Events Alerts issued by the network of agribusiness advisors that are registered in the Crop Monitoring Panel, which allow us to observe the recurrence of extreme events and changes in the local climate pattern and adopt preventive measures to mitigate the loss of crop.

Over 2017, 2,915 Weather Events Alerts were registered for 1,252 Brazilian municipalities. We also supported initiatives directed to mitigation of climate change, such as the Low-Carbon Agriculture Program (ABC Program), in which we identified positive financial implications with the contracts of operations in 2017 in the amount of R\$1 billion, at a contracting cost of R\$3.8 million. We made available to our customers a portfolio of products such as Agricultural Insurance, Agricultural Revenues Insurance, Proagro and Proagro Mais. In the second half of 2016, first of 2016-2017 crop (crop year period: from July 1st, 2016 to June 30, 2017), 61.4% of all agricultural funding, in the amount of R\$19.89 billion, were insured through the Agricultural Insurance and Proagro for mitigation of risk of loss of production due to extreme weather events.





60%
Our participation in the
agribusiness credit

Entry of Non-Bank Competitors and Changes in Banking Consumer Behavior

The risk arises from the increased competitiveness in the banking industry, affected by the intensification of the process of financial inclusion of the population, the beginning of the operation of foreign institutions, the entry of non-bank competitors (especially in the area of means of payment) and consumer behavior, who is more informed, more connected and demanding.

In this scenario, we can be impacted with smaller gains in financial intermediation due to the fall in profitability and the need for

reallocation of the portfolio of assets, as well as the greater increment of other sources of revenue, such as fees charged in banking services. In order to be cautious, we increased the investments in operational efficiency, reducing expenses and optimizing processes for maintenance of our competitiveness. Focused on banking consumer behavior, we allocated funds to the quality and convenience of service, mainly through multichannel technologies and in the development of products and services.

We also worked to identify innovations in the financial industry (business models and technologies) and anticipate the trends to ensure our perpetuity and longevity, which includes investments in digital transformation and the creation of new relationship models. In addition, we created a Banco do Brasil Advanced Laboratory, based in Silicon Valley, California (USA), for the purpose of incubating and developing innovative technology companies. We were the first large national bank to be present in one of the main creative centers in the world, which gives us conditions to establish strategic partnerships to develop solutions.

Compliance

Internal Controls

Our system of internal controls is based on documents and guidelines widely recognized in national and international markets, such as the Committee of Sponsoring Organization of the Treadway Commission (COSO 2013) – Framework for the Evaluation of Internal Control Systems and the Control Objectives for Information and Related Technology (CobiT).

In 2017, for the monitoring and management of processes considered relevant to the control environment, we adopted the Control Environment Management (GAC) tool and maintained Internal Control System (SCI), so that the areas comply with the agreed deadlines: one of the aspects relevant for mitigation of risks.

Due Diligence [407-1](#) | [408-1](#) | [409-1](#)

Our Specific Socioenvironmental Responsibility Policy (PRSA) adopts and disseminates principles that take into account the promotion of human rights, the fundamental labor rights, the universalization of social rights and the respect for diversity. We are committed to recognized socioenvironmental responsibility practices and, therefore, we do not finance customers included in the list of employers who submit their workers to degrading forms of work or keep them in conditions similar to slavery disclosed by the Ministry of Labor and Employment. To this end, we maintain an updated register of this audience in corporate system in order to prevent loan operations to be conducted with such customers. This premise is established in our Specific Credit Policy and we follow the prerogative of early termination of the contract if such cases are involved in a judgment of conviction which has become final.

We are signatories of the Equator Principles and adopt the Performance Standards of Socioenvironmental Sustainability, of IFC, and the Guidelines for the Environment, Health and Safety, of World Bank Group, for financial products in four modes that include large industrial and infrastructure projects, responsible for the generation of potential impacts on local communities. They are evaluated and classified in a socioenvironmental risk matrix, whereby we identify the magnitude of the risks and impacts.

See more in GRI Appendix [407-1](#) | [408-1](#) | [409-1](#) | [103-2](#) | [103-3](#)

Still, under the Equator Principles, we required from the projects covered in categories A or B¹ the presentation of the assessment of relevant socioenvironmental impacts and risks (Environmental Evaluation Document) and the establishment of a Social and Environmental Management System, including, among other things, the respect for human rights and labor issues, with forecast of preventive and mitigating actions. In these cases, the customer is obliged to create an easily accessible complaint mechanism at no charge for the complainant, to receive complaints and comments about the social and environmental performance of the project and seek to meet the demands promptly.

Due Diligence [407-1](#) | [408-1](#) | [409-1](#) | [412-3](#) | [414-2](#) Suppliers

The commitment to legal compliance in our chain includes the analysis of evidence or complaints on possible violations and breaches by trading partners. All partners commit themselves contractually to exercise their activities in compliance with the applicable law (labor, social security and tax), to protect and preserve the environment and to respect the free trade union association and right to collective bargaining. Before the payment of our suppliers, we require the submission of certificates and proof of settlement of labor and tax obligations.

(1) Category A: projects that require the preparation of an Environmental Impact Assessment (EIA) and which have potential for significant adverse socioenvironmental risks or impacts and that are multiple, irreversible or unprecedented, especially those related to at least one of the following themes: indigenous people, critical habitats, cultural heritage or large-scale resettlement. Category B: projects for which the environmental licensing process requires the preparation of EIA or equivalent document, according to the applicable environmental legislation, and that presents potential for limited adverse socioenvironmental risks or impacts, few in number, generally located, largely reversible and readily controlled through mitigating measures and not classified under category A.

In 2017, we were not aware of any operations and/or suppliers in which the right to freedom of association and collective bargaining were at risk but verified 23 breaches of labor legislation of a total of 14,795 in force in the period with 2,723 companies, representing 0.15% of non-compliance. These cases included no significant risk of events of forced or compulsory labor, or child labor.

We prepared ourselves in 2016 for the adoption of environmental due diligence process, when we joined the Carbon Disclosure Program (CDP). We also had the advice of the World Wildlife Fund (WWF) for the formulation of the social and economic analysis process. Thus, in 2017, we invited 373 suppliers to assess the environmental, social and economic dimensions. According to the established schedule, we achieved a return rate of 20% in economic and social themes and 16% in the environmental dimension.

Based on averages of response, we will know the level of maturity of the partners with regard to socioenvironmental aspects of their business. With the maintenance of the project, we will have enough data to develop strategies focused on trading partners.

In 2017, we began the first cycle of socioenvironmental risk assessment in our supply chain, which included 83 companies. From the averages of responses of each dimension, we will be able to know the level of maturity of the suppliers with regard to socioenvironmental aspects of their business. No suppliers have been identified as having actual or potential negative social impacts.

 [See more in GRI Appendix \[407-1\]\(#\) | \[408-1\]\(#\) | \[409-1\]\(#\) | \[414-2\]\(#\)](#)

Adherence to the Supply Chain Program

One of the gains from the adherence to the Supply Chain Program of CDP was the opportunity to meet the management of the suppliers on the environmental dimension of their business, primarily on climate change and use of water resources. The analysis of the results will allow the development of strategies of work with suppliers proactively.

Of the total respondents, 58% informed that the climate change theme is inserted into BB's strategy, while 38% reported that the subject is not included in their strategy and 4% did not respond. With regard to the risk analysis of the theme to the business, only 31% said they have no analysis or measurement methodology or document. However, 15% assured they have specific targets for use of renewable energy. Another key aspect is the reporting of emissions: 11% reported that they perform it systematically, of which 10% verified an annual increase in emissions and 42% reported a reduction.



We are major funders of Brazilian development

05 | Financial Value Creation

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Transforming Role

Corporate Governance

Risk Management

Financial Value Creation

Social Value Creation

Environmental Value Creation

Our Corporate Strategy has been built so that we could generate sustainable results. We continue to play our role as the main agent promoting Brazilian development, with the provision of financial solutions for companies and large business conglomerates.

In 2017, we achieved adjusted profit 54.2% higher than in the previous year and higher than in 2 years as a result of a large effort made the entire Bank to generate business with a better risk-return ratio, efficiency and cost control. Our correct asset and liability management (ALM) enabled us to adequately deal with the intense change in the national financial scenario, caused by the reduction in the Selic rate from 14.5% to 7.0%.

In 2018, we expect recovery of the credit business, credit risk reduction and improvement of customer profile in line with the more positive economic scenario. We are going to improve every quarter, with expenses rising below inflation, and income from bank fees rising above inflation.

Bernardo de Azevedo Silva Rothe
Vice-President of Finance Management and Investor Relations (CFO)

Adjusted Net Income

R\$11.1 billion

R\$9.5 to 12.5 billion estimate

NII (Net of Recovery of Write-offs)

-3.8%

-4 to 0% estimate

All Expenses Net of Recovery of Write-offs

-R\$20.1 billion

-R\$23.5 to -20.5 billion estimate

Fee Income

9.0%

6 to 9% estimate

Organic Domestic Loan Portfolio

-3.2%

-4 to -1% estimate

Individuals

2.7%

2 to -5% estimate

Legal Entities

-10.6%

-11 to -8% estimate

Rural

6.1%

6 to 9% estimate

Administrative Expenses

-3.1%

-2.5 to 0.5% estimate

Capital Market

Our shares (BBAS3) maintained a presence in all trading sessions of B3 S.A. – Brasil, Bolsa, Balcão (B3) and represented 3.3% of the Ibovespa index for the four months from September to December 2017. We also kept a 1-level ADR program (BDORY), traded in the over-the-counter market in the United States.

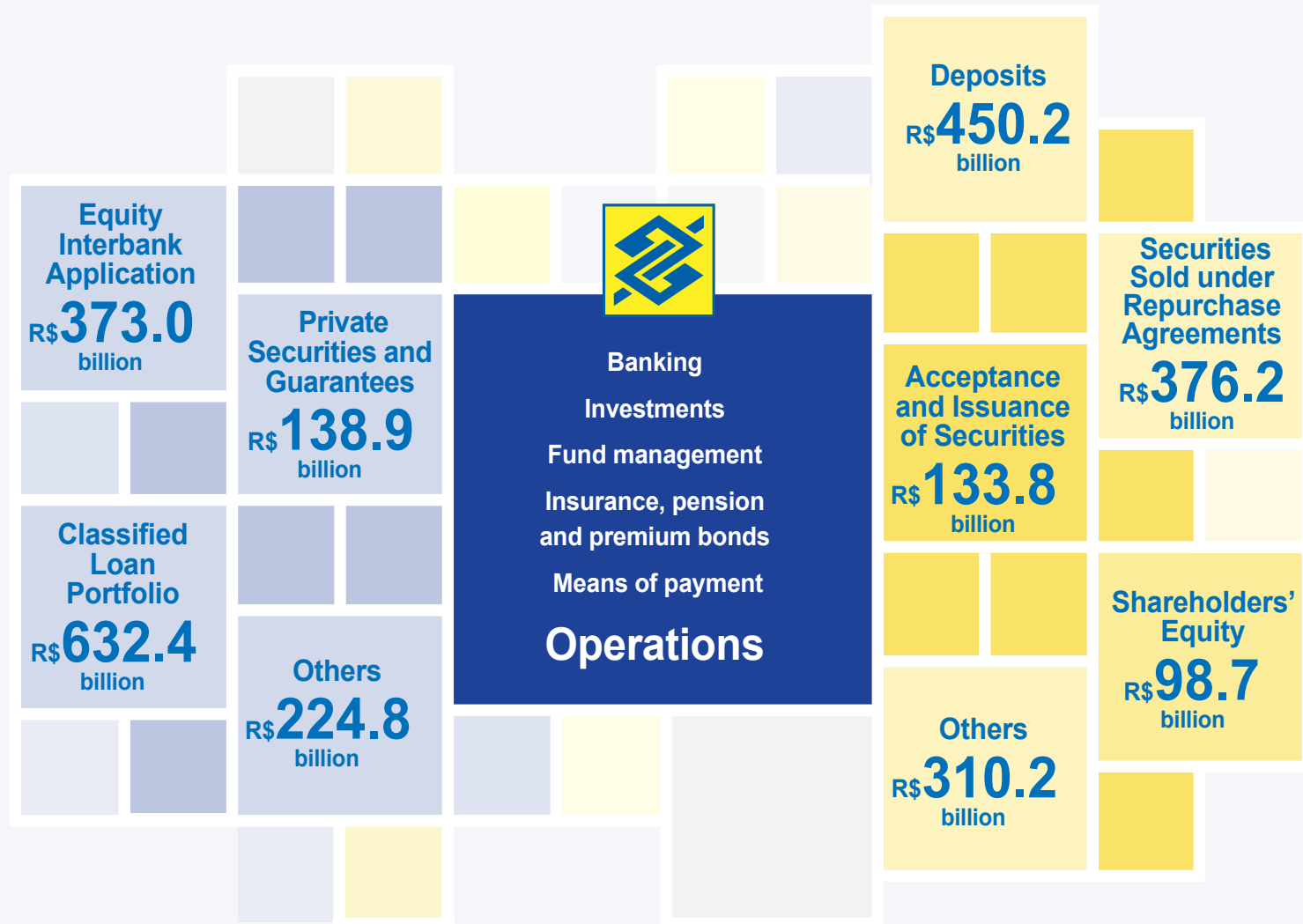
We provided reports and information to CVM and on the website of Investor Relations. Often, we invite market analysts to conferences with our Management to clarify specific issues on the Bank.

We maintain a service-dedicated team of analysts and investors, who served 994 customers during the year, including participation in meetings and phone calls.

For service to an institutional investor, we carried out 956 meetings, including participation in eight conferences in the country and eleven others abroad, eleven non-deal roadshows and one roadshow, in addition to promoting four conference calls on results.

For the individual investor, we held meetings together with the Private offices in Porto Alegre, Rio de Janeiro, Belo Horizonte, Salvador and São Paulo and two Apimec meetings.

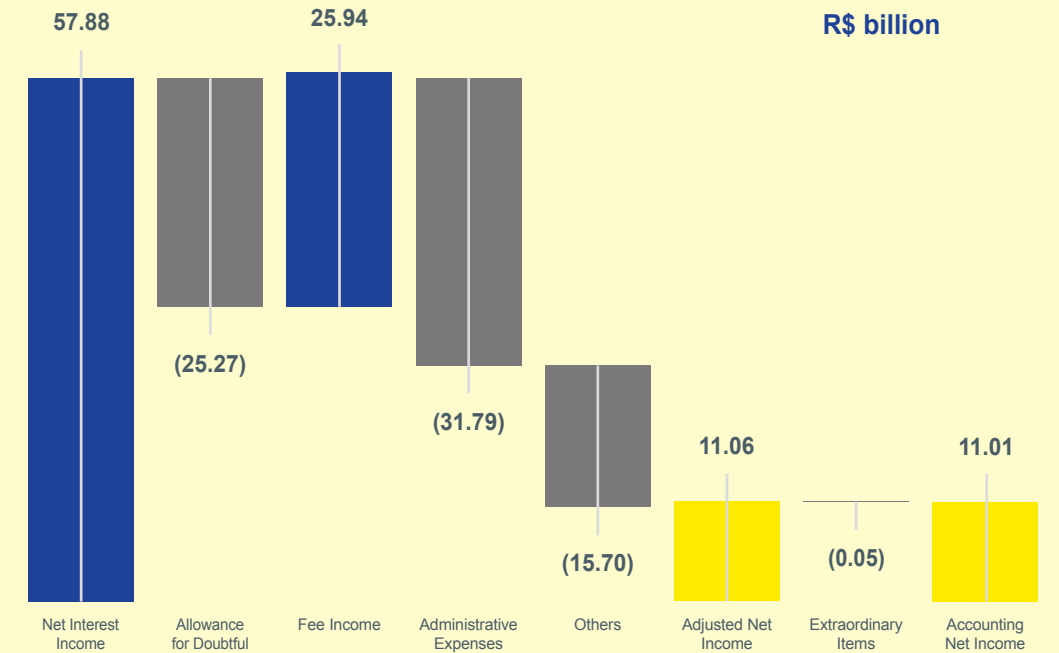
Business Segments 102-2



See more in GRI Appendix 201-1

Result

We recorded adjusted net income of R\$11.1 billion in 2017, 54.2% growth in the period. The result was impacted primarily by the increase of the incomes from fees, reduction of the provision expenses and administrative expenses, compared to 2016.



➔ See more in the Summary of the Performance Analysis Result 4Q17

Net Interest Income

In comparison with 2016, our net interest income (MFB) of 2017 had a drop of 2.5%. The reduction of Financial Funding Expenses was from lower average balances of deposits and also the decrease of the cost of funding in the period.

→ See more in Chapter 5 of Performance Analysis 4Q17

R\$ million	2015	2016	2017	Var. (%) s/
				2016
Net Interest Income	57,371	59,341	57,878	(2.5)
Financial Margin Without Recovery	53,012	54,770	52,706	(3.8)
Financial Income from Loan Operations	98,519	101,637	86,342	(15.0)
Financial Funding Expenses	(42,841)	(44,136)	(32,441)	(26.5)
Financial Institutional Funding Expenses	(15,579)	(13,834)	(12,426)	(10.2)
Treasury Result	13,213	11,103	11,232	1.2
Loss Credit Recovery	4,059	4,571	5,172	13.1

Loan Operations Income Highlight

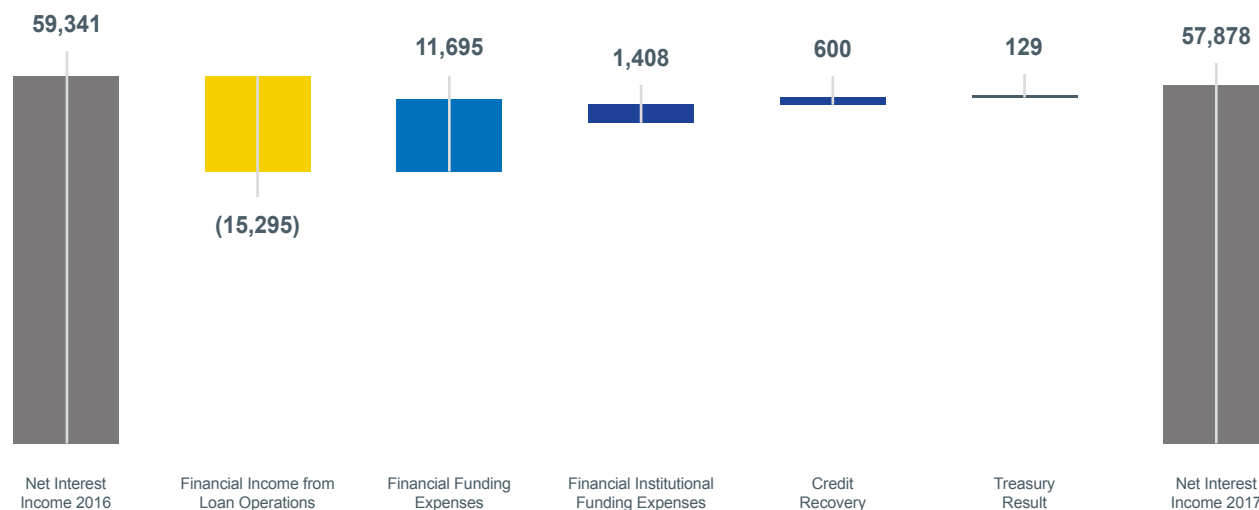
Revenues from Loan Operations with Individuals had a drop as a result of the repositioning of the portfolio in lower-risk lines in a scenario of a lower Selic rate.

In the case of income from Loan Operations with Companies, the reduction of average balances in Micro-Businesses and Small Businesses portfolio, notably in working capital products, negatively impacted the line. This drop was partially mitigated by the growth of the portfolio in Government and Medium and Large-sized segments.

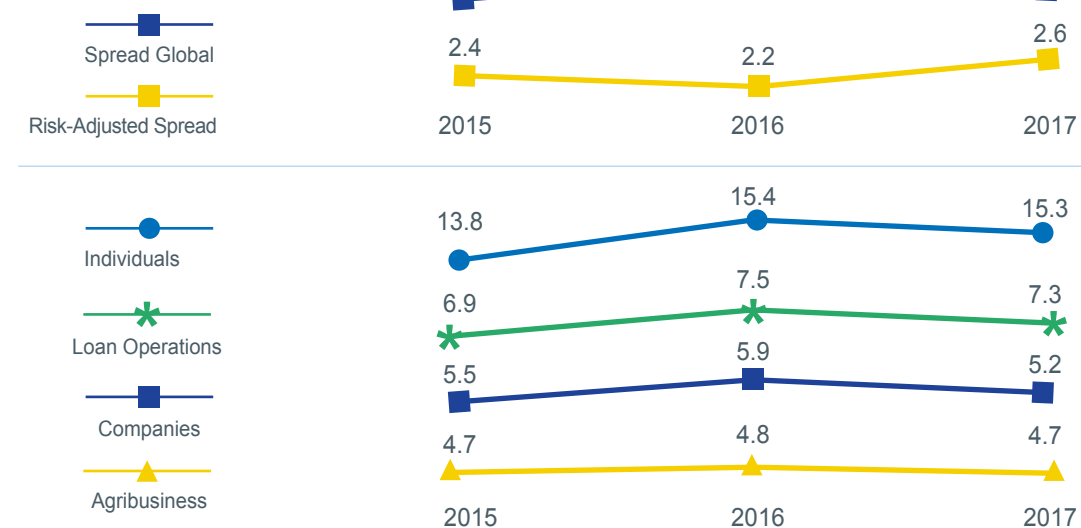
Expenses Highlight

The fall in the Agribusiness Credit Bill expenses accounted for 56.4% of the total funding expenses reduction (R\$6,710 billion).

Components (R\$ million)



Spreads (%)

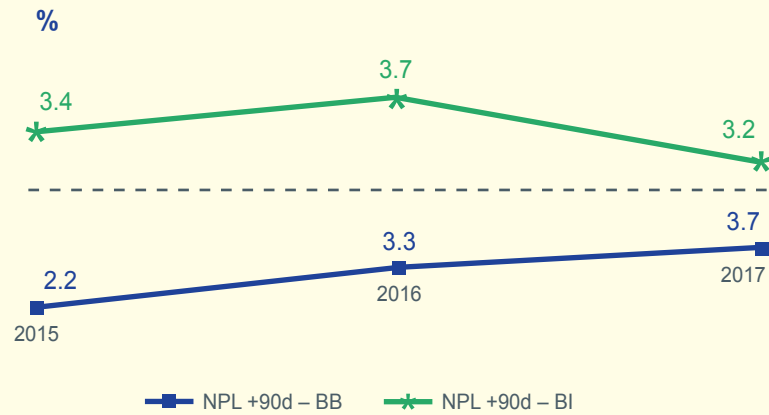


Portfolio Quality

We maintain a consistent process of evaluation and monitoring of credit risk in operations with customers.

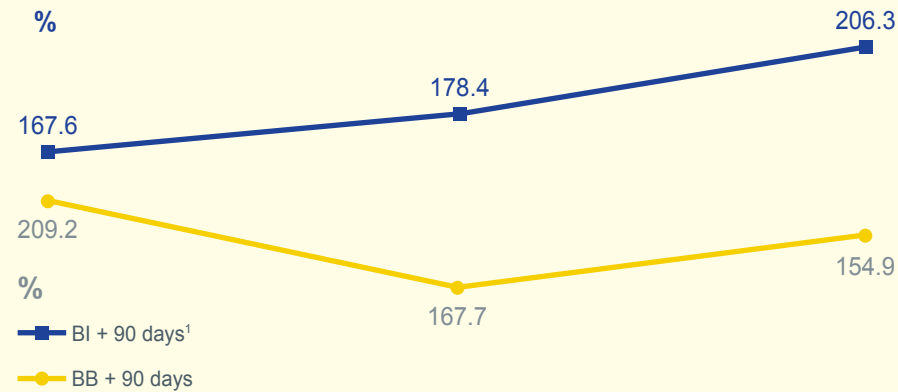
NPL +90 days

The default rate (NPL +90d) comprises the relation between the operations past due for more than 90 days and the balance of the loan portfolio classified.

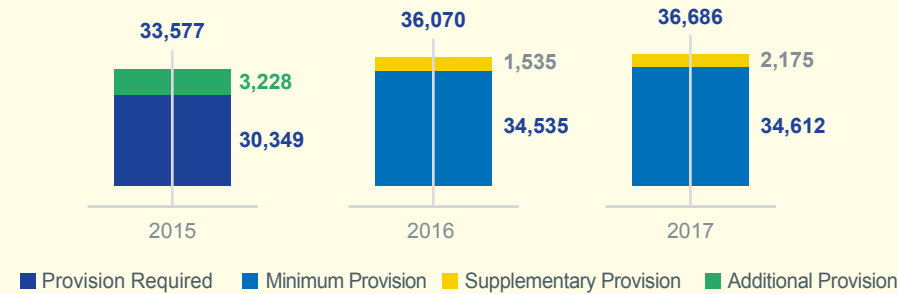


Coverage

The coverage ratio of the operations in arrears for more than 90 days, expresses the ratio between the total balance of provision (minimum, complementary and additional) to the balance of loans past due for more than 90 days. It is worth mentioning that we have sufficient provision levels to support eventual changes to scenarios, such as an increase in the level of defaults.



R\$ million



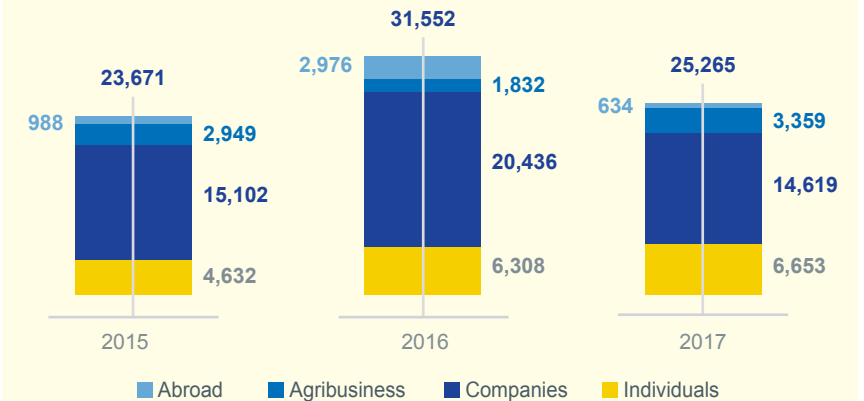
(1) Indicator prepared through the Average Risk index, available on SGS (Central Bank of Brazil – Bacen).

→ See more in Chapter 3.2 of Performance Analysis 4Q17

ALLL Expenses

Our PCLD expense reduced by R\$6.3 billion compared to 2016, which represents a fall of 19.9%.

R\$ million



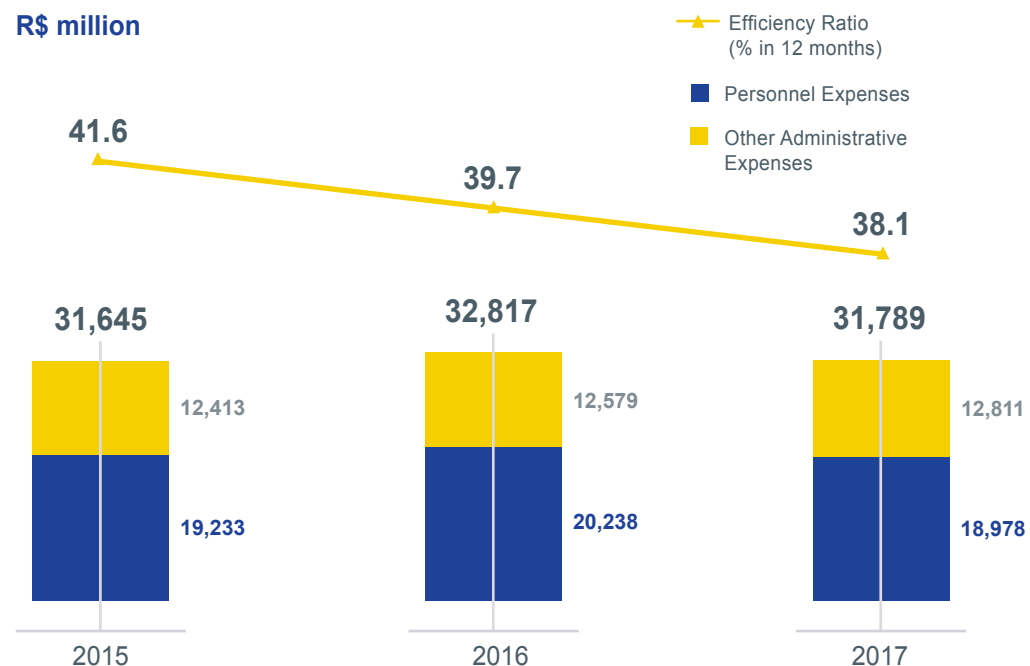
Efficiency (MD&A)

We consistently seeks to improve its operating efficiency and productivity, keeping a strict control of administrative expenses and the constant review of processes in order to make them more effective. The cost-to-income ratio was 38.1% in 2017, decrease of 160 bps in one year.

In 2017, our personnel expenses decreased by 6.2% compared to the previous year, mainly due to the 7.3% decrease in the average number of employees in the same period.

Our other administrative expenses grew by 1.8% compared to the year 2016, impacted mainly by the actions arising from the resizing of our structure which occurred during 2017. The closure of branches and service stations increased the other administrative expenses by R\$197.4 million compared to 2017/2016, due to the payment of a contractual penalty and expenses with restoration for the return of the properties. This increase can be noticed in the real estate and property line.

R\$ million



Fee Income

Fee income grew by 9.0% in 2017. This movement resulted from efforts to increase customer relationship and the qualification of checking accounts with greater use of products and services, with special attention to the strategy to enhance the digital channel as instrument to provide more convenience to our customers.

R\$ million	2015	2016	2017	Var. (%)
				2016
Fee Income	22,048	23,794	25,941	9.0
Checking Account Fees	5,224	6,229	6,956	11.7
Asset Management Fees	3,887	4,267	5,397	26.5
Insurance, Pension and Premium Bonds	2,915	3,123	3,048	2.4
Loan Fees	1,718	1,684	1,894	12.5
Credit/Debit card ¹	1,806	1,828	1,881	2.9
Billings	1,699	1,679	1,448	13.8
Collections	1,045	1,046	1,087	3.9
Capital Market	562	700	775	10.6
Consortium	427	544	725	33.3
National Treasury and Manag. of Official Funds	468	594	689	15.9
Interbank	353	180	154	14.4
Other	1,944	1,920	1,887	1.7

(1) Series revised in 3Q17 in accordance with Bacen Circular Letter No. 3,828/2017.

→ See more in Summary of the Performance Analysis Result 4Q17

Capital (Basel)

The capital ratio reached 19.6% in December 2017. The Level 1 capital ratio reached 13.8%, 10.5% of common equity capital and R\$135.5 billion reference equity.

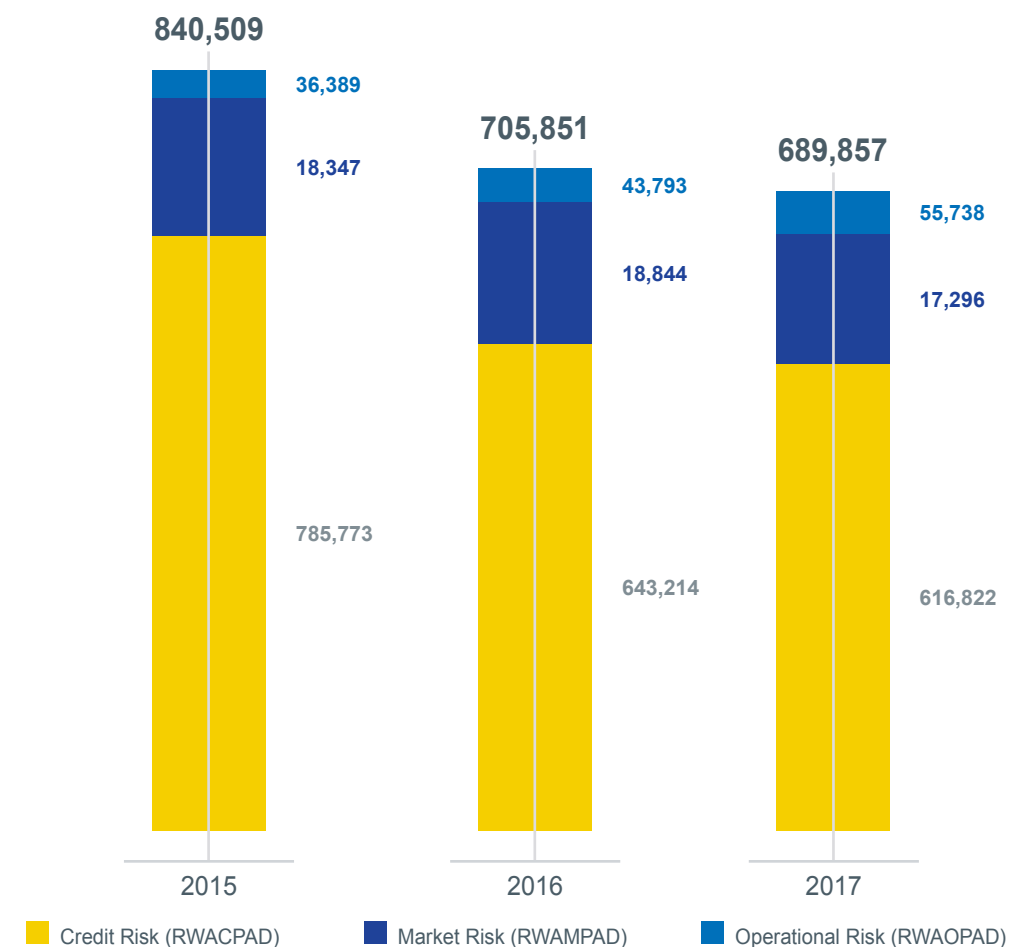
The focus is on the organic capital generation and credit growth in more attractive lines under the criterion of return versus risk and on strategic interests in the Bank's core business. The goal of the Management is to keep the common equity capital above 9.5% in 2019, when the Basel III rules will be fully implemented in Brazil. In addition, according to the Statement of Risk Appetite and Tolerance and Capital Plan, for January 2022, the goal is to keep at least 11.0% of the common equity tier 1 capital.

Basel Index

R\$ million	Dec/15	Dec/16	Dec/17
Reference Equity (RE)	135,551	130,453	135,511
Tier I	95,714	90,284	95,228
Common Equity Tier 1 Capital	68,677	67,718	72,320
Prudential adjustments	(10,737)	(17,085)	(23,848)
Additional Tier I Capital	27,037	22,565	22,908
Tier II	39,837	40,170	40,283
Risk-Weighted Assets (RWA)	840,509	705,851	689,857
MRRE Margin (RE-MRRE)	92,456	69,703	63,812
Margin on the Minimum Required Reference Equity (PR-PRMR)	43,095	60,750	71,700
Tier I Capital Ratio (Tier I/RWA) – %	11.39	12.79	13.80
CET1 Ratio (CET1/RWA) – %	8.17	9.59	10.48
BIS Ratio (RE/RWA) – %	16.13	18.48	19.64

→ See more in Chapter 9.1 of Performance Analysis 4Q17

RWA Composition (R\$ million)

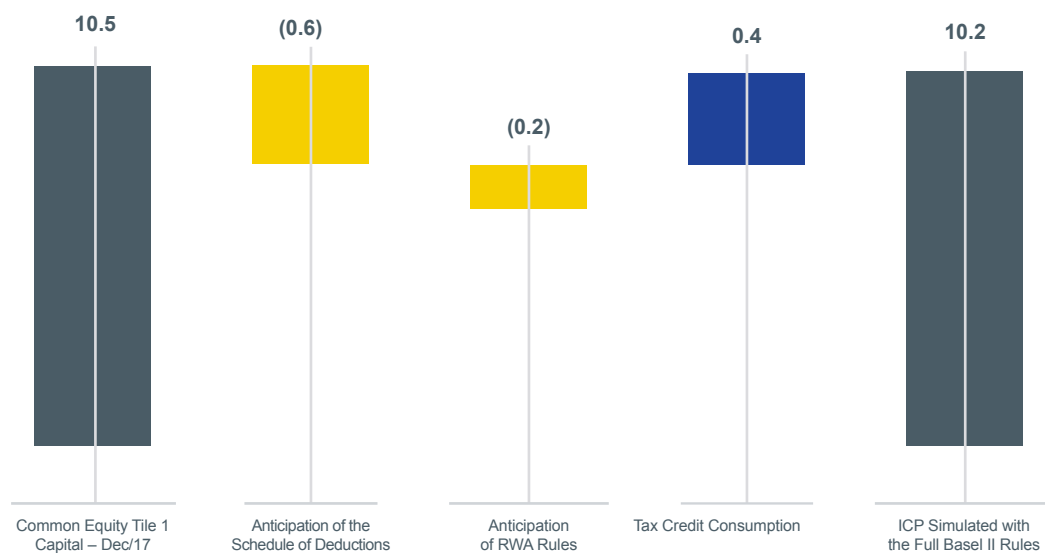


Full implementation of Basel III rules

The following chart simulates the computation of the full implementation of Basel III rules and their impact on the common equity capital of the Bank. This takes into account the capital base of December 31, 2017 and follows three steps:

- First step: it considers, in the calculation of prudential adjustments, the premises of anticipation of the schedule of deductions (phase-in) and the use of goodwill and intangible assets not amortized until 2017;
- The second step considers the effects of the first step combined with the anticipation of the F factor (from 9.25% to 8.0%), for the portions of operational and market risk; and
- The third phase considers the effects of the previous steps combined with the consumption of the tax credit of temporary differences in 17%, and that of the tax loss in 16% according to consumption estimates published by the Bank in the Notes to the Financial Statements.

Simulation of the Common Equity Tile 1 Capital with the Full Basel III Rules (%)



Shareholders – Dividends 102-43 | 102-44

It is worth mentioning the evolution of profit adjusted per share from R\$2.84 in 2016 to R\$3.91 in 2017.

Dividends and Interest on Equity¹

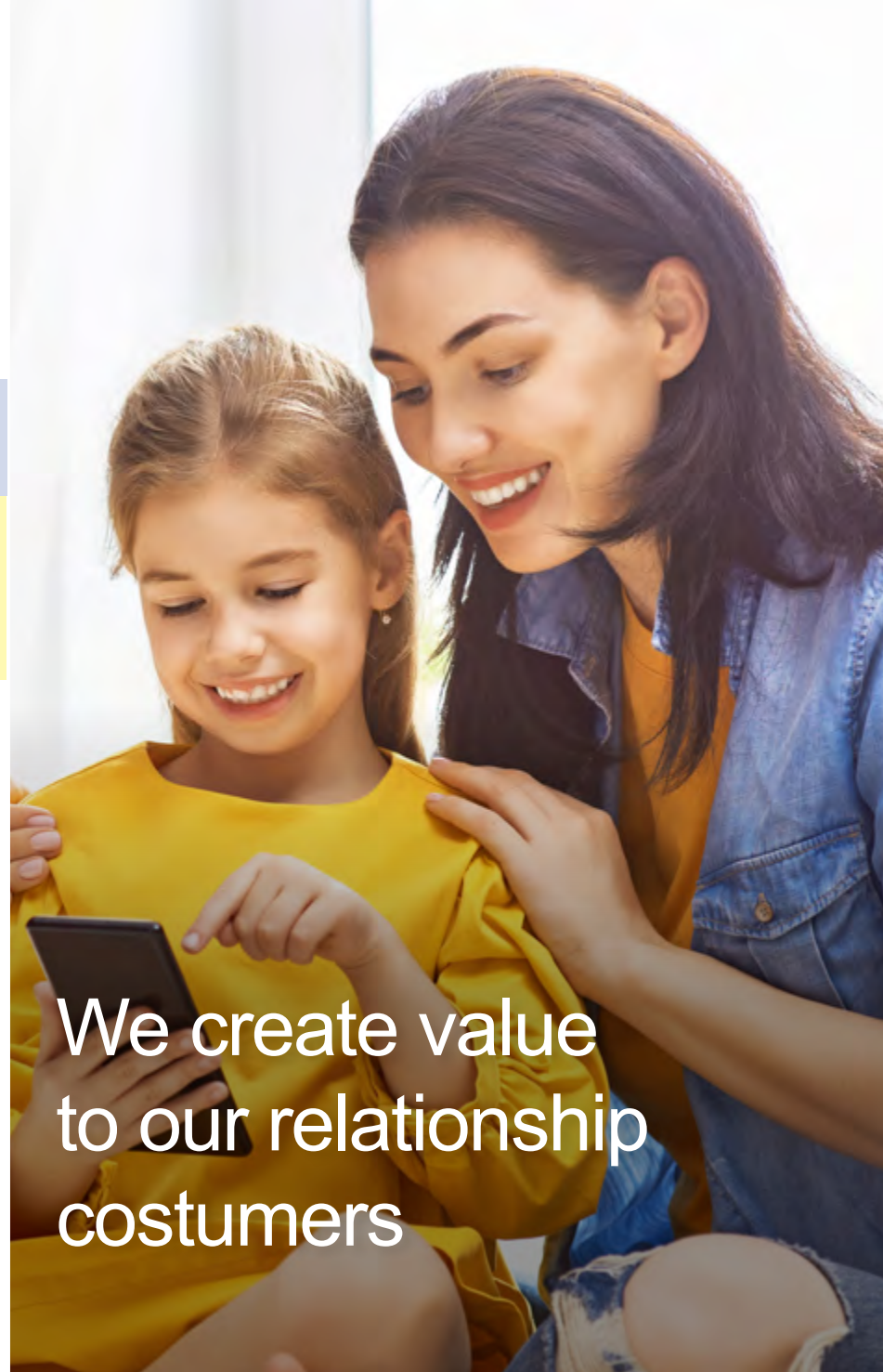
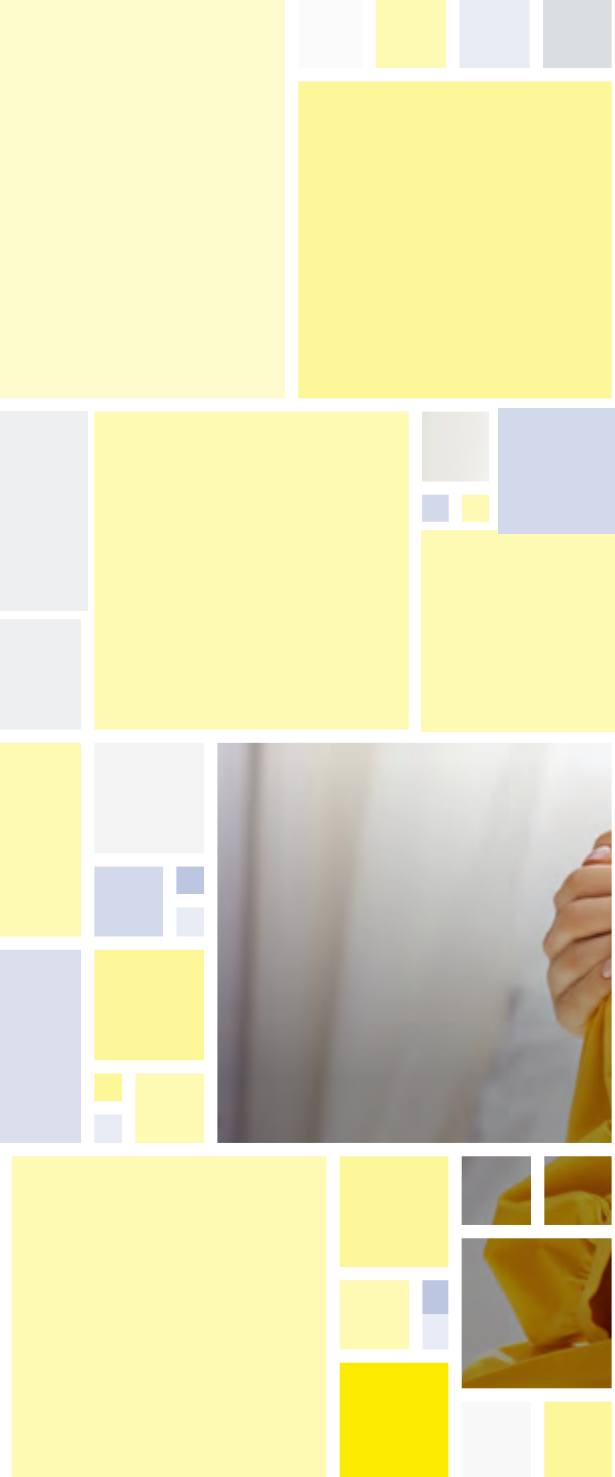
R\$ million	2015	2016	2017
Federal Government	3,406.2	1,323.1	1,771.8
Individuals	319.5	164.1	192.4
Companies	780.1	380.8	553.7
Previ	611.3	242.8	296.7
Foreign Capital	1,239.5	486.5	710.9
Total	5,745.7	2,354.6	3,229.0

(1) Amounts subject to 15% rate of Withholding Tax.

Market Ratios (ex-treasury shares)

	2015	2016	2017
Earnings per Share (R\$)	5.05	2.85	3.91
Price/Earnings 12 Months	2.86	9.74	8.05
Price/Book Value	0.50	0.90	0.90
Market Capitalization (R\$ billion)	41.2	78.2	88.6
Common Shares Price (R\$)	14.7	28.1	31.8

→ See more in Chapter 1 of Performance Analysis 4Q17



We create value
to our relationship
customers

06

Social Value Creation

- 70 Joint Message
- 71 Customers
- 78 Internal Stakeholders
- 86 Suppliers

Transforming Role

Corporate Governance

Risk Management

Financial Value Creation

Social Value Creation

Environmental Value Creation

We are recognized for transparency, ethics, presence and quality of our solutions. We invest in innovation and seek to combine the convenience of full digital service with the possibility of face-to-face service in order to provide the best experience for people's lives.

In 2017, Year of Service, we seek the satisfaction of our customers, developing more intuitive processes. We use cognitive intelligence studies to optimize transactions and digital platforms. Thus, services are available more quickly and efficiently. We highlight the functionality Minhas Finanças/My Finances of our app for budget management, Conta Fácil/Easy Account, for opening bank account for companies by mobile phone, and the financing of vehicles made entirely by mobile phone.

We have established innovative programs in the government sector, such as Municipal Efficiency, to help modernize public management; BB Integra/BB Integrates, for consolidating information and data; and Município Mais que digital/Municipality More than digital for cities to work in a more secure way.

2018 is the Year of Relationship, focusing on the best customer experience and the generation of sustainable results. We are alert to new banking technologies and changes in the financial sector. The digital transformation strategy allows us to deliver more value and enhance the customer experience.

Our Purpose is to take care of what is valuable to people. Therefore, we will continue to add comfort and convenience to the consumption of our products and services through digital solutions and our internal processes, which will increase our productivity. To be more assertive in offering solutions, we will have business intelligence tools (Robo-advisors), more qualified investment advice and service specialization. We have intensified our activities in foreign trade with the creation of a specialized unit to conduct the subject matter.

We have entered into a partnership with Facebook and IBM, which will allow our customers to make transactions through the social network without the need to access the Bank application. Providing a comprehensive digital experience is one of our priorities.

All this process of innovation and search for satisfaction and better experience of our customers was possible thanks to the dedication of our employees. Therefore, 2017 was also marked as the year of a great training process. There were over 8 million hours of courses and 3 million training completed. These qualifications enable our professionals to work autonomously, being even more responsible for managing our brand and for excellence in customer relationships. We seek to discover competencies and ensure the identification of more talents, in order to ensure that meritocracy is the driving force of ascension. In addition, we believe in diversity as a competitive differential. We highlight the Game Develop involving the base of our employees in a process of voluntary training, behavioral character.

Antônio Gustavo Matos do Vale
Vice-President of Technology

Antônio Maurício Maurano
Vice-President of Wholesale

José Eduardo Pereira Filho
Vice-President of Government Affairs

Marcelo Augusto Dutra Labuto
Vice-President of Retail Business

Tarcísio Hübner
Vice-President of Agribusiness

Walter Malieni Júnior
Vice-President of Retail Distribution and Human Resources



App Cliente 360° Mobile,

which can be downloaded on the cell phone and is another way for managers to interact with their portfolio.



Fale Com seu Gerente

, which revolutionized the digital service. By accessing via the Internet or BB App, customers can contact their Relationship Manager, from 8 a.m. to 10 p.m.



New solutions for **means of payment** that allowed greater economic dynamism in partnership with municipalities.



More than **1 million** of **Estilo Digital**, customers, consolidating our leadership in the high-income market in Brazil.



66,017
thousand customers.

36,417 thousand

checking accounts:
34,098 thousand individuals and
2,319 thousand companies.



101,247

employees:
99,161 employees and
2,086 interns.



73.4%

of total transactions were
conducted through cell
phones and the internet.

Agenda 30 BB – Challenges and actions taken



Challenge 3: to identify innovations in the financial sector (business and technology models) and anticipate the trends in order to ensure the perpetuity and longevity of Banco do Brasil.

Action 8: we established the Board of Customers with an interactive format in order to facilitate the exchange of experiences with our customers, such as, evaluations and suggestions for improvement about products, services, and advertising campaigns.

Indicator: reduction of expenses from the digital transformation – the opening of a checking account through the app costs R\$0.02 while the traditional process in physical branches costs R\$24 0.



Challenge 4: to enhance customer relationship management and increase the satisfaction and retention indices.

Indicator: overall satisfaction of customers of 63.7% and 82.9% in digital channels – with 64.5 thousand service stations, we are present in 99.8% of Brazilian municipalities.



Challenge 11: to ensure greater proportionality of representation of gender and race in all the hierarchical levels of Banco do Brasil.

Action 27: we structured a corporate action plan which sets out, among other actions, the increase in the participation of women in functions with greater gender inequality, with the definition of indicators.

Indicator: proportion of women (41.4%) and minority groups (22.8%) in the staff.



Challenge 14: to strengthen the role of Banco do Brasil with regard to human capital, considering the management of health, safety and wellness, the development and the retention of talents.

Action 41: we conducted an Organizational Engagement and Climate Survey, which showed that 79.20% of our employees are satisfied.

Indicator: turnover rate of 1.60%

Customers

We serve individual and corporate customers from all over Brazil through a segmentation structure that enables us to offer solutions more aligned with the diverse needs.

Year of Service

Focused on sustainability, we elected the year 2017 as the Year of Service. This was a signal for the efforts of all employees to give priority to the customer journey. This targeting was materialized in executive actions, all of them focused on customer service and distributed in customer experience, innovation, management, efficiency, business solutions and training.

The digital context will also transform the way we work, because our employees will be more assertive in their offerings and in the interaction with customers. However, we will continue investing in personal service, to meet the different demands of customers and consolidate long-lasting relationships. Therefore, we elected 2018 as the Year of Relationship.



Segmentation

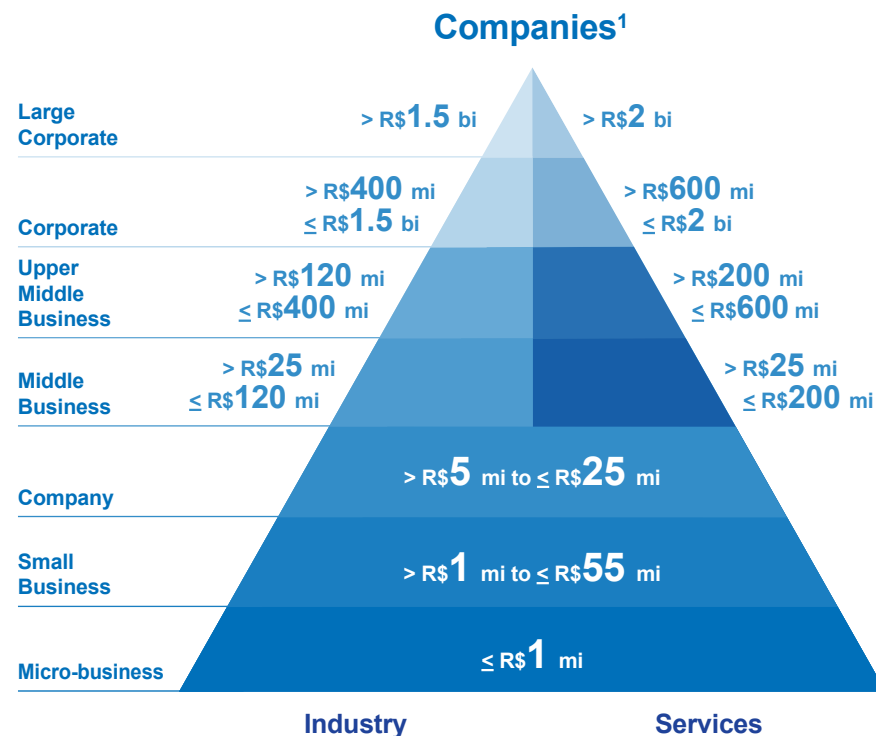
On individual customer relationship management, we use a set of technologies and interactive processes capable of converting information into positive experiences. With these capabilities, we develop a segmentation strategy, which considers registration and behavioral data (stage of life, value, use of channels and consumption of products and services).

The segmentation enables to detect needs, consumption propensity, behaviors and current and potential habits, allowing us to produce strategic documents that guide the actions in each market and adopt assertive initiatives, according to the delivery of the value proposition for each model of relationship. Thus, we need that customers see us as a partner able to deliver the solutions they need, at the right time, in the appropriate manner and by the most suitable channels.

Through BB Private, we guide our model of segmentation by turnover, operation niche and market segment, resulting in a unique and customized service. The purpose is to ensure customer satisfaction with offers that meet their expectations and in order to leverage the potential of doing business.

The Rural Producer customer segmentation strategy classified them in Small, Medium, Large and Mega – a segmentation adopted to define the ideal portfolios for each grouping. The mega-producers, for example, are under specific management (private); the medium and large ones are preferably inserted into Estilo Agro portfolios; and the small ones are served in negotiating groups.

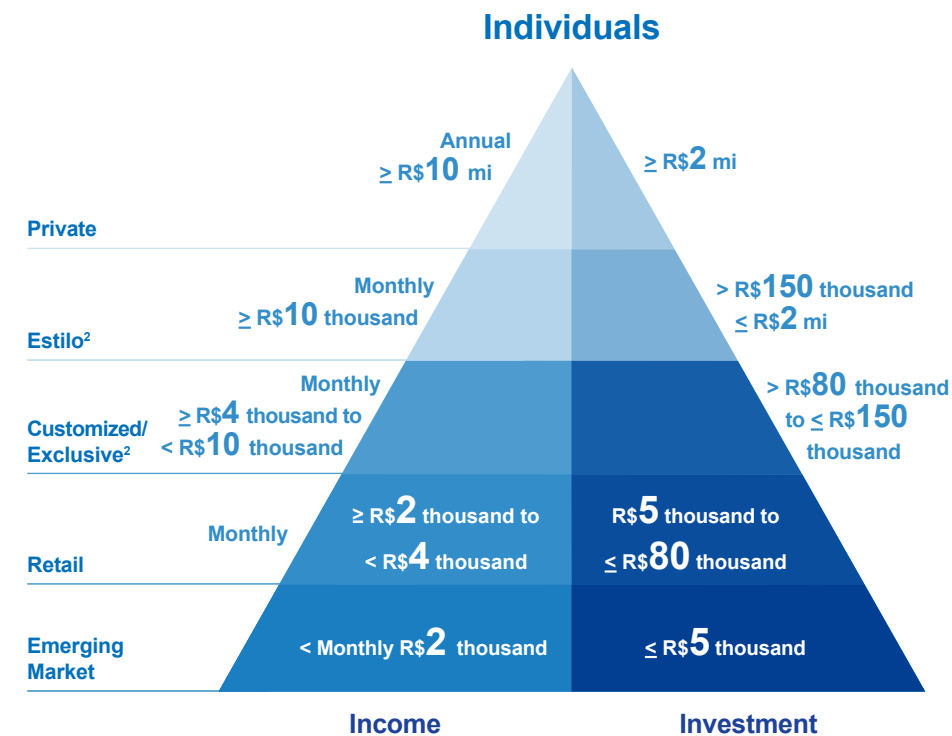
Customer Segmentation



(1) Based on the annual gross revenue.

In the segmentation of companies, our segmentation strategy adds value to the relationship with customers to the extent that it enables the deepening of knowledge about them and our market share and positioning, the prioritization of opportunities for business and specialization of service.

In the Large Corporate segment, the main gains are the dialogue only with us, the execution of strategies per market profile, the concentration of efforts to the achievement of the goals and the monitoring of the degree of satisfaction and relationship with customers.



(2) Only digital service.

For micro and small businesses, the differentiated service is based on the profile and specific needs. According to the segment, this group of stakeholders is targeted to specialized teams, that serves them both in person and remotely, by means of the digital channels.

The Public-Sector segmentation is established by the characteristics and demands at the federal, state and municipal levels and in Executive, Legislative and Judiciary branches, also considering, on an emphasized basis in the case of municipalities, the different population profiles.

Customer Satisfaction and Relationship Model

We conduct frequent studies that allow us to meet customers in order to establish sustainable relationships and increase loyalty and profitability of our base.

The relationship by remote channels provides convenience and agility in the solution of financial issues. The multichannel vision is the premise for the customer to realize the standardization and continuity of excellent service.

All new business or adjustment in transactions in the channels are performed based on user experience techniques and research. Understanding the customer's journey is essential for processes to be reviewed and simplified and ensure the best experience.

In 2017, we adopted actions for the improvement of services in contexts such as customer experience, innovation, management, efficiency, business solution and training of staff. In order to establish a dialogue with this group of stakeholders, listen and understand their needs and expectations, we established the Boards of Customers, whose interaction occurs through quarterly meetings. The Board is composed of 36 individual customers, distributed among the segments served. The first agenda was directed to the Face-to-face Service and Digital Service themes and introduced notes for matters such as standardization of service and response time of the demands.

In the context of strategic planning tools and execution of projects, we developed, through BB Private, business models considering market trends, scenarios analysis, mapping of customer's journeys and banker.

Also, for corporate customers, the digital relationship combined with the process of simplification of the bureaucratic procedures and digital inclusion has been more and more a changing factor in the relationship. Methodologies such as Customer Relationship Management (CRM) are adopted, statistical models of analysis and verification of relationship with us are applied, competitive intelligence is used and market scenarios are established. This data forms the basis for the creation of models of relationship with the Corporate Retail Market, reviewed annually based on the quarterly satisfaction survey application and monitoring of financial income.

In order to enhance customer satisfaction in the Public Sector, we developed training sessions for employees working in the segment and provided the Public-Sector Service Trail, which aims to ensure further alignment of the training process to this corporate strategy.



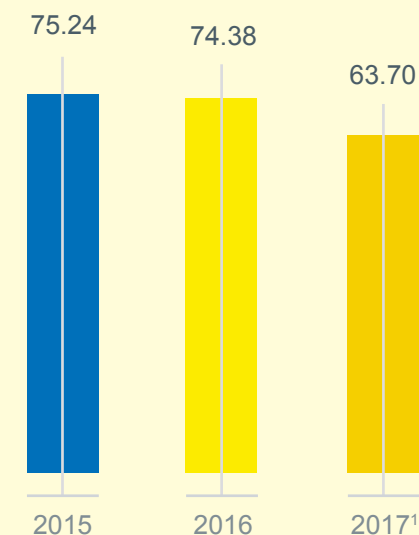
Result of Digital Channels Research

Digital channels achieve satisfaction of **82.9%**, above the goal of **82%**

Result of the General Customer Satisfaction Survey

The satisfaction surveys interview individual and corporate customers of the public and private sectors. The results are presented to the areas responsible for the relationship with customers and to managers of the chain of branches, aiming at promoting improvement actions.

Global Customer Satisfaction



(1) In 2017, there was a change in the format (more concise questionnaires) and the channel used for obtaining the answers (from telephone interviews to online questionnaires), it was possible to gain efficiency and improve monitoring of improvement actions, but the comparability of results with previous years was missed, since the questionnaire and the method of application are different.

External Ombudsman

The demands of our customers are input to identify new needs and, above all, based on their opinions and complaints, to act on the corrections of processes and improvement of the products, to make our service more responsive and efficient. In 2017, 98.9% of claimants sought our internal channels such as the Customer Service and the Ombudsman's Office, and only 1.1% sought external channels, such as Bacen and Procon.

We adopted initiatives in partnership with consumer protection bodies and other organizations, focused on customer satisfaction and retention. Among the main ones in the year are the Customer Relationship Seminars (Semarc), the joint efforts of debt restructuring and the reconciliations in Consumer Protection Centers of Public Defender's Offices (Nudecons).



Customer service (SAC)

Information, complaints, cancellation of products or services. Multichannel service (0800, APF Internet, APF Cell Phone, Consumidor.gov, Reclame Aqui, CNJ, Facebook, Twitter, Contact Us at BB Portal – created in 2017).

Average term for resolution in 2017:

1.4 business days.

In 2017, 92.4%, on average, of the calls received were resolved in the first service.



BB Ombudsman

Unresolved complaints in primary customer service channels. It can be contacted by telephone or at BB portal on the internet, with Protocol of the Customer Service.

Average term for resolution in 2017:

6.4 business days.

In 2017, 96.6%, on average, of customers had their problems resolved definitively and below the regulatory term of 10 working days.

Proactive Solution Rooms

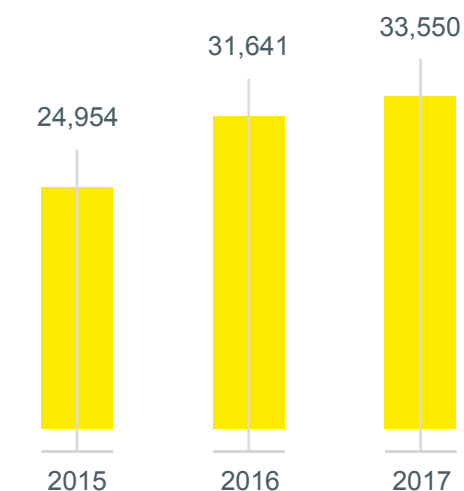
Created in November 2017, the Proactive Solution Rooms of our External Ombudsman bring together all managers of products and services, processes and branch chain, to seek solutions that provide the best experience to their customers.

With the actions in the rooms, it was possible to verify the minimization of impacts on the number of open complaints in Bacen, as well as in demands considered valid. This is also one of the actions that have enabled us to be in the best position among the five largest banks in the country in the list of Bacen in the last quarter of 2017.

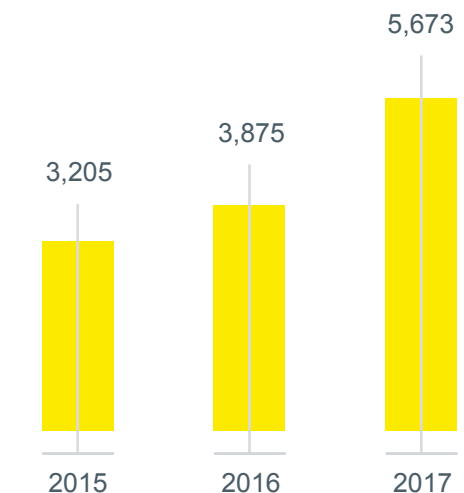
Bacen Complaints Indicators

Bacen conducts, on a quarterly basis, the ranking of the complaints of the institutions with more than four million customers. In 2017, we improved, continuously, our position, changing from 1st to 5th position. Our purpose is not to be among the four top positions.

Complaints Received



Complaints Considered Valid



Digital Relationship Model

Individual Customers

With the digital transformation, one of the main factors for the customer service clustering (grouping according to the degree of similarity) refers to the possibility of adoption of a differentiated planning for each group, according to its behavior and time of consumption.

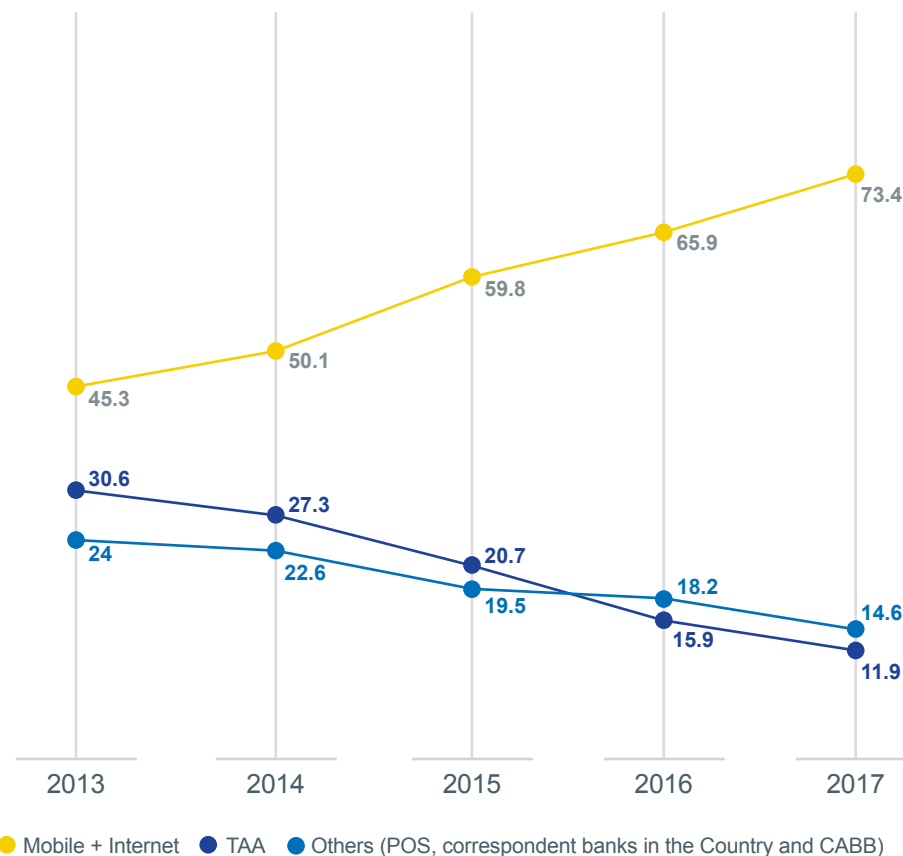
In order to provide a complete digital experience, we developed a Strategic Plan for Digitization for the purpose of digitizing products and services to make them available in the mobile channel, in addition to reviewing all of those already available in the application. In this process, the possibility to contract Home Insurance, Ourocap Capitalization Bond, contract and renewal Vehicle Insurance, Life Insurance and Purchasing Pool has already been made available in the application. The Credit Card (for non-account holders) and Pension Plan provision is also expected. Real Estate Loans also advanced in the digital perspective in 2017 with the offer to individual customers of a more intuitive and responsive simulator of financing.

Other achievements of the year related to digitization were:

- **GeoMapa Rural:** a free application that allows you to capture of the geodesic coordinates of the areas financed and the transmission of this information directly to our database;
- **Automatic Asset Valuation:** a tool that automatically evaluates rural properties and their improvements;
- **Digital Costing:** a mobile solution for rural producers to forward proposals for agricultural and livestock funding;

- **Digital Agricultural Investment:** for rural producers to forward proposals for financing the acquisition of machinery and equipment intended for agricultural projects;
- **Crop Monitoring Tool:** to disseminate alerts of crop failure and decreased the ability to pay on the part of the producer; and
- **Self-Service Losses Communication (Proagro):** to communicate weather losses of a crop insured with Proagro.

Percentage of Transactions, Detailed by Type of Transaction



Banco do Brasil Estilo Digital

- We exceeded the milestone of **one million Estilo customers**, which consolidates our **leadership** in the high-income market in Brazil. This milestone was possible from the implementation of the **strategy** of Banco do Brasil Estilo Digital, implemented in May 2015.
- This strategy allows us to broaden the **delivery of value and improve the customer experience** with the service model. Compared to the traditional model of service, provided in conventional branches, we have noticed that customer **satisfaction** is, on average, **16% higher**, since the digital service model allows the managed service of more customers without an impact on the cost to serve them and an increase between **20% and 40% in the profitability** of the customers, due mainly to the increase in the number of customers with managed service and the **new business opportunities**.



2017

Creation of Legal Entity
Panel Financial Manager

Corporate Customers

Corporate customers appreciate our presence in their physical environment, according to a satisfaction survey conducted with this group of stakeholders. Still, for strictly operational interactions, they are directed to digital channels. Transactions that do not require cash or check occur exclusively via digital means with the use of Financial Manager or exchange of files.

Micro-Businesses and Small Businesses Customers had their requirement profile remodeled by the digital transformation, with emphasis on the use of interactive tools in the daily business activities and the evolution of platforms/service models/businesses to consumers and companies.

In this scenario, it is worth mentioning the improvement in the process of opening of an account through <http://bb.com.br>, in which it is possible to begin the process of preparation of the registration. Also, in the pilot phase, there is the opening of a BB digital account referred to as *Conta Fácil Microempreendedor*, which will be performed entirely by phone and will enable deposits, withdrawals, transfers, payments and direct debits.

Another advance in 2017 was the creation of the Corporate Panel, which consolidates data such as balance, investments, future releases and available credit, in addition to a shortcut to perform transactions.

Government Customers

Our digital transformation also aims to improve the experience of public entities in the relationship with us. Changes such as the Public-Sector Self-Service via smartphone demand time of adherence and changes to some customer processes. Therefore, at the time of transition, niches or clusters can be created, which favors the development of models able to meet the needs of the most diverse types of customers with different levels of digitization.



Customer Service Channels

Individual Customers

The new instruments installed to strengthen individual customer service in 2017 include:

- **Fale Com seu Gerente**, which revolutionized the digital service. When accessing via the Internet or BB Application, customers can contact their Relationship Manager, from 8 a.m. to 10 p.m. In addition, an Agile Room was created to improve the tool and bring new features;
- **Digital Account**, whereby customers open their account quickly and conveniently without the need to go to the branch or submit documentation physically;
- **Chatbot**, a service performed on Facebook through a virtual assistant that uses cognitive technology to receive messages via Messenger on our official page on that social network. When necessary, the chatbot performs the transshipment of the service to an employee of the Customer Service;
- **BB 3.0 Platform**, which allows a new way to serve and do business with customers with more intelligence, speed, efficiency and, mainly, with significant improvement in both the customer experience and the employee experience. There is a block of business induction that helps to make the best offer, encourage the use of digital channels, leverage opportunities, resolve problems and show the customer qualification;
- In the relationship between bankers and customers of the Private segment, in addition to the use of traditional banking tools, BB Private developed the Portfolio of Investments solution, available at

BB Investment Platform (web and Mobile), and the Financial Manager for Rural Producers;

- **Specialized Remote Cooperative Service**, which benefits 1.5 thousand cooperatives with dedicated relationship managers, specialized in business with the segment and qualified to guide and support Retail Branches that have cooperatives in tradeable portfolios (Business and Small Business portfolio) that do not have specialized service; and
- **Rural Producer Financial Manager** and the other tools delivered by the Digital Agricultural Project (Geo Mapas, Costing and Digital Investments), which consists of tracking and prior analysis of proposals via mobile.

Estilo Digital Service

- 100% of the Estilo network in the country with digital service;
- 4.46 thousand qualified employees;
- Reorganization of the service model of the branches, with a greater focus on the relationship; and
- 71% of branches with centered night service, which increases operational efficiency.



Corporate Customers

We seek the differentiated, timely and specialized service to each type of customer. In 2017, it is worth mentioning the following:

- Cliente 360° Mobile application, which can be downloaded on the cell phone and is another way for managers to interact with their portfolio;
- Videoconference with customers, instant messaging communication solution;
- Expansion of the use and the audience that adopts tools to support the management of the relationship and intensify the digital communications with Micro-Business and Small Business customers;
- Availability of the tool Fale com o seu Gerente for companies, which provides modernity to the relationship model by allowing the exchange of messages between the customer and the employee specialized in a web environment with guaranteed confidentiality and integrity of information; and
- Launch of the New Corporate Customer Profile on customer management platform, with consolidated information, essential to drive the service, the relationship and businesses.

Government Customers

In addition to the chain of branches and specialized managers to serve the public sector, the development of solutions and digital portfolio, specific to the market, allows the demands of these customers to be served anywhere. In these terms, the main actions taken in 2017 were:

- Expansion of specialized service to the municipalities in the countryside, in all regions;
- New solutions in means of payment that allowed greater economic dynamism in partnership with municipalities, in locations without the availability of bank branches;

- Offer of a set of information that enables diagnosis and advice in the planning of public policies;
- A wide range of training for the civil servants of the smaller municipalities; and
- Technological solutions applied in the interconnection of the courts with us, resulting in agility and security in the receipt, monitoring and payment of judicial deposits.

Internal Stakeholders

Our policies and practices in people management seek closer ties with the staff and to promote the professional development of our businesses.

We are focused on actions that foster gender and race equity, as well as promote initiatives to strengthen the ethics and anti-corruption.

In order to train and retain talents, there is a structure dedicated to the corporate education since 1965 and the Banco do Brasil Corporate University (UniBB) since 2002.

Staff Profile 102-8

We performed selections and external hiring according to the need of people identified for each region. The level of qualification is determined on the basis of the requirements of the position but considering the promotion of social inclusion.

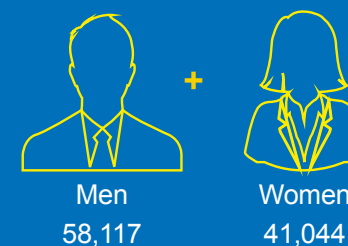
Regular Employees, by Region (unit)	2015 ¹	2016	2017
North	4,948	4,689	4,440
Northeast	18,207	16,719	16,637
Midwest	17,342	16,349	16,748
Southeast	49,393	44,924	43,752
South	19,257	17,899	17,549
Overseas	44	42	35
Total	109,191	100,622	99,161

(1) Number of employees in 2015 was revised to maintain standard reporting basis with other public documents published by BB.

Employees, by Type of Employment and Gender (unit)	2015	2016	2017
Full-time – Male	63,809	59,073	58,117
Full-time – Female	45,382	41,549	41,044
Total	109,191	100,622	99,161

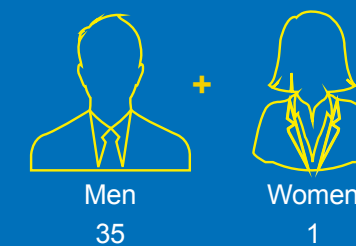
Employees, by Type of Employment and Gender (unit)¹

2017 – Consolidated Labor Laws (CLT)



Total 99,161

2017 – Statutory



Total 36

(1) BB's own staff does not have any employees in the temporary regime.

Diversity of Staff 405-1

We adopt people management policy that emphasizes our commitment to promote equity. We also have mechanisms for combating discrimination practices, in addition to awareness-raising actions in the relationship chain. We also seek to raise awareness of our employees for the topic related to gender equity in a diversified and comprehensive way through a Specific Communication Plan. Our diversity inclusion policy is mainly focused on the care for the disabled person and the implementation of the actions of the Gender and Race Pro-Equity Program. These commitments are entered into in documents such as our Code of Ethics, our Charter of Principles of Socioenvironmental Responsibility and BB's General Policies.

The Gender and Race Pro-Equity Program, of the Federal Government, disseminates ideas to achieve equality between women and men in the working world. Companies that propose and perform satisfactorily gender and race equity actions are recognized with a specific seal – we obtained the seals of all editions that we participated, since we joined it in 2007. Within the scope of the initiative and in line with our commitment to diversity, it is worth mentioning the following:

- Granting of 180 days in cases of maternity leave and/or adoption;
- Extension of the period of paternity leave to 20 days;
- Affirmative gender action in corporate programs of career advancement;
- Performance of the Internal Ombudsman in identifying situations of discrimination against women;
- Creation, in 2010, of the Executive Ethics and Discipline Committee formed by members of the Executive Board and State Ethics Committees in each State of the Federation and the Federal District;

- Assessment and monitoring of occupants of management commissions on race or ethnicity and gender approach; and
- Adoption of a corporate goal of appointment of women to first business unit manager positions.

We also adopted policy benefits, which seeks to promote equity, and maintained mechanisms for combating discrimination practices, in addition to developing actions for the inclusion of under-represented staff groups. As an example, even if it is not a legal requirement, in 2016, we regulated the use of the corporate name in the workplace with regard to distinctive characters.

Employee Satisfaction

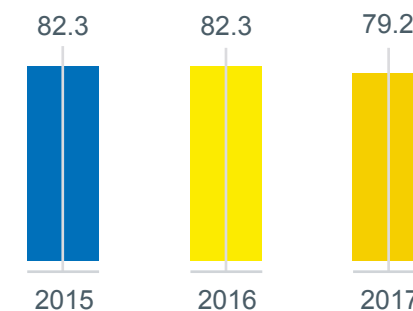
In order to evaluate the quality of relations in our workplace, we conducted systematic monitoring of the climate, the satisfaction and commitment of our teams. In this respect, in 2017, we provided:

- Organizational Climate Management Workshop, with over 1,100 managers in face-to-face training;
- O Clima e Você (The Climate and You) course, for 11,855 employees, via UniBB portal;
- Developing the Organizational Climate Methodology, with the participation of over 1,000 employees in three meetings; and
- Roadmap to Improve the Organizational Climate, in meetings for analysis of Climate and Organizational Engagement Survey (see below) and structuring of action plans, with the presence of 280 professionals.

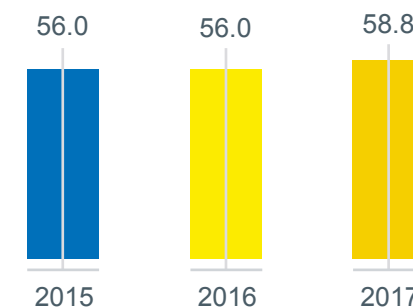
The degree of engagement is measured through the Climate and Organizational Engagement Survey, which occurs on an annual basis, seeking to measure the intensity with which employees identify themselves and build links with us and the extent to which the work presents interest and personal satisfaction. Our search for the next year is to increase the degree of engagement from 71.60, measured in 2017, to 73.40 in 2018. With regard to the percentage of satisfied employees, our target is to return to the threshold of 80%.

Climate and Organizational Engagement Survey

Percentage of Satisfied Employees



Data Coverage (percentage of total employees)



Institutional Reorganization 102-10

In 2016, we approved a set of measures to adapt to an increasingly dynamic and challenging scenario, which contributed to greater agility and competitiveness. One of the measures of this institutional reorganization was the Extraordinary Stimulated Retirement Plan (PEAI), with the termination of 9,409 employees.

For the filling of positions available, we established criteria for personnel movement for the purpose of democratizing the relocation opportunities in various units. Through the Automatic Removal Competition System (SACR), the possibility of moving to all our units was offered. In addition, we maintained a hot site for information disclosure, with timely updates on the process of reorganization, and an exclusive call center; and we also adopted, as practices, the payment of personal advantage and the flexibility of the rules of removal and the grace period to exchange branches.

Another action as a result of the reorganization, focusing on health and quality of life, was the option for 6-hour journey and experiences of a home office, in addition to the expansion of digital spaces. The reduction of the journey allows the employee to perform the daily commuting in alternative schedules.

Belonging

To strengthen ties, recognize and increase the sense of pride of our active employees and retirees, we created, in 2015, the Integration Program. The initiative comprises four components – education, citizenship, relationship and business relationship – and specifically within UniBB, it merges the performance of active and retired employees. After 2017, 482 retirees, hired upon expressions of interest, participated in the educational activities.

In addition, we have the Caminhos para Aposentadoria (Path to Retirement) Program, by which we guide our employees to a conscious and active retirement, contributing to the aging process and the preservation of mental and physical health.

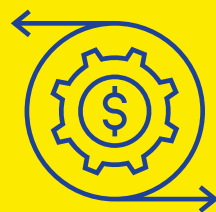
Still valuing the knowledge of retirees, we entered into an agreement with Sebrae to re-introduce, in the labor market of the national banking system, the participants of the Senhor Orientador (Mr. Mentor) program.

 See more in GRI Appendix 401-1

Careers and Succession

Our actions of career advancement contribute to identifying and retaining talents and, consequently, with the effectiveness of the succession program, always considering the gender and race equity. The main actions were:

- **Bem-Vindo ao BB (Welcome to BB)** program, which aims to provide the new hires with structured experiences of onboarding and development of professional skills for their insertion into our organizational culture and the achievement of expected results;
- **Continuing Education**, which includes scholarships (undergraduate, majors, master's degree, doctorate, and languages);
- **Knowledge Certification program**, that certifies certain knowledge of our teams, subsidizing career advancement processes and consolidating our corporate education system (learn more in the table);
- **Training Program for Executives and Career Advancement – Executives** – Program, with actions developed to enhance the skills required to holders of executive functions;
- **Vocational Guidance Program**, to stimulate reflection on career aspirations and personal and professional improvement, in addition to the construction of life project for retirement;
- **Training Program for the Executive Board, Board of Directors and Board of Auditors**, with the provision of a booklet with the courses on topics such as corporate governance, business environment, customer relationship, management for results and innovation management. The members of those committees also have at their disposal a coaching program; and
- **First-Investiture Managers Workshop**, which provides diplomas and training to branch managers who are appointed as first managers of the branches.



For 2018, our intention is to increase the engagement level of our professionals to 73.40%, almost two percentage points above the assessment in 2017

Knowledge Certification Program

Built in 2006 to certify knowledge of all employees in areas that we consider strategic, the action is valid for a period of five years and have an average of 42 thousand employees enrolled per semester. In 2017, the program underwent significant improvements, with an online pilot through which around 31 thousand tests were conducted in 200 test centers in all Brazilian states. The pilot was evaluated as “excellent” or “good” by 82% of the employees who performed the evaluation of reaction.

In the year, approximately 96 thousand certifications of knowledge were granted under the initiative, which totals more than 616 thousand internal certifications since the implementation.



Investment in Corporate Talent Development and Retention Programs (R\$ million)	2015	2016	2017
Amounts Invested in Corporate Programs to Develop and Retain Talents	133.7	97.4	102.2

We also adopted individual performance evaluation processes, which contribute to the assertiveness of training and professional advancement actions. Our Professional Performance Management (GDP) by Skills and Results enables us to identify development gaps. In 2017, GDP migrated to BB Platform, with an increase of 207.3% in feedback records – 127,931 in the evaluation cycle of the second half of 2016 and 265,154 in the second half of 2017.

The evaluation of the performance of the members of the governance bodies and the Executive Board is carried out through a specific instrument of analysis of professional skills, based on concepts of corporate governance. There is both self-evaluation and evaluation by the immediate superior, so that the members of the Board of Directors evaluate the President, who, in turn, evaluates the Vice Presidents, and so on.

404-3

Performance Evaluation ¹	2015	2016	2017
Number of Employees Who Underwent Performance Evaluation	104,582	106,772	103,784
Percentage of Employees Who Underwent Performance Evaluation	99.3	99.7	99.8

(1) Fluctuation arising from occasional absences greater than 90 days in each evaluation cycle, in addition to changes in the number of professionals of the staff.



Based on the needs for improvement identified and considering the career aspirations, we guide employees in the development of a Skills Development Plan (PDC), of voluntary adherence. In 2017, 62,882 plans were developed, 54.7% more than in the last cycle.

Another initiative is Radar do Gestor (Manager's Radar), a tool to track the performance of managers, with information on the results obtained by this audience in strategic issues. From these data, we grant the Management Certification, used in promotions and to

BB Managing Officers Project

In 2016, we started the BB Managing Officers Project, in partnership with an external company, for candidates for Senior Management positions. The objectives were to evaluate and mitigate succession risks and guide the development of the participants, in addition to subsidizing the promotion decisions.

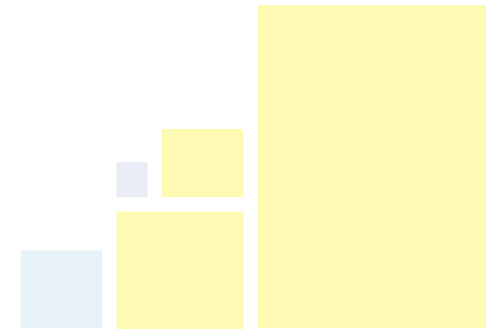
Based on interviews and workshops with our statutory members, as well as considering the profile found in equivalent functions in large companies, the behavioral skills needed in our staff were mapped. After this definition, we evaluated 268 leaders.

 See more in GRI Appendix **404-3**

reinforce meritocracy and career advancement, in addition to the transparency and fairness in decisions of movements. In 2017, in the latest update of the results of Radar, more than 5 thousand General and Business Managers of the Retail Network and Government received the Management Certificate.

In 2017, within the scope of the corporate programs of career advancement, we also conducted **404-3**:

- **Division Manager Career Advancement Program**, with 2,481 employees enrolled, of which 807 were evaluated by Management Committees and 376 in person – of these, 176 were approved and qualified. In line with our affirmative gender proposition, 53 vacancies were added for the participation of women in Management Committees' Evaluation; and
- **Executive, State Superintendent and Overseas Manager Career Advancement Program**, with an enrollment of 1,096 employees, of which 597 were evaluated by the Management Committees and 223 in person. In the end, 82 candidates were qualified for the Executive Manager and Superintendent Talent Base. Of these, 18 were also qualified for the Overseas Manager Talent Base. Regarding the participation of women, 50% of the candidates evaluated obtained the qualification.



Investing in corporate education is strategic to reach our purpose and objectives, as well as strengthen our organizational values. To this end, we adopted Diagnosis of Training Needs, Educational Planning, Implementation and Evaluation of Results of Educational Actions.

We keep UniBB focused on skills development and on training all the employees. Therefore, we offered face-to-face educational activities, in several Brazilian locations, and also virtually, in the UniBB Portal, improving training solutions by means of technological resources, such as tablets and smartphones. Our catalog of on-line courses consists of more than 460 solutions, in various formats (e-learning, video classes, games and infographic, among others) and with collaborative environments. Since the launch of our portal, in 2013, we provided more than 10 million courses, of which 2.7 million in 2017. In UniBB Mobile application, more than 540 thousand training sessions were provided in the last three years.

	2015	2016	2017	2018 goals
Amount of Active Dependents of the UniBB Family	56,563	71,017	105,551	118,366

Towards digital transformation, in 2017, we redesigned several educational activities, such as Leadership Trails, restructured based on the pipeline model adopted by us. Since the launch, in June 2017, more than 21 thousand employees have already participated. We also developed a specific strategy to reach culture and

skills development intended for digital thinking and actions, which consisted of the following initiatives:

- Workshops for the Executive Board, members of the Board of Directors, and the Board of Auditors and the Audit Committee, with the participation of experts in topics related to digital transformation;
- Production of video classes with the workshops carried out, available to all teams via UniBB Portal;
- International apprenticeship in digital business to our executives, with visits to the largest digital companies of the world, such as those located in Silicon Valley, New York and Israel. The apprenticeships aim to insert our top leaders in an innovative context;
- Coaching with a focus on identifying and changing limiting beliefs to the process of digital transformation. In 2017, 96 Vice Presidents, Officers, General Managers, Executive Managers and Superintendents performed 573 coaching sessions. Still in November, the coaching program was started for Private General Managers and Regional Superintendents, with 100 participants included; and
- Learning Trail on Digital Transformation, with technical and behavioral content with 13 educational solutions concerning the theme.

The training of our teams occurs through investments that we make to scholarships. In 2017, we provided 1,500 undergraduate program scholarships, 2,700 lato sensu and 65 *stricto sensu* graduate program scholarships, in addition to 1,000 English learning scholarships, of which 400 are intended solely to clerks and tellers.

DesEnvolVer

Through UniBB, we launched, in 2017, the DesEnvolVer game, with the participation of 56 thousand employees. The purpose is to train, in leadership skills, employees who have not yet assumed managerial functions, in addition to strengthening the role. Composed of challenges and missions, the game is divided into six phases:

1st – Self-knowledge (21,299 participations);

2nd – World of Work (18,440 participations);

3rd – Career Management (15,146 participations);

4th – People Management (10,187 participations);

5th – Process Management (16,760 participations); and

6th – Business Management (in progress).

We have also maintained the Mentoring Program, for three years, in order to improve the management of Managers. The model provides for the participation of experienced managers to share their knowledge and experiences with the professionals who took over for the first time the role, with emphasis on the development of interpersonal relationships.

404-1

Training	2015	2016	2017	2018
Minimum annual training hours for each employee	34h	34h	34h	30h ¹
Percentage of employees who fulfilled the minimum annual training hours	92.33	92.00	91.05	-
Target percentage of employees who must fulfill the quantity of minimum annual training hours	90	90	90	90

(1) The 30 hours of training include educational solutions available in the UniBB catalog, in the classroom and remotely. Employees are instructed to use part of these hours for courses considered strategic, in that year, for their area of expertise.

See more in GRI Appendix 404-1 | 410-1 | 412-2

Health, Well-being and Safety 403-1

We follow in our actions for the management of health and safety at work the Brazilian legal assumptions and consider international policies, such as the World Health Organization (WHO) and the International Labor Organization (ILO). Thus, we contribute to prevent and mitigate risks, which are managed through our network of Services Specialized in Safety Engineering and Occupational Health (Sesmt), present in all Brazilian states and the Federal District. Our Sesmt currently has 140 health

and safety professionals and its main assignments are: advisory service on ergonomics (furniture, equipment, environment, organization of work, etc.), adaptation of working conditions to disabled employees; identification of risks of accidents at work and occupational diseases; assistance in implementation of Internal Accident Prevention Commissions (Cipa); and training and implementation of Evacuation Groups (Grua), for actions in emergency situations.

It is worth mentioning the following activities:

- Environmental Risk Prevention Program (PPRA), which aims at safeguarding the health and physical integrity of employees at work. Our Engineers and Technicians of Occupational Safety, in visits to units, conduct a survey of environmental conditions for quantitative and qualitative evaluation of physical, chemical and biological risks, and forward recommendations to the adjustments required;
- Ergonomic Work Analysis (AET) to adapt working conditions to the psychophysiological characteristics of employees, with approaches to issues such as: furniture; equipment and environmental conditions such as noise, temperature, quality and humidity of indoor air and lighting;
- Safety inspection, with a focus on determining risks inherent in the environment through the verification of floors, carpets, stairs, doors and environmental signage, among others;
- Control procedures to exit the buildings in emergency situations, with support from Grua, composed of professionals trained to preserve the safety of staff and other occupants of the buildings of our use;
- Quality of Life at Work (QVT) Program, through which we provide funds for branches to stimulate the welfare in the professional environment with body massage, relaxation activities, nutrition, workplace exercise and educational lectures related to healthy habits for life, among others;
- Communications and Self-Development Team (Ecoa), with the function, among others, to support the Management Committee on the promotion of a healthy environment, in order to stimulate teamwork and reduce interpersonal conflict;
- Program for Assistance to Victims of Robbery and Kidnapping (Pavas), with medical, psychological, legal and security support to the population victimized or under threat in robberies and kidnappings aimed at our assets. In 2017, 482 employees were served through Pavas; and
- Face-to-face workshops for managers dealing with organizational climate, to reduce stress in the workplace.



Health and Safety at Work Management

We comply with the directives of the World Health Organization (WHO) and International Labor Organization (ILO)

403-1 | 403-2

From the regulation of Telecommuting, introduced in the Consolidation of Labor Laws (CLT), we evaluated the expansion of a pilot project of remote and voluntary action, adopting as a premise the prioritization of women, disabled people (PCD) and people in professional rehabilitation after a sick leave. In the first phase of the pilot project, 98% of those who participated approved the project, which brings gains in quality of life and reduction in the emission of greenhouse gases (GHG).

The promotion of well-being includes periodic health exams – 107,798 were performed from March to December 2017, of which 63,094 were men and 44,704 women. In addition to the consultation with an occupational physician, according to age and gender, professionals undergo complementary exams.

	2015	2016	2017	2018 goal
Vaccinated Employees Against the Flu (%)	62.28	67.20	60.40	61.00

Through Trilha Bem-Estar (Well-Being Path), available on the UniBB Portal, we seek to raise the awareness of our employees to adopt a healthier lifestyle from 18 educational solutions that include topics such as: nutrition and health, overweight and obesity, cardiovascular risk, stress and sleep quality, time management, conflict management, resilience, organization and ergonomics (professional guidelines). We also launched Trilha de Aprendizagem Saúde e Segurança no Trabalho (Occupational Health and Safety Learning Trail), which brings together a set of training sessions relating to occupational risks, labor, and social security law,

Absenteeism Rate ¹	2015	2016	2017
Total Absenteeism Due to Health Issues (% of total scheduled days)	3.48	3.30	2.95
Absenteeism Total Due to Occupational Health and Safety Issues (% of total scheduled days)	0.33	0,32	0.22
Absenteeism Due to Non-occupational Health Issues (% of total scheduled days)	3.15	2.98	2.74
Absenteeism Not Caused by Illness (% of total scheduled days)	2,64	4.90	1.95
Total Absenteeism	6.12	8.20	4.47

(1) The reduction in absenteeism due to occupational health issues and absenteeism due to non-occupational health issues was impacted by the reduction in the number of hours planned in view of the termination plan occurred at the end of the year 2016. Additionally, the fall of the percentage with regard to occupational health reflects the actions of prevention and pro-quality of life at work developed by Sesmt network and under the QVT program of BB.

See more in GRI Appendix 403-2

ergonomics, health and quality of life. The Ergonomics and Posture Instructions course, directed to all employees, benefited, from September 2015 to December 2017, 68,697 people.

See more in GRI Appendix 403-1 | 403-2

Absenteeism

For the purpose of reducing absenteeism and achieving increased performance, satisfaction with work and productivity, we prepared the Structured Stress Management at Work Program.

When researching the causes of sick leaves, we identified mental disorders as the main cause, followed by exposure to occupational risk factors in situations covered by Pavas. Traumatism and fractures are also relevant, in addition to musculoskeletal injuries.

Suppliers

In the relationship with suppliers, we promote respect for ethical, integrity and sustainability principles, with an emphasis on human rights and social and environmental management. We seek to ensure fair competition and cost competitiveness with the highest quality of raw materials, inputs, and services. These guidelines are provided for in the Suppliers Policy, revised in 2017 to consider the fight against discrimination in the workplace and stimulate the management practices that promote gender equity. During the year, we also performed the first cycle of social and environmental assessment of our suppliers (see more in chapter [Risk Management](#)).

In 2017, we kept 13,847 contracts in force, entered into with 2,723 suppliers. The total of payments released was approximately R\$7.9 billion. Of the total, R\$13.9 million were paid to nine suppliers domiciled abroad arising from 11 contracts – 0.18% of payments released. [102-9](#)

We adopt a kind of management intended for the control and monitoring of the provision of services and the quality of the products delivered. Therefore, we rely on criteria such as:

- Cost-benefit ratio;
- Operating capacity;
- Quality;
- Good standing;
- Socioenvironmental responsibility;
- Security and risk; and
- Compliance with the legal requirements, especially labor and those associated with business continuity.

We select our suppliers through the bidding process, according to Act No. 13,303/2016(State-Owned Companies Act) and its new Regulation of Bids and Contracts. Among the legal aspects, to choose the most advantageous proposal, are better technique, lowest price or best combination of technique and price. Our supply chain covers a number of sectors and activities, including the supply of goods (e.g. furniture and equipment), service provision (surveillance, consulting, engineering and architecture, among others) and rental of real estate. [102-9](#)

In all purchase processes, managers must speak formally about the establishment of environmental standards or justify the irrelevance of such criteria. Therefore, since 2016, we have been maintaining in our Bylaws, specific standards for sustainable contracts. They include standard purchase document and sustainable disposals, in compliance with the legal requirements and social and environmental commitments assumed by us.

[102-8](#)

Total Number of Outsourced Employees, by Region ¹	2017
North	1,875
Northeast	6,303
Midwest	4,954
Southeast	15,601
South	6,078
Total	34,811

(1) The number of outsourced employees is restricted to the services performed on an ongoing basis (for example, brigade contracts inspection, cleaning, etc.) and does not include data on temporary contracts or contracts without assignment of labor.

Supplier Segmentation

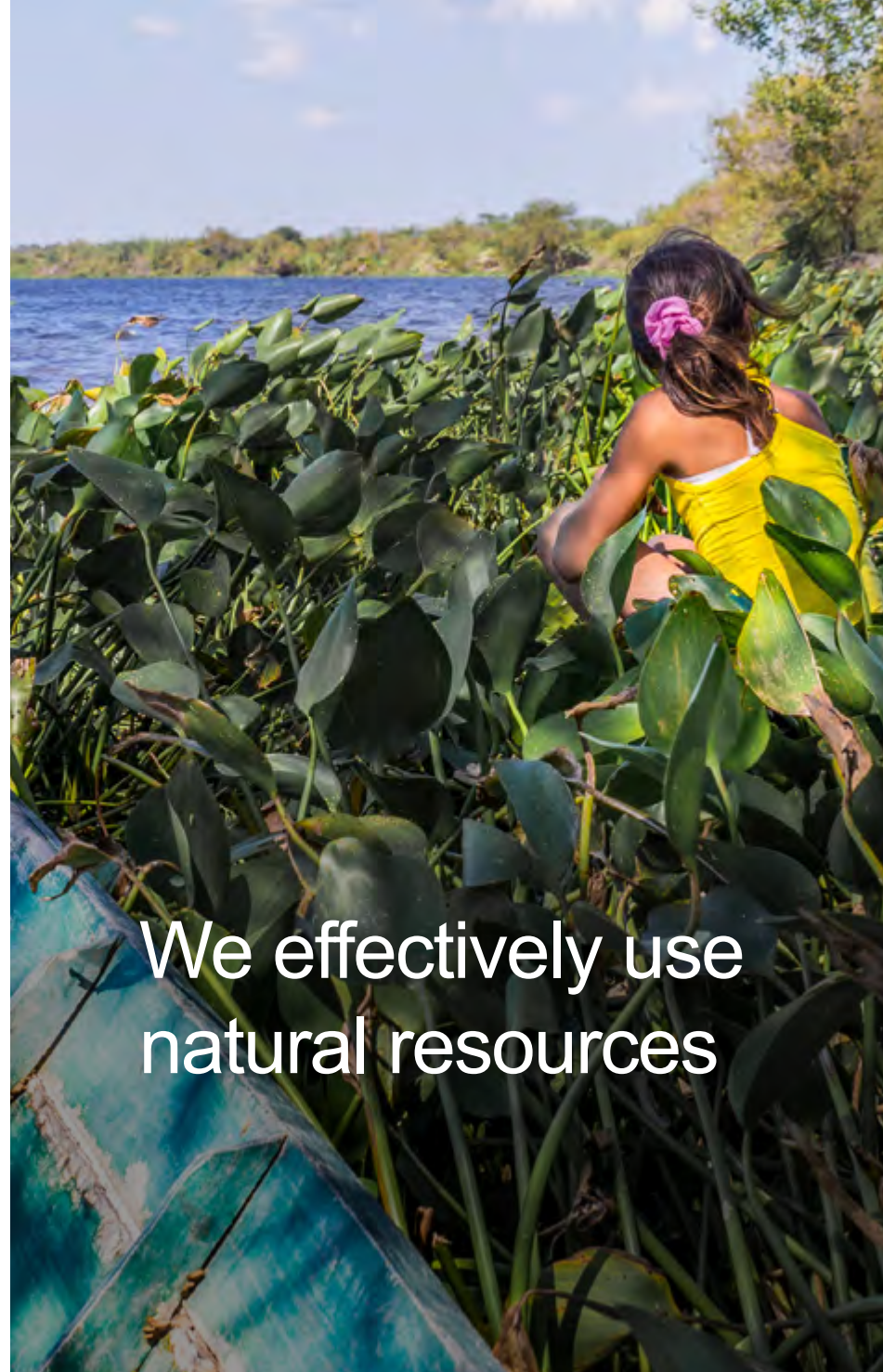
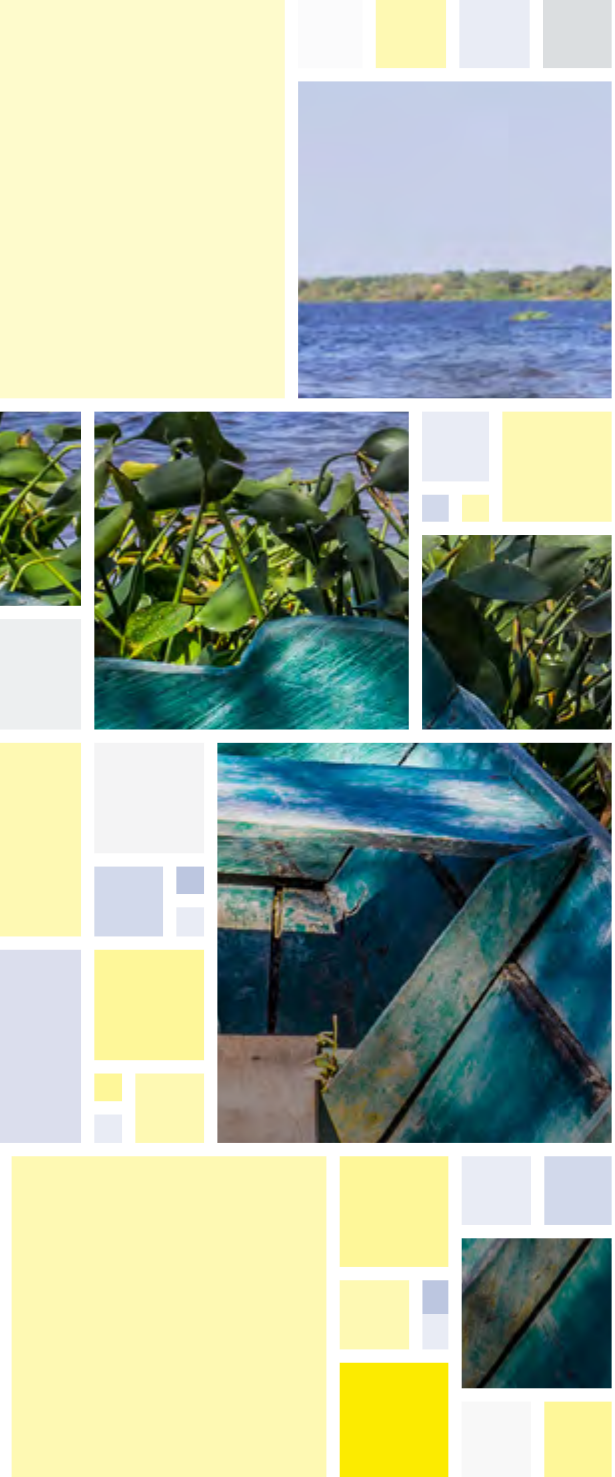


Such socioenvironmental responsibility instrument registers the contractual commitment by suppliers with environmental preservation practices and social development, as well as compliance with the labor and social security and anti-corruption laws. Another condition for the signing of the contract is the submission, by the company selected, of a statement declaring there is no minor employee in its staff. [414-1](#)

In addition, we included among the criteria for judgment the best destination of goods sold, which represents a breakthrough in the aspect of social responsibility. There are also contractual obligations related to human rights, such as: no use of illegal work and/or slavery-like labor; no use of negative discrimination and restrictive practices to access and maintain employment; no use of corrupt and/or unethical practices aimed at obtaining or giving unfair advantage, directly or indirectly; among others. The non-compliance with any of these requirements subject the supplier to administrative liability, which may, after the process in which its right to fair hearing is ensured, undergo sanctions as a warning, fine or suspension. [414-1](#)

By means of invitations to bid, we inform all our suppliers and other stakeholders about the restrictions aimed at ensuring the various principles governing the contracts, notably those of equality, morality, and legality. We also disclosed guidelines and information on the Prevention and Fight Against Corruption theme to our 2,723 suppliers (100%) on the Relationships with Suppliers page. [205-2](#)

[See more in GRI Appendix 407-1 | 408-1 | 409-1](#)



We effectively use natural resources

07 | Environmental Value Creation

- 88 Message from the Vice-President of Services, Infrastructure and Operations
- 88 Environmental Management
- 89 Environmental Management System
- 92 Ecological Footprint Index
- 92 Certifications

Transforming Role

Corporate Governance

Risk Management

Financial Value Creation

Social Value Creation

Environmental Value Creation

Among our various actions aligned to a commitment to sustainable performance, the main one in the period is our Solid Waste Managing Plan, through which we gave an environmentally appropriate destination to 1.5 ton of unserviceable assets. With the success of the program, we started, in 2017, a Civil Construction Waste Management Plan.

We aim always to the efficient use of natural resources, especially energy and water, plus we prioritize remote means of communication, such as video conferencing, to reduce commuting and, consequently, CO2 emission. The guideline also has a positive impact on our expenses and productivity and well-being of our staff. With these initiatives and products with environmental protection features, we were awarded prizes such as Latin America Green Finance and we are among the 30 Latin American companies that are leaders in sustainability.

This recognition of the proper course of our actions motivates us to keep the search for intelligent and efficient use of our resources, whether human or material.

In 2018, we will focus on especially the issue of operational efficiency. Using in the smartest way possible our resources, whether human or material. This will continue to be a focus of action: sustainable reduction of expenses. This process brings environmental and economic gains, in addition to the image of the institution by the commitment to the environment.

Carlos Hamilton Vasconcelos Araújo
Vice-President of Services, Infrastructure and Operations



Reduction of the total consumption of water by **10.3%** in the year 2017.



The reduction of electric power consumption avoided an expense of **R\$36 million**.



Reconditioning of **105 thousand** cartridges (which corresponds to **97.58%** of the total used in 2017) which provided savings of **R\$91.8 million**.



1,704 branches with the Selective Waste Collection Program implemented.



Digital transformation strategy, which contributed to reducing paper consumption by **628** tons.



In the first half of 2017, **42% (2,021 units)** of the branches evaluated reached the target set for IPE. Already in the second semester, **51% (2,902 units)** reached the indicator – a increase of 9% in compared to the first half.

Environmental Management

Our environmental management focuses on eco-efficiency, so that it minimizes the consumption of natural resources, waste generation, emissions of greenhouse gases (GHG) and, consequently, our ecological footprint (learn more on topic Ecological Footprint Index). We adopted as assumptions to:

- Train employees in socioenvironmental responsibility;
- Spread eco-efficiency concepts and practices;
- Adjust areas and equipment to rationalize the use and consumption of natural goods;
- Analyze processes under the prism of eco-efficiency;
- Adopt contractual clauses to protect the environment; and
- Improve our systems and maintain processes and scopes certificated in ISO 14,000 series, among other standards.

Our programs and initiatives of the Environmental Management System (EMS) consist of a set of objectives, assumptions, rules, requirements, programs, and initiatives that aim at the constant improvement of our environmental performance. For its relevance, our EMS follows the best environmental practices and is aligned with our Specific Socioenvironmental Responsibility Policy.

Environmental Management System

Through our Environmental Management System (EMS), prepared in reference to the Brazilian Standard ABNT NBR ISO 14,001:2015, we arrange and follow actions of control of the environmental impacts of our activities. Therefore, we coordinate efforts systematically to improve our performance. As a result, it is worth mentioning the following:



-10.3%

- The management promoted under the Rational Water Consumption Program (Purágua), which allowed the monthly figures of all branches to be tracked individually, with a total consumption reduction of 10.28% in 2017 compared with 2016, which would enable to supply a population of 2,904 inhabitants for a period of one year..



-13.6%

- The Power Consumption Rationalization Program (Procen), which comprised, during the year, internal awareness actions and the adequacy of operation of lighting and air conditioning, and enabled to avoid an expense of R\$36 million. Those 95.5 million kWh saved are enough to provide electric power to over 50 thousand houses in the year.



1,704

- The Selective Waste Collection Program, which covers the management of recyclable non-hazardous solid waste (paper, plastic, metal, and glass), ended 2017 with 1,704 branches, 4.66% greater than in the previous period.



-10.3%

- Our digital transformation strategy and the commitment of BB employees that contributed to reducing paper consumption by 628 tons, which corresponds to approximately 13.3 trees not cut down.



-11.6%

- The reconditioning of 105,112 cartridges (which corresponds to 97.58% of the total used in 2017) carried out within the scope of the Cartridge and Toner Reconditioning Program (Prorec), which resulted in savings of R\$91.8 million.

Since 2008, we carry out an inventory of GHG emissions and, for the quality and reliability of the process, we were awarded the Gold Seal of the Brazilian GHG Protocol Program, in addition to being included in the Carbon Efficient Index (ICO2) of B3 S.A. – Brasil, Bolsa, Balcão (B3).

We also have a database for the collection and systematization of the information of each environmental consumption indicator and, for the beginning of 2018, the adoption of the pilot project of the model of an environmental scan of our branches is expected in the Federal District.

 See more in GRI Appendix [301-1](#) | [302-1](#) | [302-3](#) | [302-4](#) | [303-1](#) | [306-2](#)

Eco-Efficiency 302-1 | 302-4 | 303-1

At the end of 2017, a study on electric power matrix and expenditure was under development so we could migrate from the regulated contracting environment (ACR) to the free contracting environment (ACL) in our 200 largest power-consumer units. The purpose is to find more sustainable alternatives, in addition to reducing costs. The cost-effective units will be the object of a bidding process for contracting a company that will be responsible for the management and implementation of the migration and purchase of electric power with the Board of Electric Energy Commercialization (CCEE) – with savings of up to 20% expected in the amount paid for electric power in these buildings.

With a focus on rational consumption, we adopted, in 2017, regional parameters, with the establishment of actions to achieve the proposed amounts, which vary according to weather differences of each region. We also foresee, in case of non-compliance, the preparation of studies to adjust the profile of electric power consumption.

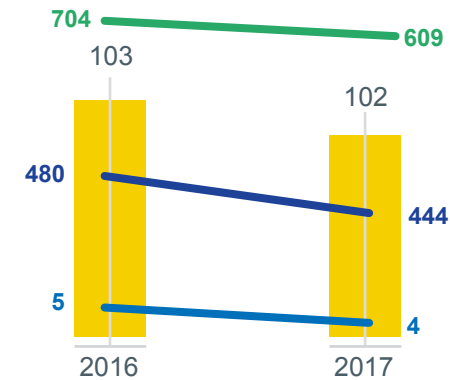
Throughout the year, we also stipulated the following measures to achieve greater energy efficiency:

- Comply strictly with the schedule for turning the air-conditioning devices on and off, since this system is responsible for 60% of our electric power consumption;
- Adjust the air-conditioning system in 23 °C to meet the Brazilian standards in force;
- Periodically check the operation of the timers of lighting and air-conditioning systems of the self-service;

- Turn off printers, stabilizers, computers, and monitors after the close of office hours;
- Turn off the lights of environments that are not being occupied and places with good natural lighting; and
- Turn on the ventilation system of air-conditioning devices only on cold days.

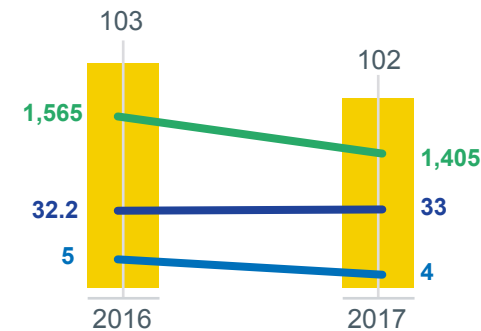
Power Consumption – Comparative

Total Expenditure – millions
 Electric Power Consumption – GWh
 Total Employees – thousands
 Total Branches – thousands



Water Consumption – Comparative

Total Expenditure – millions
 Water Consumption – millions of liters
 Total Employees – thousands
 Total Branches – thousands



See more in GRI Appendix 301-1 | 302-1 | 302-3 | 302-4 | 303-1 | 306-2



We also carried out, during the months of October and November 2017, two campaigns: one of clarification (Electric Power Responsible Usage Campaign) and another designed to eliminate the charge of fines on the electric power bill (Zero Fine Campaign).

Our water comes from public utilities and we also adopt efficient regionalized consumption parameters. Between 2013 and 2017, a reduction of 47% was achieved in water consumption.



47%

Reduction of water consumption between 2013 and 2017

Greenhouse Gases (GHG)

We are the founders of the Empresas pelo Clima – EPC (Businesses for Climate) Program and the Brazilian GHG Protocol Program, both intended for reflection and proposal of anti-climate change actions. We integrate the Thematic Chamber of Climate Changes (CT Clima), an initiative coordinated by the Brazilian Corporate Council for Sustainable Development (CEBDS) in order to assist companies in adopting strategies to take advantage of opportunities and mitigate risks and restrictions on GHG emissions.

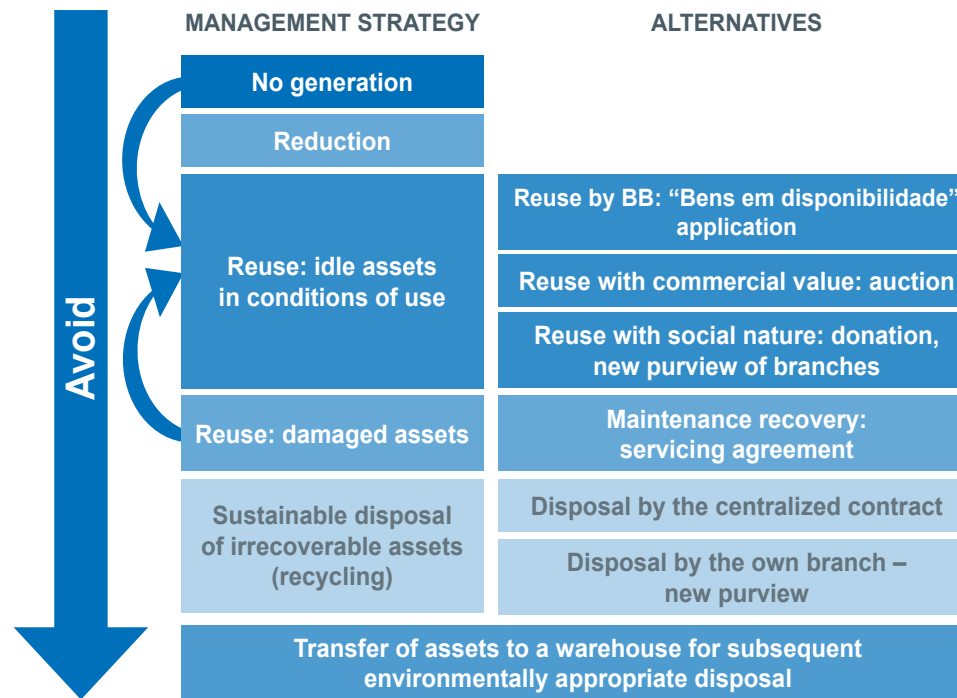
In 2017, we sought greater comprehensiveness and reliability of our GHG emissions inventory, which follows the methodology of the Brazilian GHG Protocol Program and can be accessed on the website of the Public Registry of Emissions.

For the evolution of our management in the theme, we hired a company that is specialized in environmental audits for external verification of our inventory, in accordance with ISO 14,064 and the GHG Protocol methodology.

Solid Wastes 306-2

In 2015, we approved our Integrated Solid Waste Management Plan (PGRS), which seeks to foster and aggregate internal initiatives and meet the parameters of the National Solid Waste Policy (PNRS). In 2017, we expanded the coverage of branches with the selective waste collection and improved the waste disposal process. To this end, the main initiatives were:

- Creation of a team to prepare an inventory of the logistics stock of unserviceable assets; adapt the procedures provided for in the regulations; adopt standardized models for the donation and allocation of unused assets; and develop initiatives such as awareness, dissemination of knowledge and training on sustainable waste disposal;
- Reuse of assets and development of management strategies that prioritize the reuse (see figure);



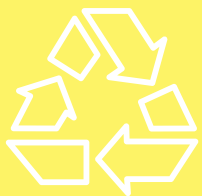
- Implementation of an internal application, covering all of our branches and allowing the reuse of idle assets in order to avoid unnecessary acquisitions;
- Donation of 17,837 furniture and equipment items in conditions of use to public institutions and nonprofit civil society organizations;
- Improvement in the process of maintenance of furniture, with the consequent increase of the useful life and reduction of expenditure on purchases;
- Recycling of more than 156 thousand unserviceable assets, equivalent to 1,420 tons of materials that returned to the production cycle. In 2017, 169,080 unserviceable assets had the environmentally appropriate destination and were recycled;
- Reduction of expenses with spaces and transportation of unserviceable assets;
- Publishing of a guidebook internally on the main forms of disposal of unserviceable assets, in addition to offering, in UniBB, a course on solid wastes;
- Mitigation of legal and image risks resulting from the inappropriate disposal of assets; and
- Logistic inventory of unserviceable assets, segmented per branch, with the identification of the need for environmentally appropriate disposal of 2,309 tons.

For the coming years, we listed as challenges to adapt processes of storage of movable assets and hire a specialized company for environmentally appropriate final disposal and/or recycling of 2,535 tons of waste of unserviceable assets.

See more in BB Annual Report online

305-1 | 305-2 | 305-3 | 305-4 | 305-5

See more in GRI Appendix 306-2



Ecological Footprint Index

In order to expand the coverage of the Selective Waste Collection Program, enhance the reduction of GHG emissions and minimize the consumption of water, electric power, and paper, we adopted the Ecological Footprint Index (IPE), an instrument by which we evaluate all of our branches. The actions occur as follows:

- **Water:** evaluation by the accumulated average of monthly consumption records of the branch, with a consumption target equal to or less than the established regional pattern;
- **Electric power:** evaluation by the accumulated average of monthly consumption records of the branch, with a consumption target equal to or less than the established regional pattern;
- **Paper:** goal of linear reduction of 2% in consumption in comparison to the same period of the previous year for Strategic, Tactical and Operational Units and Retail Branches; and



	2015	2016	2017	2018 Goal
Branches with Selective Waste Collection Implemented	1,458 ¹	1,628	1,704 ²	To expand the selective waste collection program to another 100 branches.

- (1) There was no goal.
- (2) The implementation of the selective waste collection requires cooperatives or associations of waste pickers or public selective waste collection in the municipality. In 2017, there was an increase of other 152 branches with selective waste collection implemented, overcoming the target (100 branches) by 52%. However, there was the closure of 76 branches that already had selective waste collection implemented, which totaled 1,704 units with the Selective Waste Collection program implemented.

- **Selective waste collection:** evaluation by the monthly record of the volume of waste disposed of selectively (paper, plastic, metal, and glass) and sent for recycling.

In the first half of 2017, 42% (2,021 units) of the branches evaluated reached the target set for IPE. In the second half, 51% (2,902 units) reached the indicator – a 9% advance in comparison with the first half. This result was due to actions of communication, guidance, and monitoring of the performance of the units.

Certifications

At the end of 2017, we kept the following certifications attesting our commitment to environmental preservation:

- **Leadership in Energy and Environmental Design (LEED)**, a seal related to the sustainable construction granted by the Green Building Council, of the United States, in our head office of Brasília (DF); and
- **ISO 14,064**, in our Inventory of GHG Emissions.

Our Sustainability Plan – Agenda 30 BB includes the goal of acquiring ISO 14,001 in strategic buildings in Brasília: for 2018, it is expected for the headquarters building of Banco do Brasil and, by 2019, for CCBB and the Technology Complex – headquarters building IV.

GRI Appendix

102-3: Location of the organization seat

Setor de Autarquias Norte, Quadra 5, Lote B,
Edifício Banco do Brasil, Brasília, Distrito Federal, Brazil

102-6: Markets where the organization operates

We closed 2017 with 64.5 thousand points of service between proper, shared, and corresponding networks, and thus we are present in 99.8% of the Brazilian cities.

For more information on the network of branches by region, please refer to the [Q4/2017 Performance Analysis \(page 98\)](#).

The credit portfolio by economic activity sector can be found in explanatory note No. 10 (Credit Operations) on the [2017 Consolidated Financial Statements \(page 53\)](#).

Our customer base can be referred to in Chapter 6 of the [Q4/2017 Performance Analysis \(page 84\)](#).

102-12: Initiatives developed externally

Our public sustainability commitments and initiatives are available on our [website](#).

102-13: Participation in associations

The following are the main bodies, entities, or associations of which we are members or representatives:

- Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável (CEBDS);
- Câmara Temática de Finanças Sustentáveis coordinated by the Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável (CEBDS);
- Brazilian Committee for the Global Pact – coordinated by the United Nations Organization (UNO);

- Conselho Caring for Climate – coordinated by the United Nations Organization (UNO);
- Carbon Disclosure Program (CDP) Technical Council;
- FEBRABAN'S Committee for Social Responsibility and Sustainability;
- Federação Brasileira de Bancos (FEBRABAN);
- Federação Nacional dos Bancos (FENABAN);
- Federação das Indústrias do Estado de São Paulo (Fiesp);
- Associação Brasileira das Entidades de Crédito Imobiliário e Poupança (Abecip);
- Associação Brasileira das Empresas de Cartões de Crédito e Serviços (Abecs);
- Associação Nacional das Instituições de Crédito, Financiamento e Investimento (Acrefi);
- Associação Brasileira de Empresa de Leasing (Abel);
- Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais (Anbima);
- Instituto Brasileiro de Relações com Investidores (Ibri);
- Associação dos Analistas e Profissionais de Investimento de Mercado de Capitais (Apimec);
- Instituto Ethos de Responsabilidade Social Empresarial (Ethos);
- Associação Brasileira de Instituições Financeiras de Desenvolvimento (ABDE);
- Associação Brasileira de Administradores de Consórcios (Abac);
- Associação Nacional de Bancos (Asbace);
- Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização (CNseg);
- Associação Brasileira de Comunicação Empresarial (Aberje);

102-13: Participation in associations

- Associação Brasileira de Private Equity e Venture Capital (Abvcap);
- Associação Brasileira das Companhias Abertas (Abrasca); and
- Associação Brasileira do Agronegócio (Abag).

102-15: Main impacts, risks, and opportunities

The main opportunities identified by us are associated with the overcoming of the economic recession episode, which caused the Country to resume gradual growth in 2017. The main sectors at this level of activity showed signs of recovery, with an emphasis on the performance of agriculture, which reported a record grain crop, and in the transformation industry. The drop in inflation and interest, and the improvement noted in the job market favored the retail sector, which increased family consumption, and raised the levels of reliability in several economic segments. The gross formation of fixed capital showed a positive result after 15 quarters of decline.

Mainly favored by the drop in food prices, there was a relevant disinflationary shock on economy, which inflation, as measured by the IPCA, closed the year with a variation below the goals interval floor. The high level of idleness in the economy and the colling in prices associated with factors less sensitive to the monetary policy, such as services, contributed in this direction.

The fall in prices generated positive vectors for the Brazilian economy, which was crucial for continuity of the monetary policy easing process, which resulted in a reduction of the Selic to 7.0% p.y., its lowest level on record. Lower interest rates and an increase in the real family income encouraged the demand for credit by this segment.

In addition to the recently promoted structural changes, such as the approval of the Long-Term Rate (TLP), the law on the ceiling for public expenses, and the labor reform, the continuity in the advancement of the reforms agenda will be crucial for equating public accounts,

which will enable increased gains in terms of reliability, investments, and economic growth rates in the medium and long term. Within this context, the credit market should undergo significant recovery.

102-19: Delegation of authority

Authority is delegated by the Board of Directors to the executives in the Executive Board as defined in article 21, item X and article 28 of our Bylaws, which set forth that it is up to the Board of Directors to set the number, select the members, and define the assignments of the Executive Board, and that the latter, in turn, must complete the assignments defined by the Board of Directors, always in accordance with the principles of good banking technique and good corporate governance practices.

Specifically with respect to the environmental and social topics, this theme is addressed by the Board of Strategy and Organization, which is directly linked to our CEO, who is responsible, among others, for the management of topics associated with the socio-environmental responsibility, and by the Board of Governance.

102-21: Consultation with stakeholders on economic, environmental, and social topics

Our audiences of interest actively participate in the construction of our socio-environmental responsibility management model. In 2016, for the sixth time, we updated the Banco do Brasil Sustainability Plan – Agenda 30 BB for the period between 2017 and 2019. The prioritization of the challenges and the definition of the sustainability actions for Agenda 30 BB included a virtual consultation with stakeholders of all mapped categories, in addition to in-depth interviews with priority audiences, and events gathering executives and collaborators.

On a yearly basis, we report our socio-environmental performance to the Board of Directors (CA). The content of the referred report is based on

our result in the Dow Jones Sustainability Index (DJSI) selection process every year, as well as the rendering of accounts on the actions developed within the scope of our Sustainability Plan – Agenda 30 BB. It should be stressed that these actions are set forth to help us meet the challenges prioritized by the several relationship audiences.

Quantitative and qualitative reports are submitted on a biannual basis to the CA, containing all accusations, complaints, and suggestions submitted by customers in our service channels (CABB, SAC, and Ombudsman Service), and proposing actions to solve the existing issues.

Our Audit Committee (Coaud) relies on a communication channel in our website. To assist shareholders, analysts, and investors, we rely on the Fale com a RI channel.

102-27: Collective knowledge on the highest governance body

The key approach in the training of our directors and counselors in 2017 was the digital transformation process in the economy, and especially, in the banking sector. We provide lectures with international experts, in addition to making available to Directors, General Managers of Strategic Units, Board of Directors, and Tax Department, a portfolio containing nearly 20 courses in open classes, offered by local and international business schools, also on the corporate governance, business environment, customer relations, management for results, and innovation management.

In addition to these specific actions, our high management, as well as our counselors, have access to the UniBB website and to the UniBB Mobile application, which are available in several courses and learning tracks on multiple topics. In 2017, the highlight was the launching of the High Management on Focus video class, which addresses topics such as Anticorruption Act, Corporate Legislation, and Information Confidentiality and Disclosure.

102-29: Identification and management of the economic, environmental, and social impacts

Upon demand, the Board of Directors will deliberate, within the scope of its activities, upon topics intended to enhance our socio-environmental performance.

The main functions of the Board of Directors (CA) are to define the guidelines for BB's activity, approve the Banco do Brasil Corporate Strategy, and follow up, on a monthly basis, the company's economic and financial performance. This follow up encompasses all issues regarding its statutory competences, including the impacts, risks, and opportunities arising from economic, environmental, and social questions, and is conducted by means of mechanisms for following up the strategic actions approved for the company, as well as other specific reports prepared and submitted to the Council on a regular basis by the relevant departments. In this sense, the CA also gives guidance on decisions and sets forth actions and goals for all received questions.

We also manage our impacts, risks, and opportunities through the contributions received from our stakeholders by our Ombudsman Office and by the Coaud directly linked to the CA.

Our audiences of interest also subsidize the management of the Corporate Socio-Environmental Responsibility in the collective construction of our Sustainability Plan updated in 2016 (Agenda 30 BB) through online consultations, in-depth interviews, thematic panels, and on-site events. Environmental, social, and economic risks, impacts, and opportunities that provide support to Agenda 30 BB were identified in these interactions. The rendering of accounts on our socio-environmental performance takes place on a yearly basis.

In those cases in which the need for due diligence is verified, our CA will order the relevant department to start the process.

Rendering of Accounts – Agenda 30 BB

Challenges	Actions	Maturity	Report
Challenge 1	4. To establish an Eligibility Committee for the appointment and assessment process, linked to the Board of Directors, to assist shareholders in appointing members for the Board of Directors, the Tax Council, the Executive Board, and the CA advisory committees.	12/31/17	Action completed within the term. In the CA meeting held March 20, 2017, we approved the expansion of the scope of activity of the Remuneration Committee, which is now referred to as Remuneration and Eligibility Committee (Corem). The Corem Internal Regulation is available in the Investor Relations website.
Challenge 1	5. To constitute a Sustainability Committee, or include the sustainability topic as a topic under the formal responsibility of an already existing committee linked to the CA, containing at least one member of the CA.	12/31/17	Action completed within the term. We created the Risk and Capital Committee (Coris), which purpose is to advise the CA on the exercise of its functions associated with risk management, among which, the socio-environmental and the capital risks, in a unified manner, for institutions joining Banco do Brasil's Prudential Conglomerate.

Challenges	Actions	Maturity	Report
Challenge 3	8. To develop a continuous engagement system with a focus on the customer experience, to collect suggestions on innovations/improvement of BB's businesses and processes.	12/31/17	Action completed within the term. The Customer Council was instituted for the following segments: High-Income Natural Person, Natural Person – Other, Wholesale Legal Entity – Middle, Wholesale Legal Entity – Upper Middle, and Corporate. Comprised by no more than 12 customers, its main objective is to strengthen and improve BB's customer relations management.
Challenge 4	9. To assess the implementation of the process for the external check of information on the number of customers using online financial services.	12/31/17	Action completed within the term. We considered it relevant to implement the process for the external check of information on the number of customers using online financial services. Therefore, as of 2018, we will work on making this process feasible.
Challenge 7	20. To define and implement procedures based on the identification of business opportunities in the supplier chain.	12/31/17	Action completed within the term. We adapted our management information systems with the purpose of prospecting new businesses upon the signing of agreements with suppliers.
Challenge 7	21. To review the Sustainability Track for all hierarchic levels with an emphasis given to content on Social Businesses.	12/31/17	Action completed within the term. We revised our Sustainability Track, including courses on the topic Social Businesses, with content updating.
Challenge 11	27. To strengthen gender equality at BB based on the development of a corporate action plan defining indicators and goals by organizational unit.	Still Annual	Action in continuous development. We structured a corporate action plan that consists of two action lines (internal and external audiences) divided into three axes. We identified opportunities to increase the participation of women in functions in which the highest percentage of gender inequalities was verified, and thus indicators for inducing the appointment of this audience were created.
Challenge 14	36. To establish a process for communicating and/or negotiating with confederations and unions in case of organizational changes.	06/30/17	Action completed within the term. We established, in partnership with confederations and unions, thematic and negotiation round tables with the purpose of maintaining the continuity of the communication process.
Challenge 14	39. To strengthen actions for developing competences for digital transformation, operational efficiency, and people management.	12/31/17	Action completed within the term. In 2017, we launched a set of educational solutions for several audiences of employees, such as the MBA in Bank Innovation and Digital Business Strategy, the Knowledge Track – Digital Transformation, and the Develop Game, in addition to a round of lectures by the MIT associated with digital transformation and innovation for BB Executives.

Challenges	Actions	Maturity	Report
Challenge 14	41. To measure employee satisfaction based on a statistically reliable representative sample of the population of BB employees.	12/31/17	Action completed within the term. We conducted an Research on Organizational Engagement and Environment between May 2 and June 9, based on data obtained from a representative sample. The final result was 79.20% of satisfied employees in 2017.
Challenge 16	46. To prospect and assess the feasibility of proposing, in conjunction with customer and product managers, financial solutions and business models that promote transition to a Green and Inclusive Economy specific for the several business pillars of Banco do Brasil (Wholesale, Legal Entity Retail, Natural Person Retail, Agribusiness, Government, and Private).	Still annual	Action in continuous development. We will intensify the use of the mobile channel. Among the actions, emphasis should be given to Vehicle Credit, which volume was increased by 32% between January and December 2017, which represented, as a result, a reduction in 180,000 print sheets. In addition, with the purpose of reducing social inequality and fostering investments in environmentally sustainable solutions, we implemented the business model "Município mais que digital", as well as developed a technical/economic arrangement for forest recovery in legal reserve areas with one of BB's commercial partners.
Challenge 19	64. To develop routines and procedures to identify, classify, assess, monitor, mitigate, and control environmental risks in operations, in accordance with the provisions in CMN No. 4,327, article 8 th ; and in SARB No. 14, articles 3 th , 7 th , 9 th , 10 th , 11 th , 12 th , 13 th , 14 th , 15 th , 16 th , 17 th , and 18 th .	06/30/17 – construction of a socio-environmental rating based on the application of questionnaires and construction of a risk matrix.	Action completed within the term. On June 20, 2017, in the Internal Controls and Risk Management Executive Committee, we approved the construction of the Socio-Environmental Rating.
Challenge 19	66. To update, on an annual basis, BB's Sustainability Guidelines for Credit, two by sector and one by topic, and make them public.	Still annual	Action in continuous development. We updated and published the Sustainability Guidelines for Credit on December 26, 2017 in the BB website .
Challenge 24	76. To review BB Guidelines on Private Social Investment in integration with the BB conglomerate.	12/31/17	Action completed within the term. We approved the new BB Guidelines on Private Social Investment on December 26, 2017. The document was published on the website of Banco do Brasil.
Challenge 24	78. To identify and institute, in conjunction with Fundação Banco do Brasil, the best Private Social Investment assessment models.	12/31/17	Action completed within the term. In conjunction with the FBB, we identified and evaluated ISP assessment methods and methodologies. The FBB submitted the Effectiveness Program methodology, which provides for the analysis of the projects in which it invests, through indicators assessed both on zero milestone (start of the project) and on subsequent milestones.

Action	Origin of the Proposal	Deadline
PROSPERITY PILLAR OF THE SUSTAINABLE DEVELOPMENT GOALS		
Challenge 2: to identify and manage medium- and long-term non-financial and/or emerging risks that could significantly impact Banco do Brasil's businesses.		
7. To develop sectoral studies comparing the risk and return of green economy and high-impact activities for submission to the customer/product management departments.	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	06/30/18
PARTNERSHIP PILLAR OF THE SUSTAINABLE DEVELOPMENT GOALS		
Challenge 6: To strengthen the prominence of Banco do Brasil in the conduction of social businesses through comprehensive, efficient, and innovative solutions and in alignment with public policies.		
12. To review processes associated with social businesses with an emphasis on digitalization, to gain efficiency and coverage.	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	06/30/18
13. To structure a model for fund raising, management, and investment in social business with high social and environmental impact.	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	12/31/18
15. To develop and implement actions in training on social businesses, with a focus on the use of digital media for potential customers for social businesses and ISP, and for the internal audience.	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	12/31/18

Action	Origin of the Proposal	Deadline
PEOPLE PILLAR OF THE SUSTAINABLE DEVELOPMENT GOALS		
Challenge 11: to ensure proportionality in the representation of gender and race at all hierarchic levels of Banco do Brasil.		
26. To develop and implement actions in training the operational staff on human rights in order to create opportunities in terms of gender, race, and color.	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	06/30/18
27. To strengthen gender equality at BB based on the development of a corporate action plan defining indicators and goals by organizational unit.	Action 44 of Agenda 21 BB 2015-2017.	Still annual
Challenge 14: to strengthen Banco do Brasil’s activity with respect to human capital, considering the management of health, safety and welfare, and the development and retention of talents.		
38. To develop an action plan and implement measures that increase the levels of health and wellbeing of employees (to develop a model for prevention of stress in the workplace, improving quality of life in the workplace and the satisfaction of employees).	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	12/31/18
Challenge 15: to strengthen Banco do Brasil’s activity with respect to the ethics and corruption fighting theme.		
42. Reassess and enhance communication plans and training actions associated with the topic ethics, with a focus on Human Rights and the fight against corruption, for BB and its Linked Entities.	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	06/30/18

Action	Origin of the Proposal	Deadline
PLANET PILLAR OF THE SUSTAINABLE DEVELOPMENT GOALS		
Challenge 16: To develop financial solutions and business models that promote a transition to a green and inclusive economy.		
44. To develop actions in training the internal audience on inclusive and green economy, with a focus on business opportunities by market segment.	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	12/31/18
46. To prospect and assess the feasibility of proposing, in conjunction with customer and product managers, financial solutions and business models that promote transition to a green and inclusive economy specific for the several business pillars of Banco do Brasil (Wholesale, Legal Entity Retail, Natural Person Retail, Agribusiness, Government, and Private).	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	Still annual
Challenge 19: To improve socio-environmental risk management based on socio-environmental criteria in the granting of funds, also considering controversial topics.		
65. To define the technical specifications and demand the development of an IT system to support socio-environmental risk management.	Action 61 of Agenda 21 BB 2015-2017.	12/31/18 – construction of a base for Socio-Environmental Risk losses.
66. To update, on an annual basis, BB’s Sustainability Guidelines for Credit, two by sector and one by topic, and make them public.	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	Still Annual

Action	Origin of the Proposal	Deadline
PEACE PILLAR OF THE SUSTAINABLE DEVELOPMENT GOALS		
Challenge 24: To improve integration between Private Social Investment and the business strategy.		
79. To apply the methodology instituted by BB and FBB for assessing Private Social Investment using the beneficiary bases obtained on zero milestone.	Action 6 of Agenda 21 BB 2015-2017.	12/31/18
82. To assess the possibility of defining and implementing a fund raising system for the FBB with the companies in the Conglomerate and costumers in the Wholesale and Retail pillars.	Action originating from the process for updating the Sustainability Plan – Agenda 30 BB 2017-2019.	12/31/18

102-36: Proceeding adopted to determine the remuneration

The remuneration of our employees corresponds to the sum of personal funds, and if applicable, funds associated with the exercise of their functions. Personal funds are calculated on an individual basis, and when enforced, become irreducible, varying according to the employee in function of the career, function/commission background and date of tenure. The amounts of those funds associated with the exercise of functions are defined according to the assignments, hierarchic level, complexity, area, and category, among other factors linked to each function/commission, and thus may be terminated or changed at any time.

With the purpose of providing remuneration compatible with that of the main competitors, among other financial institutions, we conducted a study on both internal and external wage balances. The internal balance study takes into account the remuneration scale for functions and positions included in our organizational structure.

In addition, the study observes the activities, responsibilities, and command magnitude, among other factors associated with the functions/positions/commissions. To assess the external balance, the annual remuneration research conducted by the Consultancy Company Mercer Human Resource regarding the banking segment, issue 2017. There is no participation of independent remuneration consultants in our management in this process.

102-38: Ratio of total annual remuneration

The ratio of total annual remuneration for the best-paid individual at BB for the average total annual remuneration for all employees (excluding the best-paid employee) in Brazil was 17.16.

102-41: Collective bargaining agreements

The percentage of employees covered by collective bargaining agreements is 100%.

102-42: Identification and selection of stakeholders

The 2018-2022 Strategic Planning process includes an analysis of the value chain for identifying those stakeholders which participation would be significantly relevant in the formulation of the Corporate Strategy. Two groups were identified: one consisting of directors, and the other comprising shareholders, customers, collaborators, Linked Entities, and regulators.

With respect to the process for prioritizing the challenges in sustainability to update the actions of the Sustainability Plan and direct the content of the Annual Report, we set forth our stakeholders map in four prioritization levels, considering the nature, the businesses, and the activities of our Company. All categories were invited to participate in the virtual consultation process and those relationship audiences considered to be the priority and very important answered the in-depth interview. The contributions of each category were consolidated according to the weight on the influence and impact axes, and their relevance was attributed according to the priority in the stakeholders map.

102-43: Approach adopted by the organization to involve stakeholders | 102-44: Main raised topics and concerns

Our stakeholders are involved on a regular basis in different consultative and decision making moments, with an emphasis on the preparation of the BB Corporate Strategy, the BB Sustainability Strategy, and for the customer satisfaction survey.

BB Corporate Strategy

Our Corporate Strategy is formulated based on Banco do Brasil's Strategic Planning, which includes, among its premises, the active participation of stakeholders and the holding vision. In the 2018-2022 Strategic Planning cycle, there were significant advancements associated with the expansion of its coverage through more active participation of stakeholders, such as Banco do Brasil's shareholders, employees, leaderships, and representatives of Entities Linked to Banco do Brasil (ELBB).

A total of 45 interviews were conducted with executives, directors, and members of the Steering Board and the Board of Directors, an electronic survey with more than 150 executives, state or regional superintendents, nine workshops with employees and statutory officers, an electronic survey with approximately 32 thousand employees and 18 work sessions with strategic units in the step for formulating indicators and goals.

BB Sustainability Strategy and Annual Report

Our Sustainability Plan is reviewed every two years to be kept updated and in line with the demands of audiences of interest. Several events to engage stakeholders for the definition of the materiality and updating of the Plan for the period between 2017 and 2019

were held in 2016 and resulted in priority challenges to our management. With the purpose of integrating the report to the management, the material topics that subsidize the content of the Annual Report correspond to the sustainability challenges listed in our Sustainability Plan – Agenda 30 BB, which has been directly collaborating to improve governance practices and to incorporate socio-environmental variables in the company's management and businesses.

The method used to engage relationship audiences was virtual consultation and in-depth interviews to prioritize sustainability challenges. This approach method enabled the expansion of the relationship audience, which generated opportunities for participation of employees, customers, shareholders/investors, and suppliers nationwide. The consultation included the participation of 7,145 stakeholders, of which 7,117 were on-line and 28 through in-depth interviews. In addition, a Special Sustainability Forum was held and attended by executive managers with the purpose of assessing our management maturity in the light of the 25 mapped sustainability challenges, and validating the materiality matrix resulting from the virtual consultation and in-depth interview process.

Considering the prioritized challenges, the directors, general managers, and executive managers of the Strategic Units assessed and defined the actions addressed to each challenge, those in charge, and their respective completion deadlines. As a result of this process, the Steering Board approved the Sustainability Plan – Agenda 30 BB for 2017-2019, which includes 82 actions.

These actions are included in the Employment Agreement (ATB) of the departments in charge of developing initiatives, and comprise one of the indicators that measure the performance of the management of our Units with respect to the goals set. This assessment

model impacts the variable remuneration of employees through the payment of profit sharing (PLR).

This cycle is completed once we have rendered accounts on the actions developed and associated with the material challenges to the audiences of interest through the Annual Report.

Satisfaction Research

The satisfaction surveys interview customers who are natural persons, legal entities in the private sector, and legal entities in the public sector. In general, the surveys assess the satisfaction of customers with personal relationship, service channels, and general satisfaction with our services. We adopt the experience accumulation satisfaction methodology, through which customers answer the questionnaire based on the last year of banking relationship.

Preserving unbiasedness, we contracted marketing survey institutes members of the Associação Brasileira de Empresas de Pesquisa (Abep) or to the European Society for Opinion and Marketing Research (ESOMAR), to conduct satisfaction surveys. The research is conducted in two phases: a qualitative phase, with the purpose of surveying the satisfaction attributes, and perceptions of customers on the Bank, which occurs an average of three times per year; and a quantitative phase, conducted on a yearly basis with the purpose of measuring the satisfaction perceptions and attributes surveyed in the qualitative step.

In general, the attributes most valued by customers in the composition of their degree of satisfaction are those associated with their relationship with the Bank employee in charge of their account. The results are presented to the departments in charge of the relationship with customers and managers of the network of branches.

102-46: Definition of the content of the report and limits of material topics | 102-47: List of material topics | 103-1: Explanation of the materiality and its limit

In 2016, we reviewed our materiality in accordance with the GRI guidelines and fully met the steps involving the identification, prioritization, and validation of relevant topics for defining the content of this report.

It should be stressed that, with the objective of integrating the report to the management, our material topics represent the sustainability challenges listed in our Sustainability Plan, entitled Agenda 30 BB, in line with the 2030 Global agenda and the ODS. Our challenges are mapped based on the assessment of local and international sustainability trends, market indexes, demands of the society in general, and mainly, the connection of our business strategies with the ODS.

We also take into consideration our Corporate Strategy. As a result of this assessment, 25 sustainability challenges were identified distributed between the five pillars of the Sustainable Development Goals: Prosperity, Partnership, People, Planet, and Peace.

Process for Consultation and Analysis of Material Topics

Our materiality is defined based on two of GRI's premises: the impact of each challenge and its influence on the perception of the stakeholders, as follows:

Influence

- Interviews with external stakeholders;
- Online survey with external stakeholders;
- Media survey (perception); and
- Sectoral studies.

Impact

- Consultation with executives;
- Consultation with internal audience;
- Competitors;
- Assessment of BB's strategy and sustainability departments; and
- Megatrends.

In accordance with the challenge prioritization steps and the definition of the actions for updating our Sustainability Plan – Agenda 30 BB, the movements for engagement with our relationship audiences also subsidized the preparation of the content of this report. The following are the results of this process:

- Consultation with relationship audiences through online process and interviews. The consultation process was broad and included the participation of 7,145 stakeholders, of which 7,117 were on-line and 28 through in-depth interviews. Based on our stakeholders map, we analyzed and consolidated the contributions according to the priority of each category. In this step, ten challenges were initially prioritized;
- In the 27th Sustainability Forum, our executives assessed and discussed the 25 sustainability challenges, and after the validation process, 13 challenges were defined as relevant to direct the content of this report. Challenges 2, 19, and 24 were added to those identified as prioritized in the first step. Minor adjustments were made in the texts and the most impacted challenge was challenge 19, in which a addendum on controversial topics was included. Still, the other challenges will continue to be addressed in our corporate routine; and
- In our 6th Sustainable Development Workshop the result of our materiality matrix was presented to the High Management of BB with the purpose of subsequently defining actions to enable achievement of the sustainability challenges expected for the coming three years.

102-46: Definition of the content of the report and limits of material topics | 102-47: List of material topics | 103-1: Explanation of the materiality and its limit

Our Materiality Process

Accountability

- Half-yearly reporting to the Board of Officers
- Annual reporting to the Board of Directors
- Annual reporting to the stakeholders in the Annual Report

Review of the Challenges

- Assessment of trends and demands of sustainability and society in general
- Corporate Strategy

Planning and Action

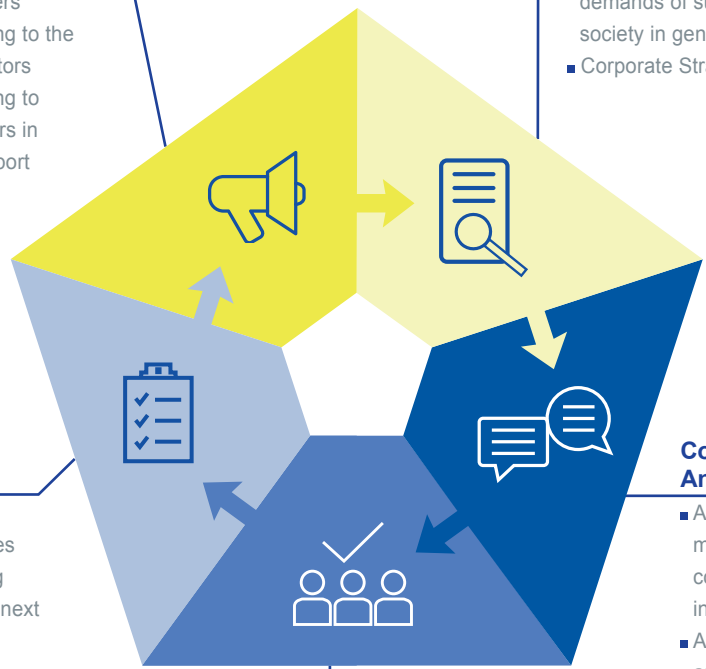
- Assessment of 25 challenges for establishing actions for the next three years

Consultation and Analysis Process

- Assessment of the materiality with online consultations and interviews
- Analysis of internal and external documents

Validation

- Validation of challenges prioritized by executives on BB Sustainability Forum



This process, which occurs every two years, resulted in our Sustainability Plan – Agenda 30 BB for 2017-2019.

Materiality Matrix



The following are definitions for the limits of the aspects.

To capture the perception of stakeholders presented in the GRI guidelines, we proposed the assessment of the challenges as having impacts both inside and outside BB. The impact group had been assessed in three subdivisions:

- Customers;
- Suppliers; and
- Other (addresses collectivity outside the commercial scope, such as institutional partners and non-governmental organizations (NGOs), local communities, governments, the environment, etc.).

The application of mathematical logic based on the created divisions, allowed for the definition of challenges in a methodical manner within three major limits: inside, outside, and both.

102-46: Definition of the content of the report and limits of material topics | 102-47: List of material topics | 103-1: Explanation of the materiality and its limit

Material challenges are presented in numerical order in the following table:

Prosperity	Limit	Sublimit
Challenge 1: to align Banco do Brasil’s governance with the best international practices and strengthen the role played by the Senior Management in the sustainability strategy. 102-14 102-18 102-19 102-27 102-29	Internal	Internal
Challenge 2: to identify and manage medium- and long-term non-financial and/or emerging risks that could significantly impact BB’s businesses. 102-15 102-11 201-2 305-1 305-2 305-3 305-4 305-5 FS6 FS9 (Economic performance, Emissions, and Products and services aspects)	Internal	Internal
Challenge 3: to identify innovations in the financial sector (business models and technologies) and anticipate trends in order to ensure BB’s continuity and longevity. 302-4 418-1 (Energy and Customer privacy aspects)	Internal	Internal
Challenge 4: to improve the management of relationship with the customer and increase satisfaction and retention rates. 416-1 417-2 102-43 102-44 417-3 418-1 419-1 (Customer Health and safety, Labeling of products and services, Marketing communications, Customer privacy, and Product or service compliance aspects)	Internal	Internal

Partnership	Limit	Sublimit
Challenge 6: to strengthen the prominence of BB in the conduction of social businesses through comprehensive, efficient, and innovative solutions and in alignment with public policies. 416-1 102-43 102-44 417-3 418-1 419-1 (Customer health and safety, Labeling of products and services, Marketing communications, Customer privacy, and Product or service compliance aspects)	External	Customers, Suppliers, and Other
Challenge 7: to strengthen BB’s initiatives towards production development, entrepreneurship, and the promotion of social and financial inclusion. 203-1 203-2 FS13 FS14 (Indirect economic impacts and Local communities aspects)	External	Customers
People	Limit	Sublimit
Challenge 11: to ensure proportionality in the representation of gender and race at all hierarchic levels of Banco do Brasil. 102-8 405-1 405-2 406-1 (Employment, Diversity and equal opportunities, Remuneration equality between women and men, and Non-discrimination aspects)	Internal	Internal
Challenge 14: to strengthen BB’s activity with respect to Human Capital, considering the management of health, safety and welfare, and the development and retention of talents. 102-41 401-1 402-1 403-1 403-2 404-1 404-3 410-1 412-1 (Employment, Labor relations, Health and safety in the workplace, Training and education, Safety practices, and Assessment in human rights aspects)	Internal	Internal
Challenge 15: to strengthen BB’s activity with respect to the ethics and corruption fighting theme. 102-16 102-17 205-1 205-2 205-3 (Fight against corruption aspect)	Internal	Internal

102-46: Definition of the content of the report and limits of material topics |
102-47: List of material topics | 103-1: Explanation of the materiality and its limit

Planet	Limit	Sublimit
Challenge 16: to develop financial solutions and business models that promote a transition to a green and inclusive economy. 201-2 302-4 305-5 (Economic performance, Energy, Emissions, and General aspects)	Both	Internal, Other and Customers
Challenge 19: to improve socio-environmental risk management based on socio-environmental criteria in the granting of funds, also considering controversial topics. FS1 FS2 FS3 FS4 FS5 FS9 FS12 FS10 FS11	External	Customers
Peace	Limit	Sublimit
Challenge 21: to develop the process of social (including human rights and labor practices) and environmental due diligence to assess the impacts of BB's transactions and commercial relationships. 412-3 412-2 406-1 407-1 408-1 409-1 410-1 412-1 414-1 414-2 413-1 (Local communities, Mechanisms for concerns and complaints regarding impacts on the society, Investments in human rights, Non-discrimination, Freedom of collective association and negotiation, Child labor, Forced or slave labor, Safety practices, Assessment based on human rights, Assessment of suppliers based on human rights, and Mechanisms for concerns and complaints regarding human rights aspects)	Internal	Internal
Challenge 24: to improve integration between private social investment and the business strategy 203-1 203-2 413-1 (Economic performance, Indirect economic impacts and Local communities aspects)	External	Customers and Other

102-53: Contact for questions about the report

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103-1: Explanation of the materiality and its limit | 103-2: Management approach and its components | 103-3: Assessment of the management approach

Challenge 1: to align Banco do Brasil's governance with the best international practices and strengthen the role played by the Senior Management in the sustainability strategy.

Associated topic: Sustainability Strategy and Governance

Pages 36-37, 39, 42

Challenge 2: to identify and manage medium- and long-term non-financial and/or emerging risks that could significantly impact Banco do Brasil's businesses.

Associated topic: Medium-and long-term emergent risks

Pages 42, 48-50, 58, 59

Challenge 3: to identify innovations in the financial sector (business models and technologies) and anticipate trends in order to ensure Banco do Brasil's continuity and longevity.

Associated topic: Identification of innovations

Pages 18-20, 27, 71-78, 93

Challenge 4: to improve the management of relationship with the customer and increase satisfaction and retention rates.

Associated topic: Customer satisfaction

Pages 40, 71-78, 93

Responsible area for management of the challenge in the company: Board of Individual Customer, Unidade Private Bank, Board of Small and Medium-sized Enterprises, Board of Corporate Bank and Board of Governance

Challenge 6: to strengthen the prominence of Banco do Brasil in the conduction of social businesses through comprehensive, efficient, and innovative solutions and in alignment with public policies.

Associated topic: Prominence in social businesses

Pages 25-29, 32-33, 42, 93

Challenge 7: to strengthen Banco do Brasil's initiatives towards productive development, entrepreneurship, and the promotion of social and financial inclusion.

Associated topic: Social and financial inclusion

Pages 29, 42, 25-33, 93

(continues)

103-1: Explanation of the materiality and its limit | 103-2: Management approach and its components | 103-3: Assessment of the management approach (continued)

Challenge 11: to ensure proportionality in the representation of gender and race at all hierarchic levels of Banco do Brasil.

Associated topic: Race and gender equality

Pages 78-79

Responsible area for management of the challenge in the company: Board of Magement People

Challenge 14: to strengthen Banco do Brasil's activity with respect to Human Capital, considering the management of health, safety and welfare, and the development and retention of talents.

Associated topic: Health and safety

Pages 84-85

Responsible area for management of the challenge in the company: Board of Magement People

Associated topic: Development and retention

Pages 78, 80-84, 93

Challenge 15: to strengthen Banco do Brasil's activity with respect to the ethics and corruption fighting theme.

Associated topic: Ethics and fight against corruption

Pages 40-45

Challenge 16: to develop financial solutions and business models that promote a transition to a green and inclusive economy.

Relevant topic: Development of solutions for inclusive and green economy

Pages 28-33, 42

The policies that directed BB's socially and environmentally responsible activities through our business lines are available at: <http://bb.com.br/pbb/sustentabilidade/governanca-politicas-e-diretrizes#>.

Challenge 19: to improve socio-environmental risk management based on socio-environmental criteria in the granting of funds, also considering controversial topics.

Relevant topic: Socio-environmental risk in the granting of loans

Pages 42, 56-58

Responsible area for management of the challenge in the company: Board of Risk Management

Challenge 21: to develop the process of social (including human rights and labor practices) and environmental due diligence to assess the impacts of BB's transactions and commercial relationships.

Relevant topic: Social and Environmental Due Diligence Social in the transaction

Pages 42, 60, 86

Relevant topic: Social and Environmental Due Diligence in credit and financing

Pages 56-57

Pages 59-60

Challenge 24: to improve integration between Private Social Investment and the business strategy.

Relevant topics: Private Social Investments

Pages 42, 25-33

Responsible area for management of the challenge in the company: Board of Governance

Objectives and goals related to the challenges are available between pages 95 to 101.

We evaluated the effectiveness of the management approach during the review of Agenda 30 BB (p. 23) and the Corporate Strategy BB (pages 17 and 18).

As a result of the evaluation of the management approach, we set the challenges of Agenda 30 BB (pages 95 to 101). Our commitments to management of the challenges are available at http://www.bb.com.br/pbb/sustentabilidade/governanca-politicas-e-diretrizes/pactos-e-acordos#.

201-1: Generated and distributed direct economic value

	2015	2016	2017
Generated Direct Economic Value (revenue) (R\$ million)	181,966	160,317	140,461
Distributed Economic Value (R\$ million)	39,437	44,342	45,764
Personnel (employees' wages and benefits)	19,994	21,340	19,496
Remuneration of Third Parties' Capital	1,308	1,442	1,567
Remuneration of Own Capital	16,142	9,709	12,661
Taxes, Fees, and Contributions	1,993	11,851	12,041
Net Profit (R\$ million)	14,400	8,034	11,111

202-1: Variation of the proportion between the lowest wage, discriminated by gender, and the local minimum wage

	2015	2016 ¹	2017
Variation of the Proportion Between the Lowest Wage, Discriminated by Gender, and the Local Minimum Wage in Important Operational Units	2.83	2.83	2.90

(1) The amount reported in 2016 was corrected.

The wage floor is applied, regardless of the gender, to all employees starting their career with us.

205-1: Operations assessed for risks associated with corruption

We assessed our processes, taking into consideration situations in which we could be classified as potential actors or potential victims of harmful acts qualified as corruption, the degree of the risk involved, and the corresponding mitigating actions, whether developed or under development. This essay, completed in 2017, assessed 389 BB processes (which are equivalent to 100% of our processes). During that year, the risk management of 35 of the main Entities Linked to Banco do Brasil (ELBB) was also assessed with a focus on the prevention and fight against corruption.

We are exposed to risks that employees, third parties, or intermediaries of any nature, acting to their own benefit or interest, could practice harmful acts qualified as corruption, against the public, national, or foreign administration, provided for in Law No. 12,846/2013, or in any applicable legislation, with transnational coverage, and those ruling over the jurisdictions where we operate.

The main risks verified, with respect to the possibility of being classified as actors of the corruption act are present in the business involving public entities as a counterpart, through the action of direct agents or third parties acting on our behalf.

The risks inherent to negotiations with legal entities as a result of bidding processes, contract management, and access to credit in lines with rates below those offered by the market were also verified as being relevant, and of which we are potential victims in an act of corruption.

205-2: Communication and training on anticorruption policies and procedures

Training

The training on Prevention and Fight Against Corruption is available in the UniBB Website, accessible by all employees. The objective of the training is to enable employees to identify situations or businesses that show evidence of corruption, using the definition of harmful acts committed against the public administration, in accordance with legal requirements. In 2017, 44,906 employees (45.3% of the total) completed the training.

In 2017, UniBB also made available the video class High Management on Focus. In addition to the Anticorruption Act, the solution addressed topics, such as Code of Ethics and Standards of Conduct, Anticorruption Act, Internal Controls, Capital Market, Corporate Legislation, and Information Confidentiality and Disclosure. By the end of 2017, it was attended by 37 of the 59 statutory officers, counselors, and members of the audit and remuneration committees, which corresponds to a 62% adherence.

Total Number and Percentage of Employees Who Received at Least 1 Training Course on the Fight Against Corruption, Discriminated by Functional Category and Region

Region	Functional Category	Number	Percentage
Midwest	High Management	91	45.50
Midwest	Advisory	2,780	63.33
Midwest	Miscellaneous Management	2,103	47.62
Midwest	Operational	3,318	64.78
Midwest	Technician	1,946	71.07
Northeast	High Management	3	33.33
Northeast	Advisory	248	53.22
Northeast	Miscellaneous Management	2,328	40.84
Northeast	Operational	5,339	51.56
Northeast	Technician	42	75.00
North	High Management	2	33.33
North	Advisory	80	61.54
North	Miscellaneous Management	756	45.99
North	Operational	1,490	56.68
North	Technician	7	70.00
Southeast	High Management	23	46.94
Southeast	Advisory	1,479	68.22
Southeast	Miscellaneous Management	7,063	47.41
Southeast	Operational	15,634	60.99
Southeast	Technician	821	81.29
South	High Management	2	33.33
South	Advisory	378	65.74
South	Miscellaneous Management	2,972	51.84
South	Operational	6,869	62.42
South	Technician	165	76.74

205-2: Communication and training on anticorruption policies and procedures

High Management on Focus Course

Region	Functional Category	Number	Percentage
Midwest	High Management	33	16.50
Midwest	Advisory	46	1.05
Midwest	Miscellaneous Management	13	0.29
Northeast	Miscellaneous Management	1	0.02
Northeast	Operational	1	0.01
Southeast	High Management	5	10.20
Southeast	Miscellaneous Management	3	0.02
South	Miscellaneous Management	2	0.03

301-1: Materials used, discriminated by weight or volume |

301-2: Recycled materials used

Non-renewable Material

Cartridge and Toner Recycling Program (Prorec – in units)	2013	2014	2015	2016	2017
Total Consumed Cartridges	106,371	110,517	115,105	121,849	107,712
Recycled Cartridges	102,867	107,178	112,800	119,218	105,112
Percentage of Recycled Cartridges	97	97	98	98	98

Renewable Material

Use of Paper	2013	2014	2015	2016	2017
Total Consumed Paper (ton)	8,644	8,516	6,601	6,082	5,454
Recycled Paper (ton)	951	865	577	408	386
Percentage of Recycled Paper	11	10	9	7	7

The fluctuation occurred in 2017 in the consumption of materials included in the above categories was directly influenced by reason of the campaigns for awareness on the use of paper products, increase in transactions via electronic means, such as mobile and Internet, and actions for reviewing the technical specifications of materials, with the purpose of improving the referred materials.

**302-1: Energy consumption within the organization |
302-3: Energetic intensity | 302-4: Reduction in energy consumption**

Energetic Intensity	2015	2016	2017
Electric Energy Intensity (total consumption of electric energy/employee/year) (kWh/employee/year)	6,220	6,291	5,971

Electric Energy Consumption (GWh)¹	2015	2016	2017
Total Electric Energy Consumption	724,215	704,551	609,073

(1) In 2017, 77.42% of consumed energy by BB was generated by renewable sources
http://ons.org.br/Paginas/resultados-da-operacao/historico-da-operacao/geracao_energia.aspx.

Values referring to only the electricity purchased from the concessionaire.

Fuels (liters)¹	2015	2016	2017
Total Automotive Diesel Consumption	42,400	58,129	63,833
Total Generator Group Diesel Oil Consumption	550,980	392,722	340,870
Total Gasoline Consumption	2,409,250	2,200,062	2,097,684
Total Ethanol Consumption	578,194	518,281	419,792

(1) In 2015, the method for calculating diesel oil consumption was changed. In the previous years, the survey took into account the products Diesel S10 and Diesel, without considering other options available in the market. Therefore, as of 2015 we chose calculation based on the type of engine using this fuel, which in this case, are vehicles and energy generators.

We manage our electric energy consumption through an Energy Conservation Program (Procen), which provides information to the entire Conglomerate. As the main objective of the management, in addition to reducing expenses with electric energy inputs, it is relevant to stress that the activity is focused on achieving regional energy consumption goals.

Information regarding electric energy consumption are obtained through a corporate system and made available to the entire Conglomerate. A new way of submitting data through the Spot Fire application is being implemented to allow more speed and efficiency in obtaining information, with more effective actions in place.

The regional electric energy consumption parameters adopted for 2017 include the following values (kWh/m²): North region (21), Northeast region (20), Midwest region (17), Southeast region (16), and South region (14). We adopted amounts which application was implemented in 2014, and which undergo annual reviews for adequacy to the new consumption profiles gradually achieved.

The amounts obtained for 2017 were estimated considering that we are in the process of changing the data capturing system, previously made by engineering platforms, and currently, with the linking of the payment to the simultaneous registration of consumption data, made by the paying premises themselves.

Therefore, the amount estimated for electric energy consumption at BB for 2017 was 609 GWh, with supply through energy concessionaires with contracts met by the captive electricity market, which in comparison with the electricity consumption of 704 GWh reported in 2016, enabled percentage savings estimated at 13.5%. With respect to the amounts paid over the past years, it is noted that the expense in 2017 was R\$444 million/year; which when compared with the amount of R\$480 million reported in 2016, enable a R\$36 million reduction in expenses, which corresponds to 7.5% of the amount reported in the previous year.

303-1: Total water consumption by source

	2015	2016	2017 ¹
1. Total Water Consumed (thousand m³)	1,678	1,566	1,405
Public or private water supply (thousand m ³)	1,678	1,566	1,405

(1) Estimated amount. We do not use recycled water in our premises. Water is supplied by water supply concessionaires.

Our water consumption is managed through the Reasonable Water Use Program (Purágua). The management of the program sets forth actions for those premises with water consumption exceeding the goals set, with an emphasis on the inspections in the water installations to determine the causes for the high water consumption, especially for leakage of any nature.

Efficient regionalized water consumption parameters are used with the following amounts (liters/person/day): North region (64), Northeast region (63), Midwest region (58), Southeast region (53), and South region (48), which evolution along the years can be verified in the following table.

Region	2013	2014	2015	2016	2017
North	50	54	54	64	64
Northeast	50	45	45	63	63
Midwest	50	50	45	58	58
Southeast	50	45	45	53	53
South	50	50	36	48	48

The amounts obtained for 2017 were estimated considering that we are in the process of changing the data capturing system, previously made by engineering platforms, and currently, with the linking of the payment to the simultaneous registration of consumption data, made by the paying premises themselves.

Therefore, the amount estimated for our water consumption in 2017 was 1.4 billion liters of water, with supply by water supply concessionaires, when compared with the total consumption of 1.6 billion reported in 2016.

With respect to the amounts paid over the past years, it is noted that, until 2015, the figures were around R\$28 million/year, went up to R\$32 million in 2016, and remained at this level in 2017, in spite of the increases in the tariffs occurred during this period.

To obtain the estimated water consumption, an average increase of 1.11% in the tariff was considered, with an amount of R\$22.89/m³ for 2017, in comparison with the average tariff in effect during 2016, of R\$20.62/m³.

306-2: Total weight of residues, discriminated by type and disposal method

Weight of Harmful Residues, Discriminated by Type of Disposal ¹	2016	2017
Other (chemical reaction and decontamination) – ton	-	18.6

(1) The data regarding harmful residues refer to the collection and disposal through a movable property, lamp, and battery recycling contract.

Weight of Non-harmful Residues, Discriminated by Type of Disposal (ton)	2016	2017
Reuse – Donation (unit)	-	17,837
Reuse – Internal (unit)	-	114,000
Recycling (ton)	1.3	1,494
Local Storage (ton)	1,542	2,534
Public Collection (mixed or non-recyclable residues generated by the premises participating in the BB Selective Collection Program)	549.3	529.8

Weight of Non-harmful residues, Discriminated by Type of Disposal (ton)	2016	2017
Plastic	252.1	221.8
Metal	63.6	34.8
Glass	46.7	27.5
Paper	2,067.3	2,390.4

In 2016, we made the first inventory to define the amount of residues of movable property stored in our premises. The questionnaire was answered by 2,979 premises and enabled the recycling, in 2017, of those assets that were stored. The inventory was made again in 2017, and the questionnaire was answered by 3,374 premises. The variation verified is associated with the number of premises participating in the inventory of residues of movable property. Another relevant factor regarding the variation in the numbers was the creation of an internal application to manage the sustainable disposal of useless movable property. Those assets that cannot be reused are recycled by a specialized company, in compliance with the National Policy on Solid Residues instituted by Law No. 12,305/2010.

401-1: New hires of collaborators and turnover

Turnover by Gender	2015	2016	2017
Number of Employees	109,191¹	100,622	99,161
Female	45,382	41,549	41,044
Male	63,809	59,073	58,117
Dismissals in the Period	7,032	10,474	1,587
Female	2,596	4,470	474
Male	4,436	6,004	1,113
Turnover Rate (%)	6.44²	10.41	1.60
Female (%)	2.68	4.44	0.48
Male (%)	3.76	5.97	1.12

(1) Number of employees in 2015 revised to maintain a standard reporting basis with other documents published by BB.

(2) Rotativity of 2015 revised to maintain a standard reporting basis with other documents published by BB.

401-1: New hires of collaborators and turnover

With respect to the number of dismissals, the numeric fluctuation is due to the fact that, in 2016, there were several dismissals in function of the Extraordinary Encouraged Retirement Plan (Peai), which was the reason for the reduction in the number of dismissals in 2017. Many employees advanced their retirements to 2016, which reflected in a reduction in dismissals in 2017.

Turnover by Age Bracket	2015	2016	2017
Dismissals in the Period	7,032	10,474	1,587
Up to 30 Years	364	318	214
30 to 50 Years	1,183	2,186	814
Over 50 Years	5,485	7,970	559
Turnover Rate (%)	6.44	10.41	1.60
Up to 30 Years (%)	0.83	0.32	0.22
30 to 50 Years (%)	4.54	2.17	0.82
Over 50 Years (%)	1.07	7.92	0.56

Turnover by Region	2015	2016	2017
Dismissals in the Period	7,032	10,474	1,587
South	1,159	1,570	243
Southeast	2,727	4,649	670
Midwest	1,200	1,833	305
North	311	344	76
Northeast	1,635	2,078	293
Turnover Rate (%)	6.44	10.41	1.60
South (%)	1.14	1.56	0.24
Southeast (%)	2.91	4.62	0.68
Midwest (%)	1.03	1.82	0.30
North (%)	0.29	0.34	0.08
Northeast (%)	1.07	2.07	0.30

New Hires by Gender	2015	2016	2017
New Hires in the Period	4,883	1,424	287
Female	1,757	509	98
Male	3,126	915	189
Hiring Rate (%)	4.42	1.42	0.29
Female (%)	1.59	0.51	0.10
Male (%)	2.83	0.91	0.19

401-1: New hires of collaborators and turnover

In addition, we verified that over the past years, the number of dismissals was not equivalent to the number of new hires. It is noted that during this period, year after year, we had more dismissals than new hires.

New Hires by Age Bracket	2015	2016	2017
New Hires in the Period	4,883	1,424	287
Up to 30 Years	3,239	889	166
30 to 50 Years	1,535	516	117
Over 50 Years	109	19	4
Hiring Rate (%)	4.42	1.42	0.29
Up to 30 Years (%)	2.93	0.89	0.17
30 to 50 Years (%)	1.39	0.51	0.12
Over 50 Years (%)	0.10	0.02	0.00

New Hires by Region	2015	2016	2017
New Hires in the Period	4,883	1,424	287
South	1,029	124	6
Southeast	1,874	282	15
Midwest	815	311	101
North	253	146	11
Northeast	912	561	154
Hiring Rate (%)	4.42	1.42	0.29
South (%)	0.93	0.12	0.01
Southeast (%)	1.69	0.28	0.02
Midwest (%)	0.74	0.31	0.10
North (%)	0.23	0.15	0.01
Northeast (%)	0.83	0.56	0.15

402-1: Minimum term for notifying operational changes

Our operational changes in Brazil are not specified in collective bargaining agreements.

403-1: Representation of workers through formal health and safety committees

Our Internal Accident Prevention Committees (Cipa) are proper for units with more than 100 employees, as set forth in Regulatory Standard No. 5 of the Ministry of Labor and Employment. All other premises rely on a person in charge of accident prevention (RPA), who receives the same training offered to Cipa members. Therefore, 100% of the premises include representatives in the area of Occupational Health and Safety.

403-2: Types and rates of injuries, occupational diseases, lost days, absenteeism, and number of work-related deaths

Employees (own workers)		2015		2016		2017	
		Men	Women	Men	Women	Men	Women
Rate of Injuries (No. of injuries/No. of employees)	Total	0.01		0.01		0.00	
		0.01	0.01	0.00	0.01	0.00	0.01
	North	0.03	0.01	0.01	0.01	0.01	0.00
	Northeast	0.01	0.01	0.01	0.00	0.00	0.00
	Midwest	0.00	0.01	0.00	0.01	0.00	0.00
	Southeast	0.00	0.00	0.01	0.01	0.00	0.01
	South	0.00	0.01	0.00	0.01	0.00	0.00
Rate of Occupational Diseases (frequency of the disease/No. of employees)¹	Total	0.00		0.00		0.00	
		0.00	0.00	0.00	0.00	0.00	0.00
	North	0.00	0.00	0.00	0.00	0.00	0.00
	Northeast	0.00	0.00	0.00	0.00	0.00	0.00
	Midwest	0.00	0.00	0.00	0.00	0.00	0.00
	Southeast	0.00	0.00	0.00	0.00	0.00	0.00
	South	0.00	0.00	0.00	0.00	0.00	0.00

(1) The rates of occupational injuries and diseases of 2015 were recalculated to the same standard of calculation of the other years (2016 and 2017).

(continues)

403-2: Types and rates of injuries, occupational diseases, lost days, absenteeism, and number of work-related deaths (continued)

Employees (own workers)		2015		2016		2017	
		Men	Women	Men	Women	Men	Women
Rate of Lost Days – % (lost days¹/expected days)	Total	0.38		0.41		0.37	
		0.32	0.47	0.35	0.50	0.30	0.46
	North	0.49	0.63	0.46	0.58	0.41	0.58
	Northeast	0.42	0.59	0.42	0.58	0.34	0.49
	Midwest	0.34	0.62	0.36	0.62	0.31	0.58
	Southeast	0.33	0.47	0.34	0.46	0.30	0.43
	South	0.25	0.43	0.27	0.42	0.24	0.39
Lost Days¹	Total	844,593		828,760		739,258	
		412,840	431,753	414,363	414,397	357,463	381,795
	North	26,941	23,501	25,777	22,161	21,759	21,322
	Northeast	93,219	71,137	91,072	67,729	74,907	57,388
	Midwest	72,641	75,855	74,652	75,204	66,811	72,161
	Southeast	167,741	197,826	166,245	186,805	144,546	173,193
	South	52,298	63,434	56,617	62,498	49,440	57,731
Rate of Absenteeism – % (Lost days¹/expected days)	Total	3.48		3.30		2.95	
		2.76	4.17	2.81	3.99	2.44	3.68
	North	3.93	5.01	3.7	4.66	3.27	4.61
	Northeast	3.35	4.69	3.34	4.65	2.73	3.89
	Midwest	2.76	4.93	2.89	4.99	2.49	4.63
	Southeast	2.66	3.74	2.70	3.68	2.40	3.45
	South	2.00	3.44	2.18	3.34	1.94	3.09
Work-Related deaths² (units)	Total	2	0	1	0	1	0
	North	0	0	0	0	0	0
	Northeast	0	0	0	0	0	0
	Midwest	0	0	0	0	0	0
	Southeast	2	0	1	0	1	0
	South	0	0	0	0	0	0

(1) Lost days on health-related leave with occupational and non-occupational causes.

(2) Deaths refer to commuting accidents, i.e. they are not associated with work conditions.

Note: data on the Rate of injuries and the Rate of occupational diseases surveyed with respect to 2015 indicate regional and by-gender indexes different from those already provided, considering that the data survey methodology at that time was different from that used as of 2016. Therefore, we opted to provide 2015 data based on the same methodology used for 2016 and 2017.

403-2: Types and rates of injuries, occupational diseases, lost days, absenteeism, and number of work-related deaths

One of the factors that explain the variation in the rate of lost days verified in 2016 is a result of the reduction in the number of employees within a short period of time (dismissal programs), and consequent reduction in the number of expected days (denominator) verified on December 31, 2016.

The rate of health-related absenteeism shows successive reductions over the past three years. This could be a reflex of the consistency and continuity of the actions to prevent occupational diseases that have been performed by the SESMT since 2012.

Rate of injuries: this indicator takes into account those injuries caused by typical accidents, i.e. those occurred during the performance of work, as well as commuting accidents, which are those occurred during home-work-home displacement. It includes all accidents, regardless of seriousness, leave, or death.

Rate of occupational diseases: here, all cases of occupational diseases investigated by the company and recognized as being related to work are taken into account. The statistics includes all cases of occupational diseases, regardless of seriousness or the need for leave.

Indicators of Rate of lost days, Lost days, and Rate of absenteeism: they refer to the total health-related absenteeism, which includes, in addition to occupational leave, sick leave due to non-work-related diseases.

404-1: Average number of training hours per year per employee

Consolidated Training Indicators	2015	2016	2017
Final Capacity	109,191	100,622	99,161
Trained Individuals	107,887	99,999	98,984
Training Sessions	2,043,766	2,275,615	2,937,065
Hours	8,261,981	7,271,306	7,933,426
Percentage of Trained Individuals	98.81	99.38	99.82
Training Sessions per Employee	18.72	22.62	29.62
Hours per Employee	75.67	72.26	80.01

Training Sessions by Gender and Function	2015				2016				2017			
	Men		Women		Men		Women		Men		Women	
	Managerial	Non-Managerial	Managerial	Non-Managerial	Managerial	Non-Managerial	Managerial	Non-Managerial	Managerial	Non-Managerial	Managerial	Non-Managerial
Final Capacity	23,506	40,303	12,782	32,600	21,469	37,604	11,521	30,028	20,879	37,238	11,324	29,720
Trained Individuals	23,347	39,642	12,720	32,178	21,441	37,238	11,517	29,803	20,848	37,175	11,318	29,643
Training Sessions	417,562	765,603	229,812	630,789	497,886	833,163	270,073	674,493	624,316	1,082,289	336,953	893,507
Hours	1,811,867	3,054,828	956,420	2,438,866	1,633,626	2,697,812	855,433	2,084,435	1,975,267	2,785,139	954,984	2,218,036
Percentage of Trained Individuals	99.3	98.4	99.5	98.7	99.9	99.0	100.0	99.3	99.85	99.83	99.95	99.74
Training Sessions per Employee	17.8	19	18	19.4	23.2	22.2	23.4	22.5	29.9	29.06	29.76	30.06
Hours per Employee	77.1	75.8	74.8	74.8	76.1	71.7	74.3	69.4	94.61	74.79	84.33	74.63

404-1: Average number of training hours per year per employee

Note*	High Management			Management			Advisory			Operational			Technician		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Final Capacity	229	240	238	36,059	32,750	31,966	7,989	7,270	7,835	60,779	56,122	54,979	4,135	4,240	4,143
Trained Individuals	218	228	225	35,849	32,730	31,942	7,952	7,242	7,818	59,752	55,572	54,861	4,116	4,227	4,138
Training Sessions	1,708	1,925	2,367	645,666	766,034	958,933	135,522	136,398	182,205	1,194,065	1,297,105	1,698,277	66,805	74,153	95,283
Hours	13,881	10,094	12,595	2,754,406	2,478,965	2,917,710	539,433	424,873	527,911	4,740,158	4,120,437	4,208,391	214,103	236,937	266,819
Percentage of Trained Individuals	95.20	95.00	94.54	99.42	99.94	99.92	99.54	99.61	99.78	98.31	99.02	99.79	99.54	99.69	99.88
Training Sessions per Employee	7.46	8.02	9.95	17.91	23.39	30.00	16.96	18.76	23.26	19.65	23.11	30.89	16.16	17.49	23.03
Hours per Employee	60.62	42.06	52.92	76.39	75.69	91.28	67.52	58.44	67.38	77.99	73.42	76.55	51.78	55.88	64.40

* The variation in the total number of employees (1,461 between 2016 and 2017) is a result of the dismissals, mainly those for retirement purposes.

The increase of approximately eight hours in the average of training hours per employee is a result of the availability of new training actions and educational programs, among which the following deserve mention: The Credit Training Program, intended for the first managers of all business units, and the Develop Game, intended to prepare operational- and technical-level employees to assume leadership functions.

404-3: Percentage of employees receiving career development and performance analyses on a regular basis

Employees Who Participated in the GDP by Functional Level and Gender ¹	2014		2015		2016				2017			
	Female	Male	Female	Male	Female	Percentage	Male	Percentage	Female	Percentage	Male	Percentage
Managerial	12,875	23,842	12,782	23,506	11,521	27.7	21,469	36.3	11,262	28.39	21,365	37.05
Technician	1,806	3,639	1,757	3,544	1,651	4.0	3,555	6.0	1,255	3.16	2,937	5.09
Operational	10,381	10,061	10,497	9,746	9,774	23.5	8,932	15.1	8,265	20.83	7,544	13.08
Advisory	2,849	4,385	2,750	4,073	2,528	6.1	3,776	6.4	3,015	7.60	4,615	8.00
Others	18,453	23,337	17,596	22,940	16,075	38.7	21,341	36.1	15,877	40.02	21,208	36.78
Total									39,674	100.00	57,669	100.00

(1) Percentages calculated in relation to the the number of assessable employees. The total number of assessable employees is less than the total number of employees due to health or maternity leaves.

404-3: Percentage of employees receiving career development and performance analyses on a regular basis

Performance Assessment	2013	2014	2015	2016	2017
Number of Assessable Employees	100,766	106,354	93,012	99,904	97,558
Number of Employees Who Underwent Performance Assessment	111,688	107,500	104,582	106,772	103,784
Percentage of Employees Who Underwent Performance Assessment	98.66	99.49	99.30	99.68	99.78

Development assessment		2014	2015	2016	2017
Number of Employees Who Underwent Development Assessment ¹	1 st semester	20,231	22,731	43,229	62,882
	2 nd semester	10,585	36,154	40,647	52,237
Percentage of Employees Who Underwent Development Assessment	1 st semester	18.50	20.90	40.20	63.40
	2 nd semester	9.71	34.21	37.70	53.10

405-1: Diversity of the groups in charge of governance and between collaborators

Diversity in Governance (%) ¹	2015	2016	2017
By Gender			
Female	5.56	3.39	4.84
Male	94.44	96.61	95.16
By Age Bracket			
Up to 30 Years	0.00	0.00	0.00
30 to 50 Years	48.15	61.02	58.06
Over 50 Years	51.85	38.98	41.94
By Minority Groups			
Native Brazilian	0.00	0.00	0.00
Black	1.85	1.69	1.61
Brown	1.85	6.78	4.84

(1) Considered to be members of the Board of Directors, Executive Board, Tax Council, and Audit and Remuneration Committees.

405-1: Diversity of the groups in charge of governance and between collaborators

General Indicators of Staff Diversity (%)	2015	2016	2017
By Gender			
Female	41.56	41.29	41.39
Male	58.44	58.71	58.61
By Age Bracket			
Up to 30 Years	12.81	11.19	11.24
30 to 50 Years	70.52	75.26	73.37
Over 50 Years	16.67	13.55	15.39
By Minority Groups			
Native Brazilian	0.22	0.21	0.20
Black	2.62	2.79	2.81
Brown	19.12	19.62	19.83

Staff Diversity in 2017 (%)	Managerial	Technician	Operational	Advisory	Others
By Gender (in relation to the total workforce of each functional category)					
Female	35.16	30.05	53.04	40.35	43.19
Male	64.84	69.95	46.96	59.65	56.81
By Gender (in relation to BB's total workforce)					
Female	11.42	1.25	8.48	3.15	17.10
Male	21.06	2.90	7.50	4.66	22.49
By Age Bracket (in relation to BB's total workforce)					
Up to 30 Years	1.81	0.32	2.19	0.36	6.57
30 to 50 Years	26.73	3.18	11.70	6.61	25.16
Over 50 Years	3.94	0.65	2.09	0.84	7.86
By Minority Group (in relation to BB's total workforce)					
Native Brazilian	0.04	0.01	0.04	0.02	0.10
Black	0.83	0.12	0.45	0.18	1.22
Brown	5.99	0.87	2.65	1.37	8.95

405-1: Diversity of the groups in charge of governance and between collaborators

Diversity	2013	2014	2015	2016	2017
Race and Ethnicity					
Black, Brown, or Native Brazilian	23,688	24,071	23,979	22,765	22,654
Leading Position					
Black, Brown, or Native Brazilian	7,105	7,283	7,319	6,808	6,801
Physically Disabled Persons					
Disabled Persons	#ND	1,319	1,495	1,537	1,571

405-2: Mathematical ratio of minimum wage and remuneration between men and women

Average Remuneration by Gender and Functional Level (R\$)	2015		2016			2017		
	Male	Female	Male	Female	Ratio	Male	Female	Ratio
Managerial	10,619	9,038	11,157	9,513	1.17	11,643.35	9,826.61	1.18
Technician	9,412	8,741	10,117	9,308	1.09	10,622.62	9,631.57	1.10
Operational	4,747	4,632	4,910	4,820	1.02	5,274.62	5,057.01	1.04
Advisory	11,423	11,040	12,123	11,617	1.04	12,423.24	11,614.50	1.07
Others	3,813	3,695	3,882	3,767	1.03	4,617.38	4,071.95	1.13

Information on average remuneration by gender and functional level only cover our operations in Brazil. With respect to the base wage, there are no fluctuations between men and women, as there is no distinction between base wage for men and women: the ratio between them is 1 to 1. We defined reference values for each existing function. The purpose of the Reference Value is to establish a minimum remuneration amount for any employee, regardless of the gender, who performs a particular function. However, the monthly remuneration may vary from employee to employee, even when performing the same function, depending on their individual career. Along their career, employees may obtain personal funds, which are calculated on an individual basis.

406-1: Discrimination incidents and corrective measures taken

	2013	2014	2015	2016	2017
Total Number Discrimination Incidents Known by BB	3	6	3	7	27
Incidents Being Investigated by BB	0	0	0	0	0
Incidents Investigated by BB	3	6	3	7	27
Incidents Yet to be Investigated by BB	0	0	0	0	0
Incidents Judged Valid	0	0	0	0	0
Incidents Judged Invalid (not subject to the measure)	3	6	3	7	27

The variation between incidents investigated in 2016 and in 2017 is a result of a new type of accusation, implemented to handle potentially offensive comments in the internal news agency.

We repudiate this conduct and intensify training and communication actions, as well as disciplinary treatment for proven cases, and the absence of discrimination within the institution is expected.

During 2017, no judicial or administrative proceedings originated from discrimination against race, color, gender, religion, political opinion, national extraction, or social origin, were identified.

407-1: Operations and suppliers identified, where the right to free association and collective bargaining could potentially be violated | 408-1: Operations and suppliers identified as a risk of the occurrence of child labor | 409-1: Operations and suppliers identified as a significant risk of the occurrence of forced or slave labor | 412-1: Operations subject to review or assessment of their impact on human rights

Own Operation

We respect free union association and seek to conciliate the Company's interests with those of the employees and their representative entities in a transparent manner, adopting negotiation as a permanent practice. There is no risk of the occurrence of child or slave labor in BB's own operations.

Suppliers

We adopt selection, contracting, and assessment criteria in an unbiased and transparent manner, which allow for plurality and competition between suppliers. These criteria and activity prerogatives include the right of free association and collective bargaining reserved the suppliers' employees. Our Code of Ethics provides for a section specific to supplier relations. The prerogatives expressly include compliance with the labor, social security, and tax legislation – including the non-utilization of child or slave labor.

We also stated in our Policy on Supplier Relations, in a section on our relationship with suppliers, that we do not establish relationships with suppliers involved in the exploitation of child, degrading, or slave labor.

Compliance with labor and social security obligations is a contractual and legal duty. Therefore, prior to payment, we check compliance with labor, social security, and tax obligations of their suppliers and analyze indications or allegations of eventual violations and noncompliance.

The contracts include clauses in which the supplier states and undertakes the following:

- a) To perform its activities in compliance with the (labor, social security, or tax) legislation in effect;
- b) Not to use, whether directly or indirectly, through its suppliers of products and services, illegal labor or the exploitation of child, degrading, and/or slave labor;
- c) Not to employ, whether directly or indirectly, through its suppliers of products and services, persons under 18 years of age in night, dangerous, or unhealthy work; and
- d) not to employ, whether directly or indirectly, through its suppliers of products and services, persons under 16 years of age, except as apprentices and with assurance of school attendance

In addition to relying on a contract inspector and a service inspector, we make Internal Ombudsman services available to workers from contracted companies so that they may also report complaints regarding their employment agreement.

407-1: Operations and suppliers identified, where the right to free association and collective bargaining could potentially be violated | 408-1: Operations and suppliers identified as a risk of the occurrence of child labor | 409-1: Operations and suppliers identified as a significant risk of the occurrence of forced or slave labor | 412-1: Operations subject to review or assessment of their impact on human rights

During the performance of the agreement, if it is verified that the supplier violated the contractual or legal provisions regarding its performance, an administrative proceeding is filed with the purpose of applying an administrative sanction, or ultimately, the unilateral termination of the contract. In 2017, 23 cases of noncompliance with the labor legislation were verified in contracts with suppliers, out of a total of 14,795 contracts in effect in that period, which represents 0.15% of verified noncompliance.

Taking into consideration the preventive and inhibitory measures adopted in the conduction of purchasing and contracting processes, as mentioned above, in the 14,795 administrative contracts, distributed among 2,834 suppliers kept in BB's corporate systems in 2017, no operations and suppliers with significant risk of the occurrence of forced or slave labor were identified, and no complaints involving the exploitation of degrading or slave labor were reported to the Internal Ombudsman Office. In 2017, we did not become aware of any operations and/or suppliers posing a risk to the right of free association and collective bargaining.

Customers

We do not assume credit with customers who exploit child labor or who submit workers to degrading forms of labor or maintain them in slave-like labor conditions. These premises are set forth in our Specific Credit Policy.

The contractual clauses of credit transactions include the prerogative of the early termination of the contract, with immediate enforcement of the debt and immediate suspension of reimbursements, in case of a final conviction rendered by a relevant authority, which regards the exploitation of child labor or the practice of slave labor, moral or sexual harassment, or criminal exploitation of prostitution.

We investigate the records of employers who have submitted workers to conditions similar to slave labor, as disclosed by the Ministry of Labor and Employment, upon the credit analysis and proposals for operations with our customers.

BB Operations/Customers	2015	2016	2017
Number of Operations/Customers which Records Contain Notes on the Occurrence of Slave Labor	31	27	54

These notes block the credit limit investigation (analysis and/or renewal) and the approval of operations in our operating systems, which materializes a constant prohibition in our Specific Credit Policy.

410-1: Persons who work with security, who received training on the organization's policies or procedures on human rights

We require in an agreement that 100% of the employees of companies contracted in the security area are trained on vigilance with material ratified by the Federal Police Department, which includes aspects of human rights and relations.

412-2: Training collaborators on policies and procedures on human rights

	2015	2016	2017
Total Number of Training Hours Dedicated to the Formation of Policies/Procedures on Human Rights Relevant to the Operations	253,421	166,645	178,997
Percentage of Employees Trained on Policies/Procedures on Human Rights Relevant to the Operations	73	60	67

413-1: Operations with implemented programs for engaging the local community, impact assessment, and local development

Our activity is guided based on a previously defined strategy and on the strategic plan of Fundação Banco do Brasil (FBB), our Private Social Investment arm. When working in the communities, we seek to effectively contribute to the generation of employment and income for the development of the Country on sustainable bases. This work must extrapolate the traditional community investment actions by intending efforts to make investments with social impact and businesses.

The monitoring and assessment of programs and projects are considered management tools, and their results are used to direct the developed work and improve the actions taken, in addition to offering subsidies to decision making and the understanding of the projects' success factors.

In 2017, as a complementation to monitoring, FBB also selected a sample of 107 projects subject to additional layers of monitoring. Of the total, 84 projects responded to remote requests for information and 23 received an on-site visit of a technician in the Monitoring and Assessment department. In addition to identifying the stage of development of the project and the eventual need for corrections in its direction, this additional layer of monitoring also sought to assess questions such as the participation and engagement of young individuals and women, the acquisition of new knowledge and development of skills, compliance with aspects related to Human Rights, and the establishment of new partnerships for the development of the project and/or assistance to its participating audience.

Voluntariado

Our Voluntariado Program introduces and consolidates the concepts and assumptions of volunteering in the organizational culture, supporting and encouraging the involvement of the company's employees, whether active or retired, family members, and friends, for the provision of volunteer services.

For greater interaction by the audiences, we made available a platform on the Internet (<http://voluntariadobb.com.br>), which facilitates communication and contact between Voluntariado BB, institutions, citizenship committees, Gepes, and the general public. In 2017, the Voluntariado BB Website – a communication and management platform of the Voluntariado BB Program – reached 27,698 users enrolled as volunteers, 21,316 voluntary performed actions, and 2,703 enrolled social entities.

Voluntariado BB	2013	2014	2015	2016	2017
Ongoing Actions	171	2,951	10,873	6,611	4,411
Completed Actions	71	2,396	9,845	5,932	4,032

The use of the Voluntariado BB Website as a tool for centralization of all actions and enrollment of volunteers started in 2013, given the low number of actions. However, the reduction in the actions performed in 2016 was due to the encouraged retirement plan occurred at BB, which resulted in 9,400 employees leaving the company. The new reduction in 2017 is due to restructuring in course in the company.

Ação Infância e Vida

The Ação Infância e Vida Program consists of a set of our and our partners' initiatives intended to fight childhood and teenage cancer, which objective is to strengthen the entities affiliated to the Confederação Nacional das Instituições de Apoio e Assistência às Crianças e Adolescentes com Câncer (Coniacc), which assist children and adolescents with cancer and their families. The program has as activity axes the donation of financial resources, mobilization of our volunteers, and education actions for the early diagnosis of the disease.

Água Brasil

The Água Brasil Program is in line with our strategy and was created to strengthen our institutional position in sustainability. Currently in its second stage, which comprises the period between 2016-2019, it is structured on three activity axes. Axis 1 – Green Economy – Water and Agriculture – acts in engaging the local community, which increases water availability and efficiency, expands native vegetation coverage, and trains and mobilizes the local communities of the covered micro-watersheds. The objective is to improve quality and increase the amount of the waters and the natural vegetation coverage in the pilot micro-watersheds (Pipiripau – GO, Guariroba – MT, Descoberto – DF, and Peruaçu – MG), through sustainable agriculture and social technologies.

The resources intended to the management of Axis I total R\$5.4 million for the period between 2016 and 2019, of which R\$4.8 million were disbursed by FBB and R\$627 thousand by BB. The mechanism for interaction with the parties interested in/impacted by the topic (rural producers and workers, technicians, community leaders, NGOs, the public and private sector, universities, specialists, associations, cooperatives, the local community) takes place through specific projects submitted by WWF-Brazil or other legally organized and non-profit institutions.

413-1: Operations with implemented programs for engaging the local community, impact assessment, and local development

The perspective of community development is included in the context of the environmental conservation approaches of the program actions. In the organization cooperatives and associations of rural producers, one of the guidelines is to encourage gender equality and promote actions that involve the effective participation of the community.

The program results are disclosed both in the partners' institution communication channels, and to the general public through publications on the website, social media, newspapers, and local and international events.

414-2: Negative social impacts on the supply chain and actions taken

In 2017, we started the first cycle of socio-environmental risk assessment in our supplier chain, which included 83 companies. From the average responses of each dimension it will be possible to know the level of maturity of suppliers in relation to the socio-environmental aspects of their business. Not was identified suppliers with real or potential negative social impacts.

416-1: Assessment of the health and safety impacts caused by the product and service categories on customers

In all conducted architecture and engineering interventions, we based ourselves on internal regulations and on the legislations in effect, including those of the Fire Department, environmental bodies, and the Historical Heritage.

We meet legal regulations in 100% of the cases.

417-2: Cases of noncompliance regarding product and service information and labeling

During 2017, we did not identify any cases of noncompliance with voluntary codes and regulations regarding product and service information and labeling.

417-3: Cases of noncompliance regarding marketing communications

During 2017, we did not identify any cases of noncompliance with voluntary codes and regulations regarding marketing communications, including publicity, promotion, and sponsorship.

419-1: Non-compliance with laws and regulations in the economic and social areas

In 2017, no case of a significant fine (over R\$1 million) arising from legal and administrative proceedings was identified. However, we recorded the amount of R\$4.5 million, which refers to the sum of non-compliance with laws and regulations relating to the provision and use of products and services and charges relative to the time in the queue.

FS6: Percentage of the portfolio for business lines by specific region, size (e.g. micro, medium, large) and by sector

Information available in Explanatory Note 10 – Credit Operations, in the document Financial Statements (<http://bb.com.br/ri>) and in the Banco do Brasil Guidelines on Sustainability for Credit (<http://bb.com.br/portalbb/page4.8305.19212.0.0.1.6.bb>).

FS7: Monetary amount of products and services developed to deliver a specific social benefit to each business line, discriminated by purpose |
FS8: Monetary amount of products and services developed to deliver a specific environmental benefit to each business line, discriminated by purpose

Social Businesses

Product	Description (purpose, product description, and when applicable, the target social group)	Total in Portfolio for 2017 (R\$ million)	Number of Transactions Made in 2017
Pronaf	Intended to professionalize producers and their family members, modernize the production system, and value the family rural producer. Intended to provide financial support to agricultural and livestock and non-agricultural and non-livestock activities exploited by directly employing the rural producer family workforce.	43,190	493,466
BB Crédito Acessibilidade	BB Crédito Acessibilidade is a credit line intended to finance assistive technology assets and services, focused on promoting social inclusion and allowing for equal opportunities for persons with disabilities. Launched in February 2012, within the scope of the National Plan for the Rights of Persons with Disabilities – Viver sem Limite, is the main action in the Program Accessibility axis. The credit line is subsidized by the Federal Government and regulated by Law No. 12,613/2012, by CMN Resolution No. 4,000, dated August 25, 2011 and by MF Ordinances No. 240 and No. 570.	163.6	8,248
Fundo de Financiamento Estudantil (Fies)	The Fundo de Financiamento Estudantil (Fies) is a program by the Ministry of Education and Culture (MEC) intended to finance graduation in the higher education of students enrolled in paid institutions, instituted by Law No. 10,260, dated December 7, 2001. All students enrolled in higher education courses with positive results in the assessment processes conducted by the MEC are eligible to apply for the loan. We are one of the financial agents of the program.	49,626.9 ¹	43,558
Programa Minha Casa Minha Vida (PMCMV) ²	It provides for the financing of projects that fulfill requirements, such as the inclusion of the elderly and persons with special needs; environmental standards and attitudes, such as the use of equipment and solutions; fulfillment of recommendations in the execution of the construction works; and promotion of discussions and diffusion among its members of knowledge on the recycling of materials, rational use of natural resources, alternative low cost measures for water heating/degradable materials for construction or other uses, and risks arising from lack of environmental preservation, among other relevant issues.	21,331	14,466
BB Microcrédito Empreendedor	A credit line intended to customers who are natural persons (PF) and legal entities (PJ) in line with the National Directed Production Micro-Credit Program (MPO), intended to provide working capital or investments, focused on meeting the financial needs of entrepreneurs of small-sized production activities. It uses a methodology based on direct relationship with entrepreneurs, with the purpose of giving guidance on and monitoring the business.	305.2	243,395

(1) The total portfolio amount refers to the sum of the amount contracted in each operation.

(2) In the Natural Person segment 14,455 operations were completed, which results in a portfolio of R\$21,026 million. Whereas in the legal entity segment, 11 operations were completed totaling R\$305 million.

FS7: Monetary amount of products and services developed to deliver a specific social benefit to each business line, discriminated by purpose |
FS8: Monetary amount of products and services developed to deliver a specific environmental benefit to each business line, discriminated by purpose

Credit

Product	Description (purpose, product description, and when applicable, the target social group)	Total in Portfolio for 2017 (R\$ million)	Number of Transactions Made in 2017
Taxi Driver Employee Support Fund (FAT)	A line to finance vehicles which fuels are renewable, intended to natural persons. This line uses FAT funds and favors the generation of employment and profit.	369.1	3,402
BB Giro Rápido	A pre-approved credit line to meet the working capital needs of micro- and small-sized enterprises. The line comprises two credit types – overdraft protection and reusable fixed credit, which aggregates social value for making available market differentials to micro- and small- enterprises. The product offers advantages, such as a simplified credit granting process, and contracting with guarantees from the Operation Guarantee Fund (FGO), which facilitates access to credit, including via mobile.	894.42	3,717
Proger	Financing line intended to micro- or small-sized enterprises for investment projects, with or without associated working capital, which enable the generation or maintenance of employment and income in the urban area, with the purpose of rendering the sustainable development of micro- and small-sized enterprises feasible, and in line with Proger Urbano.	1,694.99	5,844

FS7: Monetary amount of products and services developed to deliver a specific social benefit to each business line, discriminated by purpose |
FS8: Monetary amount of products and services developed to deliver a specific environmental benefit to each business line, discriminated by purpose

Investments

Product	Description (purpose, product description, and when applicable, the target social group)	Net Equity in 2017 (R\$ million)	Profitability in 2017 (%)
BB Previdenciário Ações Governança	A fund intended to proper social security regimes instituted by the Federal Government, by the states or by the cities. Follows the B3 Corporate Governance Index (IGC), which consists of companies recognized for good corporate governance practices, which actions are negotiated at levels I and II of corporate governance in the New Market.	218.5	28.80 ¹
Programa Modernização da Administração Tributária e da Gestão dos Setores Sociais Básicos (PMAT)	Supports investment projects of the municipal public administration intended to modernize tax administration and improve the quality of public expenditures, with the purpose of enabling efficient public management that generates an increase in revenues and/or a reduction in the unit cost of the services provided to the collectivity.	165.4	3
BB Financiamento Setor Público (operations with states)	Financing, with the transfer of external or proper funds, of programs and actions provided for in the strategic planning of the states. It causes social impacts for improving the quality of life of the population.	27,686.7	4
Programa Eficiência Municipal	Supports investment projects or the individual purchase of assets and services for the municipal public administration intended to improve infrastructure and efficiency in public management, the quality of public services, and contribute to the economic development of the cities and the quality of life of the communities.	37.8	20
BB Ações Carbono Sustentável FIA	Follows the Carbon Efficient Index (ICO2), created by the BNDES and B3, comprising shares from companies participating in the IbrX 50, which adopt transparent practices with respect to their emission of greenhouse effect gases (GEG).	4.1	22.15

FS7: Monetary amount of products and services developed to deliver a specific social benefit to each business line, discriminated by purpose |

FS8: Monetary amount of products and services developed to deliver a specific environmental benefit to each business line, discriminated by purpose

Product	Description (purpose, product description, and when applicable, the target social group)	Net Equity in 2017 (R\$ million)	Profitability in 2017 (%)
BB Previdenciário Ações Governança	A fund intended to Proper Social Security Regimes instituted by the Federal Government, States, or Cities. Seeks to follow the theoretical portfolio of the IGC – an index comprised of shares of companies recognized for good corporate governance practices. These companies must be negotiated in the New Market or be classified in B3 Levels 1 or 2.	218,5	28,80
BB Multimercado Global Acqua LP Private FI	Invests part of your equity in Brazilian and global companies that include water treatment or processing in their production process.	385,3	12,15
BB Ações ISE Jovem FIC	Transfers 20% of the management fee to FBB in order to benefit the initiatives of the Água Brasil Program. The Corporate Sustainability Index (ISE) portfolio comprises shares of companies that submit a comprehensive corporate responsibility proposal that considers good governance aspects, economic efficiency, environmental balance, and social justice.	8,7	15,12
BB Referenciado DI Social 50	Transfer of 50% of the management fee to FBB, in order to benefit social projects.	754,9	7,31

(1) This is profitability generated for the customer.

FS7: Monetary amount of products and services developed to deliver a specific social benefit to each business line, discriminated by purpose |
FS8: Monetary amount of products and services developed to deliver a specific environmental benefit to each business line, discriminated by purpose

Payment methods

Product	Description (purpose, product description, and when applicable, the target social group)	Number ¹ of Cards Issued in 2017	Growth 2016/2017 (%)
Ourocard Origens Reciclado	Our first card produced with recycled plastic. At every requested card, the customer donates R\$5.00 to Instituto Terra, which promotes the recovery and the sustainable handling of Atlantic Forests, automatically adheres to the invoice rounding-up service, and contributes to the plantation of one of the 400 trees required to promote the recovery of a water spring.	13,778	(25.8)
Cartão de Pagamento da Defesa Civil (CPDC)	A card intended for the payment of expenses with help actions, assistance to victims, and reestablishment of essential services, exclusively used in emergency situations or in a state of public calamity, and which is recognized by the National Secretariat for Civil Defense.	3,039	7.68
Arredondamento de Fatura	A customer holding an Ourocard who adheres to this service will have the amount of his/her invoice rounded up to the subsequent integer amount above, and the cents corresponding to this difference will be donated to a partner non-profit institution. Currently, the donations are exclusively intended to Instituto Terra, which promotes the reforestation of deforested areas in the Atlantic Forest, and is responsible for the recovery of more than 40 million square meters.	12,539 ⁴	(1.49)

(1) Total number of cards as of December 31, 2017 (stock).

(2) Invoicing – total value of the transactions carried out by thematic cards (purchases and withdrawals in the credit and debit function). The billing is not related to the amount passed to Instituto Terra.

(3) Amount collected through the invoice rounding process.

(4) Number of card accounts with at least one invoice rounding service in 2017.

FS7: Monetary amount of products and services developed to deliver a specific social benefit to each business line, discriminated by purpose |
FS8: Monetary amount of products and services developed to deliver a specific environmental benefit to each business line, discriminated by purpose

Insurances and capitalization

Product	Description (purpose, product description, and when applicable, the target social group)	Number of Products Sold in 2017	Revenue in 2017 (R\$ million)	Participation in the Total Revenue from Insurances and Capitalization in 2017 (%)
Ouro Vida	Transfers to Fundação Banco do Brasil (FBB) 50% of its stipulation revenue to be invested in this entity's social programs.	664,491	1,448	10.7
BB Seguro Vida Mulher	Transfers to FBB 50% of its stipulation revenue to be invested in this entity's social programs.	121,170	448	3.3
Ouro Vida Grupo Especial	Transfers to Federação Nacional de Associações Atléticoas do Banco do Brasil (FENABB) 2.19% of the stipulation percentage.	0	822	6.1
Personalizado	Transfers a stipulation percentage to FENABB.	16,469	240	1.8
Ourocap Torcida Pagamento Mensal	Education – transfers to FBB the percentage of 0.25% of the total funds obtained in the payment by the subscribers of the capitalization bonds between R\$600 and R\$1 thousand by debit from an account and credit card.	0	213	1.6
Ourocap Torcida Brasil Pagamento Mensal	Education – transfers to FBB the percentage of 0.25% of the total funds obtained in the payment by the subscribers of the second monthly installment, and 0.25% of the third monthly installment of the capitalization bonds by debit from an account and credit card.	0	784	5.8
Ourocap Estilo Flex	Environment – transfers to FBB the percentage of 0.25% of the total funds obtained in the payment by the subscribers of the 48 monthly installments of the PP 93 E capitalization bonds between R\$250 and R\$500 by debit from an account.	455	12	0.1

FS7: Monetary amount of products and services developed to deliver a specific social benefit to each business line, discriminated by purpose |
FS8: Monetary amount of products and services developed to deliver a specific environmental benefit to each business line, discriminated by purpose

Agribusiness credit

Product	Description (purpose, product description, and when applicable, the target social group)	Total in Portfolio for 2017 (R\$ million)	Number of Transactions Made in 2017
Programa ABC	Its main objectives are to reduce GEG emissions arising from agricultural and livestock activities and deforestation, and to encourage the recovery of degraded areas.	8,784	3,092
Pronaf Florestal	Intends to support investments in projects that fulfill the requirements defined by the Family Agriculture Secretariat/Ministry of Agricultural Development for: agroforestry systems; ecologically sustainable extraction exploitation; forest handling and handling plan, including costs associated with the project implementation and maintenance; and enhancement of areas that already have a diversified forest coverage with the planting of one or more forest species native of the biome.	155.2	143
Pronaf Agroecologia	Credit line intended for agriculturists eligible to the Pronaf for investments associated with specific agroecological or organic production, including costs associated with the project maintenance and implementation.	11.5	89
Pronaf Eco-Dendê/ Seringueira	Credit line intended for agriculturists eligible to the Pronaf for investments in the implementation of oil palm or rubber tree, with associated funding for the maintenance of the culture.	12.8	0
Pronaf Eco	A line intended for agriculturists eligible to the Pronaf, who wish to implement, use, recover, or adopt renewable and/or environmental energy technologies, water storage, minor hydro-energetic utilization, forestry, or practices for the conservation and correction of soil acidity and fertility.	203.9	315
Moderagro	A line of fixed credit intended for agricultural and livestock investments with funding from the Banco Nacional de Desenvolvimento Econômico e Social (BNDES). Fosters actions associated with animal defense and the implementation of animal tracking systems for human food. The program supports soil recovery, in addition to fomenting the production, processing, industrialization, and storage of apiculture, aquaculture, poultry, chinchilla breeding, cuniculture, floriculture, fruit farming, horticulture, fishing, sheep and goat breeding, dairy farming, frog breeding, sericulture, and pig breeding.	660.1	336
Pronamp	A program intended for the financing of regular funding and investment expenses, with the purpose of promoting the development of rural activities of medium producers and enable an increase in income and the generation of jobs in the field.	24,369	104,731

FS7: Monetary amount of products and services developed to deliver a specific social benefit to each business line, discriminated by purpose |

FS8: Monetary amount of products and services developed to deliver a specific environmental benefit to each business line, discriminated by purpose

Product	Description (purpose, product description, and when applicable, the target social group)	Total in Portfolio for 2017 (R\$ million)	Number of Transactions Made in 2017
Programa de Construção e Ampliação de Armazéns (PCA)	Intends to support necessary investments to the expansion and construction of new warehouses. Therefore, it contributes to improve the income of rural producers and the distribution and storage of foods produced in the Country, as well as supports food safety.	3,729	343
Semiárido	Financing for the Superintendency for the Development of the Northeast Region (Sudene) with reduced financial charges in relation to the rural loans for the other regions in the Country. The Sudene area has as a main feature the frequent droughts, which can be characterized by the absence, scarcity, and high spacial and temporal variability of rains. Droughts that last for years are not rare.	21,843	100,995
Custeio Agrícola com Plantio Direto	Financing using the direct plantation system, which follows the logic of the forests. As much as organic material falls from trees and becomes a rich natural fertilizer, the straw from previous crops decomposed by macro and microorganisms become soil “food”. The advantages are a reduction in the use of chemical inputs and the control of erosive processes, as water infiltration becomes slower through the permanent soil coverage. The Direct Plantation on Straw System (SPDP) contributes to keep the soil from being taken by erosions and stores more nutrients, fertilizers, and correctors.	19,249	150,587
Inovagro	The Program to Encourage Innovation in Agricultural and Livestock Production (Inovagro) supports necessary investments for the incorporation of technological innovation in rural properties and aims to increase productivity, the adoption of good agricultural and livestock practices, and rural property management, as well as the competitive insertion of rural producers in different consumer markets.	2,512	1,993

FS9: Coverage and frequency of audits to assess the implementation of socio-environmental policies and risk assessment procedures

Our Internal Audit assesses risk management actions, and the fitness of internal controls, the inspection of their quality, sufficiency, compliance, and efficiency.

Therefore, we prepare, on a yearly basis, the strategic and tactic planning of our activities (with pluriannual and annual plans), in compliance with the requirements of the Ministry of Transparency – Office of the Federal Comptroller General (CGU).

All this planning provides for the conduction of audits in conclusive cycles, at least once per year and no more than every three years, in which, among others, adherence to the corporate socio-environmental policies and socio-environmental commitments assumed by us, as is the case of the Equator Principles.

The Socio-Environmental Responsibility-Specific Policy (SER) forms an integral part of a set of documents that comprise the Institution’s governance architecture, and which are assessed by the Internal Audit within the scope of Corporate Governance and Management.

The socio-environmental risk assessment is conducted by the Internal Audit within the scope of the Risk Management process.

The scope of the audit work performed in 2017 was neither excluded nor limited with respect to the categories and sizes used by the socio-environmental risk manager.

The audit works were performed by our internal auditors.

- CMN Resolution No. 4,327/14: guidelines that must be met by the establishment and in the implementation of the Policy on Socio-Environmental Responsibility (PRSA) by financial institutions; and
- Conama Resolution No. 237, dated December 19, 1997, which provides for the review and complementation of the procedures and criteria used in environmental licensing.

FS9: Coverage and frequency of audits to assess the implementation of socio-environmental policies and risk assessment procedures

The audit verifications that need improvement will be handled through the issuance of recommendations, with the appointment of a manager in charge and a deadline for implementation compatible with the associated risk level.

Recommendations issued will be followed by the Internal Audit until implementation. Henceforth, the corrective actions adopted by the managers will be assessed, and if sufficient, the recommendation is certified by the Audit.

FS10: Percentage and number of companies kept in the organization’s portfolio with which the organization interacts on environmental and social questions

In 2017, we analyzed three operations based on the Equator Principles, of which two were the Project Finance (projects which total capital cost is equal to or greater than US\$10 million), and one was the Bridge Loan (with a term shorter than two years to be refinanced by the Project Finance or Corporate Finance Intended for Projects).

Project Finance Contracted Based on the Equator Principles in 2017			
Sector	Category A	Category B	Category C
Mining	0	0	0
Infrastructure	0	0	0
Oil and Gas	0	0	0
Energy	1	0	0
Other (Industry)	0	0	1
Subtotal	1	0	1
Region	Category A	Category B	Category C
Americas	1	0	1
Europe, Middle East, and Africa	0	0	0
Asia	0	0	0
Subtotal	1	0	1
Country Designation	Category A	Category B	Category C
Designated country	0	0	0
Non-designated country	1	0	1
Subtotal	1	0	1
Independent consultancy	Category A	Category B	Category C
Yes	0	0	0
No	1	0	1
Subtotal	1	0	1
Total	2		

FS10: Percentage and number of companies kept in the organization's portfolio with which the organization interacts on environmental and social questions

Project Finance Advisor Services Based on the Equator Principles in 2017	
Sector	Number
Mining	0
Infrastructure	0
Oil and Gas	0
Energy	0
Others	0
Total	0
Region	Number
Americas	0
Europe, Middle East, and Africa	0
Asia	0
Total	0

Bridge-Loans Contracted Based on the Equator Principles in 2017			
Sector	Category A	Category B	Category C
Mining	0	0	0
Infrastructure	0	0	0
Oil and Gas	0	0	0
Energy	0	1	0
Other (Industry)	0	0	0
Subtotal	0	1	0
Region	Category A	Category B	Category C
Americas	0	1	0
Europe, Middle East, and Africa	0	0	0
Asia	0	0	0
Subtotal	0	1	0
Country Designation	Category A	Category B	Category C
Designated Country	0	0	0
Non-designated Country	0	1	0
Subtotal	0	1	0
Independent Consultancy	Category A	Category B	Category C
Yes	0	0	0
No	0	1	0
Subtotal	0	1	0
Total	1		

FS10: Percentage and number of companies kept in the organization’s portfolio with which the organization interacts on environmental and social questions

Equator Principles	2013	2014	2015	2016	2017
Number	8	8	15	3	3

The amounts listed above characterize the projects as being large-sized, which by definition, require a combination of favorable conditions associated with economic and strategic aspects for study, planning, feasibility, and implementation. In addition to the Equator Principles, we adopt socio-environmental criteria in the assessment of the investigation on the credit limit of companies and investment projects. Currently, these procedures are applied to companies or economic groups with a verified or expected Gross Operating Income (GOI) greater than R\$200 million and to investment projects with an amount financed by us that is equal to or greater than R\$2.5 million. In 2017, 3,778 assessments were conducted for the investigation on the credit limit of companies, while 43 assessments were conducted for investment projects.

FS11: Percentage of assets subject to environmental or social screening (both positive and negative)

Through BB Gestão de Recursos DTVM S.A., we administer, manage, and distribute funds and managed portfolios. According to the fund management ranking of the Associação Brasileira das Entidades dos Mercados Financeiros e de Capitais (Anbima), BB DTVM closed 2017 with an amount of R\$864.5 billion in third parties’ funds, representing a 18.27% growth per year. Of the total of resources, R\$1.4 billion is allocated in funds with socio-environmental characteristics. With respect to the total percentage of assets, the volume of R\$1.4 billion refers to the total volume of the funds with socio-environmental characteristics managed by BB DTVM. However, BB DTVM conducts a comprehensive screening involving a greater number of assets that compose its total portfolio. In December 2017, 2.33% of the total of BB DTVM’s assets was subject to positive screening.

To meet Bacen Resolution No. 4,327/2014, as well as the PRI guidelines, BB DTVM developed a methodology for incorporation of environmental, social, and corporate governance aspects in its analyses, which exclusively refer to third parties’ funds. The methodology encompasses general indicators (governance structure, social aspects, environmental aspects, and the position of the company in relation to the sustainability indexes, as well as its alignment with the GRI standard) and specific indicators (according to the needs of each area). The assessments are made available to the managers so that they may apply practices that favor the integration of environmental, social, and corporate governance topics. In late 2017, the methodology was reviewed so that the result of the analysis could now directly influence the decisions on corporate debt credit limit. Therefore, based on regular reviews of the credit limits, all limits of emitters will be impacted by the analysis. The methodology has as a basis the use of the best-in-class/positive filter. Currently, the negative is not applied.

FS13: Access points in areas with low populational density or economically unfavored, discriminated by type

We closed 2017 with 64.5 thousand points of service between proper, shared, corresponding networks, being present in 99.8% of the Brazilian cities.

State	Number of Points of Service (proper network + third parties stations)	Populational Density (inhab/km ²)	(Number of points of service/inhabitant) x 10,000	Variation in the number of points of service
Acre	223	0.005	2.69	(38)
Santa Catarina	2,580	0.073	3.69	(254)
Espírito Santo	1,213	0.087	3.02	(28)
Roraima	3,689	2,330	70.58	(67)
Amazonas	230	2,587	0.57	(7)
Mato Grosso	6,069	3,702	18.15	(113)
Tocantins	598	5,584	3.86	(27)
Amapá	932	5,586	11.68	4
Pará	1,406	6,704	1.68	(73)
Mato Grosso do Sul	988	7,597	3.64	(39)
Rondônia	226	7,601	1.25	0
Piauí	3,638	12,799	11.30	(240)
Goiás	2,290	19,933	3.38	(79)
Maranhão	1,424	21,086	2.03	15
Bahia	4,319	27,048	2.81	135
Minas Gerais	1,084	36,008	0.51	(32)
Rio Grande do Sul	1,309	40,188	1.16	(113)
Paraná	2,360	56,799	2.08	(38)
Ceará	2,491	60,611	2.76	(36)
Rio Grande do Norte	5,166	66,424	14.73	(396)
/Paraíba	1,360	71,142	3.38	(8)
Pernambuco	1,118	96,359	1.18	45
Sergipe	15,205	104,432	66.45	(448)
Alagoas	975	121,572	2.89	(17)
São Paulo	573	181,681	0.13	(373)
Rio de Janeiro	441	382,620	0.26	(29)
Distrito Federal	2,058	523,861	6.77	201

In 2017, we underwent institutional reorganization, which promoted adaptations in the physical network, in an attempt to reduce expenses and increase operational efficiency.

FS14: Initiatives to improve access to financial services by unfavored/disabled persons

We physically adapted our premises (main floor) to ensure accessibility by persons with reduced mobility, visually impaired persons, and wheelchair users. We closed 2017 with 99.9% of the floors adapted – the last pending units will be completed/adapted by the end of 2018. We also purchased furniture for servicing disabled persons, obese individuals, with 80% of the premises benefited by the end of 2017. Counters, accessible teller windows and service tables, wheelchairs, tactile map supports, and furniture adapted for obese individuals are among the purchased items.



GRI Content Index

102-55

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
GRI 102: Divulgação geral 2016				
Organizational Profile				
102-1: Name of the organization	3	Yes		
102-2: Activities, brands, products, and services	63 More information available in Art. 4 of Bylaws	Yes		
102-3: Location of headquarters	93	Yes		
102-4: Location of operations	3	Yes		
102-5: Ownership and legal form	3	Yes		
102-6: Markets served	93	Yes		
102-7: Scale of the organization	Large-sized company. More information on pages 5 and 6	Yes		
102-8: Information on employees and other workers	78 and 86	Yes	6	8
102-9: Supply chain	86	Yes		
102-10: Significant changes to the organization and its supply chain	80 More information available in Explanatory Note 2 – Corporate Restructuring, in the document Financial Statements	Yes		
102-11: Precautionary Principle or approach	56	No		
102-12: External initiatives	93	Yes		
102-13: Membership of associations	93 and 94	Yes		
Strategy				
102-14: Statement from senior decision-maker	11 and 12	No		
102-15: Key impacts, risks, and opportunities	17 , 22 , 47 , 48 and 94	Yes		
Ethics and Integrity				
102-16: Values, principles, standards, and norms of behavior	13 Information available at About Us e Ethic and Integrity	Yes		16

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
102-17: Mechanisms for advice and concerns about ethics	40 to 42	Yes		16
Governance				
102-18: Governance structure	22 and 36	Yes		
102-19: Delegating authority	22 and 94	Yes		
102-21: Consultation with stakeholders on economic, environmental, and social topics	94	Yes		16
102-27: Collective knowledge of highest governance body	94	No		4
102-29: Identifying and managing economic, environmental, and social impacts	39 and 95	Yes		16
102-36: Process for determining remuneration	101	Yes		
102-38: Annual total compensation ratio	101	Yes		
Stakeholder Engagement				
102-40: List of stakeholder groups	13	Yes		
102-41: Collective bargaining agreements	101	No	3	8
102-42: Identifying and selecting stakeholders	13 and 101	Yes		
102-43: Approach to stakeholder engagement	17 , 23 , 24 , 68 and 102	Yes		
102-44: Key topics and concerns raised	15 , 23 , 68 and 102	Yes		
Reporting Practices				
102-45: Entities included in the consolidated financial statements	Information available in Explanatory Note 3 – Presentation of Financial Statements (p. 31), in the document Financial Statements	Yes		
102-46: Defining report content and topic Boundaries	103 to 106	Yes		
102-47: List of material topics	103 to 106	Yes		

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
102-48: Restatements of information	102-8: page 78 202-1: page 109 401-1: page 114 ¹ 401-1: page 114 ² 403-2: page 116 (see notes 1 and 2 on page 114)	No		
102-49: Changes in reporting	There were no changes in comparison with the previous reporting period with respect to the Materiality Matrix. This year, we focused on the reporting of essential requirements	No		
102-50: Reporting period	Our Report is published on a yearly basis, and in this issue, it covers the entire period between January 1 and December 31, 2017. The previous report was published in 2017	No		
102-51: Date of most recent report		No		
102-52: Reporting cycle		No		
102-53: Contact point for questions regarding the report	106	No		
102-54: Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	Yes		
102-55: GRI content index	139	Yes		
102-56: External assurance	152	Yes		
Economic Standards				
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 201: Economic Performance 2016				
201-1: Direct economic value generated and distributed	109	No		2 5 7 8 9
201-2: Financial implications and other risks and opportunities due to climate change	57 and 58	Yes	7	13

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 202: Market Presence 2016				
202-1: Ratios of standard entry level wage by gender compared to local minimum wage	109	No	6	1 5 8
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 203: Indirect Economic Impacts 2016				
203-1: Infrastructure investments and services supported	33	Yes		2 5 7 9 11
203-2: Significant indirect economic impacts	29 to 31	Yes		1 2 3 8 10 17

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 205: Anti-corruption 2016				
205-1: Operations assessed for risks related to corruption	44 and 109	Yes		
205-2: Communication and training about anti-corruption policies and procedures	41, 44, 86, 110 and 111	Yes		
205-3: Confirmed incidents of corruption and actions taken	44	Yes		
Environmental Standards				
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 301: Materials 2016				
301-1: Materials used by weight or volume	111	Yes	7 8	8 12
301-2: Recycled input materials used	111	No	8	8 12
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 302: Energy 2016				
302-1: Energy consumption within the organization	90 and 112	Yes	7 8	7 8 12 13
302-3: Energy intensity	112	No	8	7 8 12 13
302-4: Reduction of energy consumption	90 and 112	Yes	8 9	7 8 12 13

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
Environmental Standards				
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
Water				
303-1: Water withdrawal by source	90 and 113	Yes	7 8	6
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
Emissions				
305-1: Direct (Scope 1) GHG emissions	Information not available - the data will be disclosed in the online version of the Report Annual 2017 in May 2018	No	7 8	3 12 13 14 15
305-2: Energy indirect (Scope 2) GHG emissions		No	7 8	3 12 13 14 15
305-3: Other indirect (Scope 3) GHG emissions		No	7 8	3 12 13 14 15
305-4: GHG emissions intensity		No	8	13 14 15
305-5: Reduction of GHG emissions		No	8 9	13 14 15
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
Effluents and Residues				
306-2: Waste by type and disposal method	91 and 114	Yes	8	3 6 12 14

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
Social Standards				
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 401: Employment 2016				
401-1: New employee hires and employee turnover	114 to 116	Yes	6	5 8
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 402: Labor Relations 2016				
402-1 Minimum notice periods regarding operational changes	116	No	3	8
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 403: Occupational Health and Safety 2016				
403-1: Workers representation in formal joint management-worker health and safety committees	84, 85 and 116	No		8
403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	85, 116 to 118	Yes		3 8

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 404: Training and Education 2016				
404-1: Average hours of training per year per employee	83, 84, 118 and 119	Yes	6	4 5 8
404-3: Percentage of employees receiving regular performance and career development reviews	81, 82, 119 and 120	No	6	5 8
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 405: Diversity and Equal Opportunities 2016				
405-1: Diversity of governance bodies and employees	79, 120 to 122	Yes	6	5 8
405-2: Ratio of basic salary and remuneration of women to men	122	Yes	6	5 8 10
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 406: Non-Discrimination 2016				
406-1: Incidents of discrimination and corrective actions taken	123	Yes	6	5 8 16

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 407: Freedom of Association and Collective Bargaining 2016				
407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	59, 60, 123 and 124	No	3	8
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 408: Child Labor 2016				
408-1: Operations and suppliers at significant risk for incidents of child labor	59, 60, 123 and 124	No	5	8 16
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 409: Forced or Compulsory Labor 2016				
409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	59, 60, 123 and 124	No	4	8
GRI 103: Management Approach 2016				

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 410: Safety Practices				
410-1: Security personnel trained in human rights policies or procedures	124	No	1	16
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 412: Human Rights Assessment 2016				
412-1: Operations that have been subject to human rights reviews or impact assessments	123 and 124	Yes	1	
412-2: Employee training on human rights policies or procedures	124	Yes	1	
412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	56 and 60 (Socio-Environmental Risk Reference Form – Section 8)	Yes		
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 413: Local Communities 2016				
413-1: Operations with local community engagement, impact assessments, and development programs	125 and 126	Yes	1	

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 414: Supplier Social Assessment 2016				
414-1: New suppliers that were screened using social criteria	86		2	
414-2: Negative social impacts in the supply chain and actions taken	60 and 126	Yes	2	
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 416: Customer Health and Safety 2016				
416-1: Assessment of the health and safety impacts of product and service categories	126	No		
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108			
GRI 417: Marketing and Labeling 2016				
417-2: Incidents of non-compliance concerning product and service information and labeling	126	No		16
417-3: Incidents of non-compliance concerning marketing communications	126	No		16

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 418: Customer Privacy				
418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	55	Yes		16
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
GRI 419: Socioeconomic Compliance 2016				
419-1: Non-compliance with laws and regulations in the social and economic area	126	Yes		
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
Sector Supplement – Financial Services				
Product Portfolio				
FS6 - Percentage of the portfolio for business lines by specific region, size (e.g. Micro/SME/Large) and by sector	126	Yes		1 8 9
FS7 - Monetary Value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	127 to 134	Yes	6	1 8 9 10 11
FS8 - Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	127 to 134	Yes	6	
GRI 103: Management Approach 2016				

Requirement	Page (or Link) or Omission	External Check	Global Compact	SDG
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
G4: Audit				
FS9 - Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures (former FS9)	134 and 135	Yes		
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
G4: Active Ownership				
FS10 - Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	135 to 137	Yes		10
FS11 - Percentage of assets subject to positive and negative environmental or social screening.	137	Yes		10
GRI 103: Management Approach 2016				
103-1: Explanation of the material topic and its boundary	103 to 108	Yes		
103-2: The management approach and its components	107 and 108	Yes		
103-3: Evaluation of the management approach	107 and 108	No		
G4: Local Communities				
FS13 - Access points in low-populated or economically disadvantaged areas by type	138	No	7 8	1 8 10
FS14 - Initiatives to improve access to financial services for disadvantaged people	138	Yes	8	1 8 10



102-56: External assurance

Banco do Brasil S.A.

Independent Auditors' Limited Assurance Report

KPMG Auditores Independentes

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Independent Auditors' Limited Assurance Report

To

The Board of Directors, Shareholders and Management

Banco do Brasil S.A.

Brasília - DF

Introduction

We have been engaged by Banco do Brasil S.A. to present our limited assurance report on the compilation of the information related to sustainability included in the Annual Report of Banco do Brasil S.A., for the year ended December 31, 2017.

Responsibilities of Banco do Brasil's Management

The management of the Banco do Brasil is responsible for the preparation and fair presentation of the information related to sustainability included in its Annual Report in accordance to the guidelines of the Global Reporting Initiative – GRI Standards and for such internal controls as management determines is necessary to enable the preparation of information free of material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion on the information related to sustainability included in Annual Report, based on our limited assurance engagement carried out in accordance with Technical Communication (CT) 07/2012, issued by the Federal Accounting Council (CFC), based on Brazilian standard NBC TO 3000, "Assurance Engagements Other Than Audits and Reviews", also issued by the CFC, which is the equivalent to the international standard ISAE 3000, issued by International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the information related 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) mainly consists of making inquiries of management of Banco do Brasil and other Banco do Brasil's professional involved in the preparation of the information in the Annual Report, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead the auditor to believe that the information in the Annual Report, taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the issues related to the compilation and presentation of the information included in the Annual Report, other circumstances of the engagement and our analysis of the areas in which significant misstatement might exist. The procedures consisted of:

- a) planning of the work, taking into consideration the relevance, volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information included in the Annual Report of Banco do Brasil;
- b) understanding of the calculation methodology and the procedures adopted for the compilation of the indicators through interviews with the personnel in charge of the preparation of the information;;
- c) application of analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the information included in the Banco do Brasil's Annual Report; and
- d) comparing the financial indicators with the financial statements and/or accounting records.

The limited assurance engagement also included tests to assess compliance with the guidelines of the Global Reporting Initiative's Sustainability Report and criteria to preparation of the information related to sustainability included in the Annual Report.

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

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion about the information included in the Annual Report. Consequently, we are not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an assurance engagement, the objective of which is the issue of an opinion. If we had performed an engagement in order to express an opinion, we might have identified other matters and possible misstatements in the information included in the Annual Report. Therefore, we are not expressing an opinion about these matters.

Non-financial data are 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 relevance, materiality and accuracy of the data are subject to individual assumptions and judgments.

Furthermore, we did not consider in our engagement the data reported for prior periods, nor future projections and goals.

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 procedures performed, described in this report, no matter has come to our attention that causes us to believe that the information contained in the Annual Report 2017 of Banco do Brasil S.A., has not been compiled, in all material respects, in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative - GRI Standards.

Brasília, April 26, 2018

KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF

Original report in Portuguese signed by
Marcelo Faria Pereira
Accountant CRC RJ-077911/O-2

KPMG Auditores Independentes

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

Brasília, Apr 26, 2018

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 2017 we declare that KPMG is independent in relation to the Banco do Brasil S.A. 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

Original report in Portuguese signed by
Marcelo Faria Pereira
Accountant CRC RJ-077911/O-2