

annual
report

2018



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Introduction

The purpose of the 2018 Annual Report is to disclose to shareholders, investors, employees, customers, government representatives and society how the Bank operates, how we manage our business and how this affects economic, environmental and social outcomes.

The aim is to demonstrate value creation, in line with the Integrated Report principles and through the results achieved over the period in response to the sustainability challenges – Agenda 30 BB.

Learn more in the Business Model Chapter

The Report is divided into chapters that reflect on the business model, on Banco do Brasil's transformative role in society and also on aspects of corporate governance and risk management. Subsequently, the report presents information on financial, social and environmental value creation.

Published in electronic form since 2010, this report was prepared in accordance with the GRI Standards: Core option, and audited by KPMG Independent Auditors. The GRI disclosures markers can be seen throughout the text and in more detail in the GRI Appendix.

The economic and financial data complies with Brazilian Corporation Law and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) and the Central Bank of Brazil (Bacen). The balances presented refer to the BB Conglomerate performance, in accordance with the financial statements available on the Investor Relations website (<https://ri.bb.com.br>). The information on social and environmental disclosures refers to the Multiple Bank, which contributed 79.5% of operating income in 2018.

Transparency

and relevance are trademarks of the information published in our Report



Employees at the BB Headquarters building in Brasília (DF)

Relevant Topics

In 2018 the materiality was reviewed, highlighting the topics considered to be most relevant for management.

See more in the GRI Appendix, pages 111 to 117.



Progress in governance practices



Management of non-financial and/or emerging risks



Innovations in the financial sector and anticipation of trends



Customer satisfaction



Improvement of variable remuneration



Productive development, entrepreneurship and social and financial inclusion



Promotion of diversity and gender and race representation



Development of human capital



Ethics and anti-corruption practices



Transition to a Green and Inclusive Economy



Management of socio-environmental risks

Alignment with Trends

The Report is in alignment with the major global trends in the disclosure of social, environmental and financial results. In management, the journey towards integrated thinking has continued. This is reflected in the updating of the Sustainability Plan – Agenda 30 BB in 2018, in line with the Sustainable Development Goals (SDGs). The importance of our transformative role is demonstrated by the products and services that promote the transition to a Green and Inclusive Economy.

The GRI Content Index correlates with the 10 principles of the Global Compact and the 17 SDGs of the UN's Global Agenda 2030.

For questions or suggestions regarding this publication, please contact us via the following e-mails ri@bb.com.br and sustentabilidade@bb.com.br.

Good reading!

Letter from the Management

102-14

We have chosen 2018 as the Relationship Year. We believe that the transformation and complexity of the business environment will intensify over the coming years. Our focus on improving our customer's experience and investing in innovation will continue to guide our operations. Service quality is fundamental to customer satisfaction, as it contributes to building trust, generating business opportunities and increasing profitability.

We ended 2018 with adjusted net income of R\$13.5 billion, an increase of R\$ 2.4 billion or 22.2% over 2017. The Return on Equity (ROE) increased to 13.9%, compared to 12.3% in the previous year. Part of this result was achieved through the strict control of administrative expenses – with an increase of 0.6% in the period, well below the 3.75% inflation rate measured by the IPCA Consumer Price Index - and the drop in Provision for Bad Debts (Provisão para Créditos de Liquidação Duvidosa - PCLD) expenditure of R\$5.9 billion (a 29.2% decrease on 2017).

Revenue from services provided and bank fees increased by 5.8% in the year, demonstrating the success of the relationship strategy and specialized advisory services for customers, especially through the adoption of new technologies. This result is expressed in the Adjusted Efficiency Ratio, which reached 38.5%, and the Capital Ratio improvement, which reached 18.86% in December, representing 10.0% of core capital.

Throughout the period, employees and senior management representatives have participated in a broad process of reviewing sustainability challenges and defining actions, indicators and targets for the Sustainability Plan - Agenda 30 BB 2019-2021. In line with the Sustainable Development Goals (SDGs), these commitments favor the dissemination of the topic within the company and the adoption of socio-environmental criteria in practices and business, contributing to the transition to a Green and Inclusive Economy. We also emphasize our commitment to the 10 Principles of the Global Compact.

As a reflection of our socially and environmentally responsible performance, we were considered the most sustainable bank in the world by the 2019 Global 100 ranking conducted by Corporate Knights, in an announcement made at the World Economic Forum in Davos, Switzerland. We have maintained our listing in the New York Stock Exchange's Dow Jones Sustainability Index (DJSI) Emerging Markets portfolio, and for the fourteenth consecutive year on the B3's Corporate Sustainability Index (ISE).

These achievements demonstrate that we are on the right track with regards to social and environmental impacts in the activities and business management and that, through Agenda 30 BB, we are transforming challenges into opportunities in order to create value for shareholders, customers, employees and society.

In 2019, our drivers will be to increase business volume with new customers (mainly the young public), enchantment with the BB brand, innovation, and profitability. We will focus on modernizing the structure and on customer satisfaction. We intend to sustainably generate more and more business, generating value for our shareholders.

We appreciate our employees' dedication and commitment, as well as the trust of our customers and society.

Rubem de Freitas Novaes

CEO of Banco do Brasil

About Us

We are Banco do Brasil S.A. (BB), a privately-owned, publicly-traded corporation with a mixed economy, controlled by the Federal Government. We were the first bank to operate in the country and also the first company to hold a public share offering in the Brazilian capital market. In our 210 years of existence we have made an active contribution to Brazil's development. Our values are the guiding principles of the organization: Customer Centricity, Innovation, Ethics, Sense of Ownership, Efficiency, Reliability and Public Spirit. [102-1](#) • [102-5](#) • [102-16](#)

We are part of B3's (Brasil, Bolsa, Balcão) Novo Mercado and State-Owned Enterprises Governance Program (Programa Destaque em Governança de Estatais – PDGE) and also presence on B3's Corporate Sustainability Index (Índice de Sustentabilidade Empresarial – ISE) and in the emerging markets portfolio of the New York Stock Exchange's Dow Jones Sustainability Index (DJSI). These outcomes are the result of the Management's commitment to transparency, accountability, equity and socio-environmental responsibility.

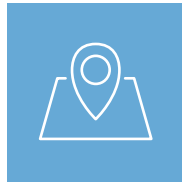
We are present in 99.6% of Brazilian municipalities, with 65,700 service points and our 4,722 branches represent a 21.9% share of the National Financial System. The overseas network consists of 26 units located in 17 countries. We also have agreements with financial institutions abroad to operate as correspondents through 875 banks in 107 countries. [102-4](#) • [102-6](#)



Present in
99.6%
of municipalities
in Brazil



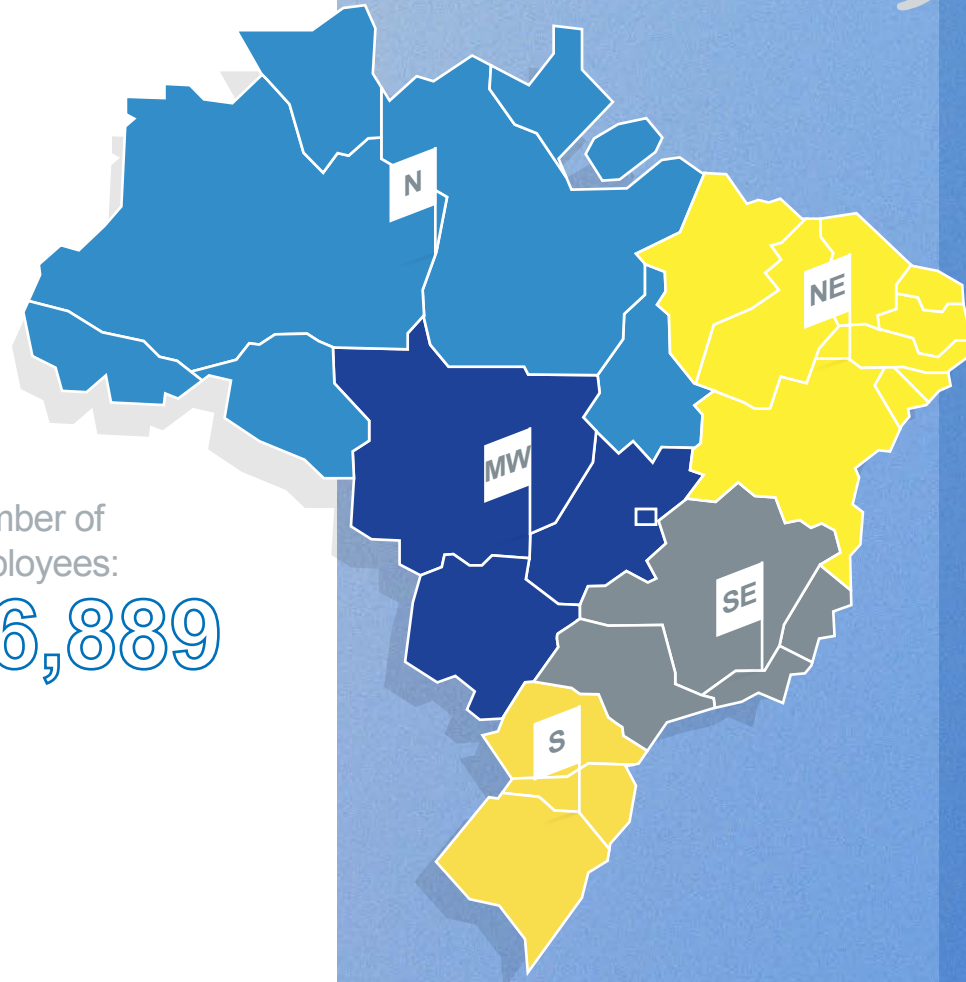
Domestic Presence 102-7



Number of branches:

4,722

- North: **300**
- Northeast: **1,014**
- Midwest: **459**
- Southeast: **2,015**
- South: **934**

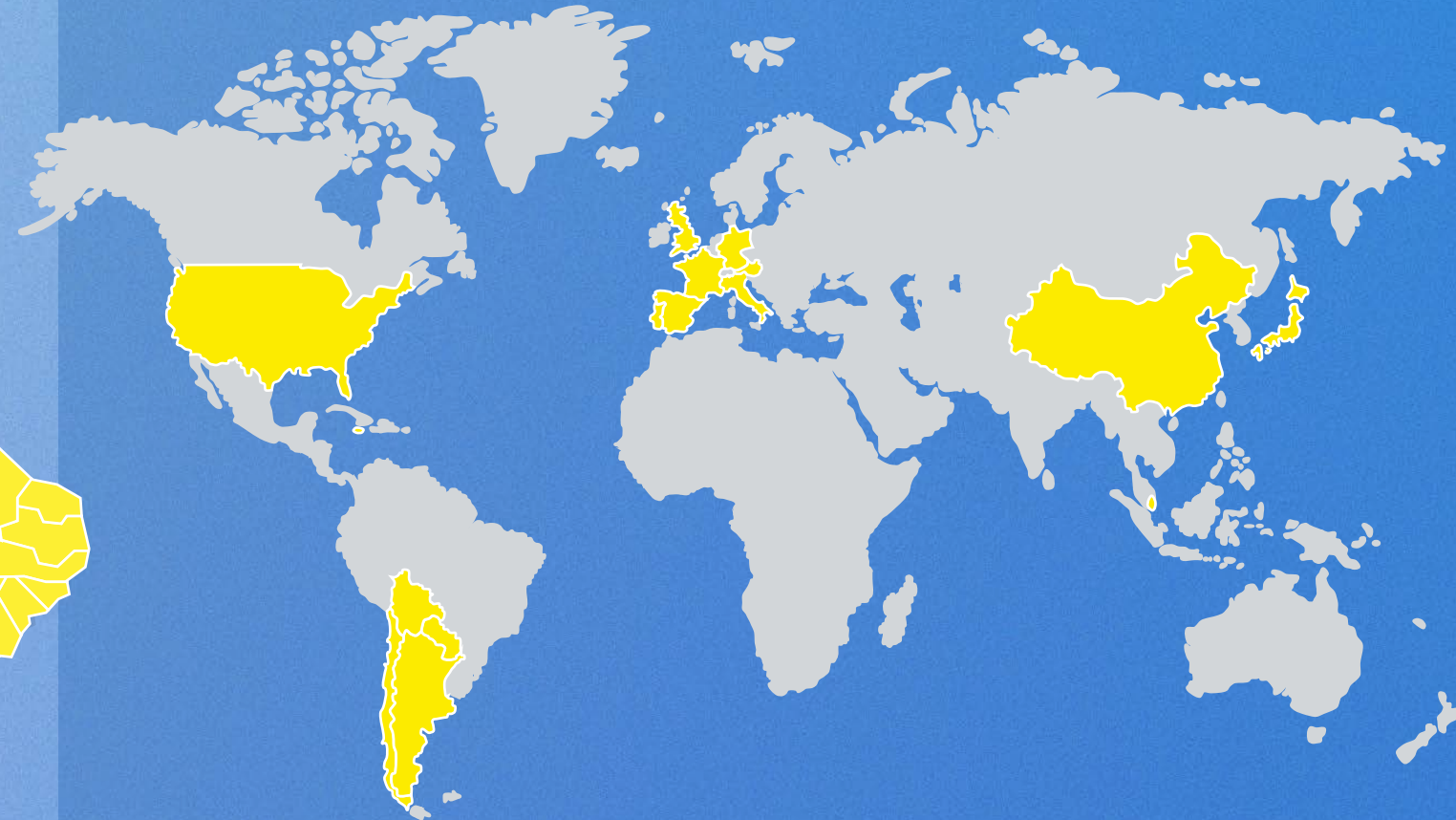


Number of employees:

96,889

- North: **4,259**
- Northeast: **16,116**
- Midwest: **16,808**
- Southeast: **42,586**
- South: **17,096**
- Overseas: **24**

International presence since 1941



Assets:
R\$1.42 trillion



Adjusted Net Income:
R\$13.5 billion

Loan Portfolio: **+3.0%**

Fee Income: **+5.8%**

Market share of agribusiness: **57.4%**

Market share of loans: **18.5%**

CET1 Ratio: **10.0%**

Shareholders' Equity: **R\$102.25 billion**

Transformative Role



R\$189.6 billion green business balance

Agro Energia Program: aims to stimulate the use of renewable energy in rural areas. The volume of funds allocated via the program in the 2017/2018 agricultural season was of the order of **R\$512 million**.



Services provided to approximately **1 million** family farmers through National Program to Strengthen Family Farming (Programa Nacional de Fortalecimento da Agricultura Familiar – Pronaf) in **96.9%** of Brazilian municipalities, indicating the coverage of the program across Brazil.



The Banco do Brasil Cultural Center (CCBB) hosted **315 cultural initiatives**, with **4.36 million** visitors and **R\$1.2 billion return** in spontaneous media.



R\$53.4 million in funding provided through Fundação Banco do Brasil (FBB).

Corporate Governance

Level 1 Seal,

with maximum score on the Governance Index (IG-SEST) of the Secretariat of Coordination and Governance of State Enterprises (Secretaria de Coordenação e Governança das Empresas Estatais – SEST).



The Integrated Governance and Management Index (Índice Integrado de Governança e Gestão – IGG) of the Brazilian Federal Court of Accounts' (Tribunal de Contas da União – TCU) – highest score of the 488 participants.



We created the **Management Remuneration Policy**, approved by the Board of Directors.



Banco do Brasil Report on the Brazilian Code of Corporate Governance (Report) prepared in accordance with the instructions of the Brazilian Securities and Exchange Commission (CVM).

Risk Management

In 2018 we implemented a **socio-environmental rating** system in order to understand, evaluate and monitor our customer's practices. It is used as a socio-environmental risk management tool.



We support initiatives to **mitigate climate change**, such as the Low Carbon Agriculture Program (Programa de Agricultura de Baixo Carbono – Programa ABC), through which positive financial implications are identified with the contracting of **R\$1.7 billion** in operations in 2018, with contracting costs of **R\$6 million**.



Intensification of efforts to incentive the use of BB Code resulted in a **73%** increase in the number of Internet accesses with BB Code PF (Personal) and **306%** with BB Code PJ (Business). In 2018, we surpassed the mark of **32 million customers** with registered biometric.



Development of criteria that allowed the construction of the **bases of social and environmental losses** of operational and credit risks.

Financial Value Creation



R\$125.7 billion in assets were subjected to positive screening, which considers socio-environmental and corporate governance aspects.

The **Innovation Incentive Program** (Programa de Incentivo à Inovação – Pensa BB) gathered 18,450 ideas in its fifth year.

R\$1.6 billion of resources was invested in funds with socio-environmental characteristics.



57.4% market share in the financing of agribusiness.

Social Business (balance in portfolio) – Accessibility Credit – **R\$162.4 million**; Student Funding (Fies) – **R\$41.6 billion**; Minha Casa Minha Vida (MCMV) – **R\$22 billion**; Guided Productive Microcredit (MPO) **R\$234.8 million**; National Program to Strengthen Family Farming (Pronaf) – **R\$44.1 billion**.

Social Value Creation

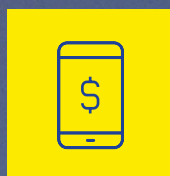


Leader in the digital accounts segment. The expansion of Conta Fácil meant that we reached the milestone of **2.7 million** new accounts opened. The Conta Fácil MEI 100% digital account benefited **25,756** microentrepreneurs.



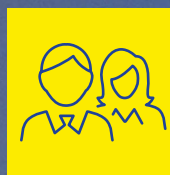
79.0% of all transactions took place using cell phones and the internet.

Structuring of the Retail relationship model, currently present in **22%** of business units.



Six million users of the Minhas Finanças (My Finance) application, with **937,323 family** budgets created and average incentivized savings of **R\$1,000** per customer.

R\$6 billion in payments to suppliers, **R\$17.3 million** of which was paid to six suppliers based abroad.



83.6% of satisfied employees.

Environmental Value Creation



The digital transformation strategy contributed to reducing paper consumption by **259 metric tons**.



Total electricity consumption **reduced** by **1.8%** in 2018

102,000 printer cartridges refilled (corresponding to **99%** of the total used in 2018), savings of **R\$54.4 million**.

1,848 units have deployed a Selective Waste Collection (Recycling) Program.

Total water consumption reduced by **1.5%** in 2018.

In the first half of 2018, **50.1%** (2,718) of the BB units assessed met the target set for the **Ecological Footprint Index** (Índice Pegada Ecológica – IPE). In the second half of the year, **46.1%** (2,488 units) reached the target.

Awards

In 2018, we received a number of awards, recognition and certifications that attest to our commitment to sustainable development and proficient relationships with stakeholders. Highlights include:

Global 100 – 100 of the world's leading companies in sustainability:

recognized as the most sustainable bank in the world in the Corporate Knights (CK) ranking released at the World Economic Forum in Davos, Switzerland.

Dow Jones Sustainability Index (DJSI):

in 2018 BB was listed in the Emerging Markets portfolio of this New York Stock Exchange Index.

FTSE4 Good Index

Series: BB was listed for the 3rd consecutive year on this London Stock Exchange Index, which assesses and classifies the companies with the best environmental, social and governance practices.

Corporate Sustainability Index (Índice de Sustentabilidade Empresarial ISE):

BB was listed for the 14th consecutive year on this B3 – Brasil, Bolsa, Balcão index.

The B3's Carbon Efficient Index (Índice Carbono Eficiente – ICO2):

the Bank remains on the ICO2, a portfolio of IBrX-50 companies that adopt good practices with regards to GHG emissions.

Top of Mind in the Banks category:

recognized as the most-remembered brand in the Banking category, this position has been maintained uninterruptedly for the 28 years that the Datafolha award has been running.

Top of Mind HR:

in the Corporate Education and E-learning category, sponsored by Grupo Editorial Fênix, with the support of the *Folha de São Paulo* newspaper.

4th most valuable brand in Brazil:

in the ranking of the most valuable brands in Brazil in 2018, published by Brand DX and Meio & Mensagem.

Brazil's most reliable brand in the Banking category:

leader in this ranking for the 15th consecutive time, conducted by Seleções Magazine and Instituto Datafolha.

Gartner Eye on Innovation Awards 2018:

awarded second place in this competition involving 200 financial institutions from a range of countries for the use of Big Data Analytics technology, BB was the only finalist outside of the United States-Canada axis.

Guia Época Negócios 360°:

best bank in the country, as well as being considered the best company in the People Dimension, as well as first place in the Banking sector in the Corporate Governance and Future Vision Dimensions.

Guia Você S/A's Best Companies:

listed among the 150 Best Companies in the guide, conducted by *Você S/A* in partnership with Fundação Instituto de Administração – FIA/USP.

Melhores Empresas para Trabalhar (Best Companies to Work for):

2nd place in the ranking provided by the jobs platform Indeed.

Best case of a Corporate University:

in Educorp, promoted by the Human Resources Academy.

Best Ombudsman in Brazil Awards:

received awards in several categories of this distinction promoted by the Brazilian Association of Customer-Company Relations (Associação Brasileira Relações Empresa Cliente – Abrarec).

Guia Exame de Sustentabilidade 2018 Award:

best company for water management.

Prêmio Relatório Bancário (Banking Report Award) 2018:

won awards for three cases of digital technologies (foreign exchange, 100% digital credit card and Agrobot).

E-finance 2018 Award:

22 winning cases in 10 awards categories.

External Quality Certification:

the Internal Audit was granted certification by the Institute of Internal Auditors (The IIA).

Boas Práticas na Gestão da Ética (Good Practices in Ethics Management):

won awards in the contest promoted by the Public Ethics Commission (Comissão de Ética Pública – CEP).

Excellence in customer relations:

the Customer Service Department (SAC) ranked second in the Innovation in Processes category of the XVIII ABT Award.

Public procurement:

recognized in two categories during the 13th Brazilian Brokers Congress (Congresso Brasileiro de Pregoeiros) in Foz de Iguaçu for the management of the Licitações-e (e-Procurement) portal.

For the 10th consecutive year

Ourocard was considered

the Card of Choice of Brazilian Consumers according to a survey conducted by Cardmonitor and Instituto Medida Certa.

Learning & Performance:

Game DesEnvolver was one of the award-winning cases in this award promoted by MicroPower, with support from the Brazilian Association of Human Resources (Associação Brasileira de Recursos Humanos – ABRH).

Economic projections:

During 2018, BB was listed for nine consecutive months in the Top 5 of the Central Bank of Brazil's ranking for economic projections.

Information Technology:

IT cases were recognized by the awards Agilidade Brasil 2018 – Agile Trends and Tela Viva Móvel 2018 – Mobile Time. 2nd place in the Banks category of the 100+Inovadoras no Uso de TI (Innovators in IT Use) Award, promoted by IT Mídia.

Business Model

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Domestic and International Macroeconomic Context

The international environment became more challenging in 2018, with the continuation of the US's contractionary monetary policy and the trade war between the US and China, among other reasons, resulting in adverse effects on global economic performance. In Europe, fiscal uncertainties in Italy and negotiations for the United Kingdom's exit from the European Union (Brexit) have also contributed to increasing risk aversion in global financial markets.

In this context, concerns about the degree of vulnerability of emerging economies has increased, triggering episodes of stress in countries with more fragile fiscal and external accounts (Turkey and Argentina).

The year also witnessed a fall in the prices of the main metal commodities and crude oil - associated, mainly, with fears about the prospect of cooling international demand. The trade war between China and the United States exerted additional negative influence on these markets.

However, there were some notable positives, such as the strengthening of North American natural gas and steel prices as a result of the increase in import tariffs for the products. Although the main agricultural product prices showed a slight upward trend in international markets in the first half of the year, the main agricultural component commodity price index ended 2018 at a level slightly below that seen at the end of 2017.

In the domestic scenario, the optimism shown at the beginning of the year in relation to the expected economic performance did not materialize, partly because of the attrition caused by the truck drivers' strike in May and uncertainties regarding the presidential elections. These events caused a strong depreciation of the Brazilian Real against the major currencies (including emerging currencies). Exchange volatility in the second half of the year was mainly associated with the domestic electoral process, worsening international financial conditions and greater risk aversion. After the election results the exchange rate showed an important trend towards appreciation.

In the monetary field, despite the adverse supply shock that resulted from the truck drivers' strike, consumer inflation showed largely benign behavior, partially reflecting the fall in oil prices in the international market in the second half of the year, as well as the reduction in electricity tariffs. In this environment, the Central Bank continued with its policy of monetary easing, with the SELIC rate (Sistema Especial de Liquidação e Custodia) reaching its lowest level ever (6.50% in the year).

Even without the Brazilian economic growth reaching expectations, the public accounts were a positive surprise, with primary deficit below the target defined by the Federal Government in the budget bill. Thus, preliminary estimates of the government's gross debt to GDP ratio fell by more than three percentage points to end the year at 77.5%. In relation to the indicator, the new government has already given clear signals that it will seek to reverse the trend of raising public spending through a series of reforms, mainly to social security.



6.50%

The Central Bank continued with its policy of monetary easing, with the Selic rate reaching its lowest ever level

Patterns of demographic behavior have changed in Brazil as the result of new dynamics: changes in life expectancy and birth rate, changes in the structure of homes and the birth of the digital age mean that there is a demand for solutions at an ever-increasing speed, in particular for solutions that simply, immediately and securely meet the needs of the consumer market.

The intensive use of new technologies is facilitating personalization in the interaction between companies and their consumers on a level never before seen. With rapid and diffuse changes in the customer profile, it is increasingly crucial to segment and deepen understanding of the characteristics of the different publics that interact with companies. It is worth noting that the process of concentration of the population in urban environments advances every year (including small and medium-sized towns

Large financial corporations have sought to balance social, environmental and economic aspects

and cities) and presents challenges related to the organization and infrastructure of these environments, influencing the emergence of new forms of interaction.

Regarding environmental issues, although the typical financial sector activities are not directly related to the use or transformation of resources and raw materials linked to ecosystem services, financial institutions do represent an important link in the productive chain, since they are responsible for financing a wide variety of sectors and activities that are directly responsible for the use of these natural resources. In this scenario, actions must be based on the joint responsibility that the bank has in guaranteeing that the enterprises supported do not cause environmental damage that negatively affects the whole of society.

Large financial corporations have sought to balance social, environmental and economic aspects in the choice of projects that they support, and in the socio-environmental, legal and voluntary criteria adopted for credit analysis, mitigating risks related to these aspects in their operations.



Challenges and Opportunities

In our most likely scenario (Base Scenario), we expect the gradual normalization of monetary policy in the United States to continue. In addition, we expect the Chinese economy's growth to slow, but in a gradual and orderly manner (soft landing). Possible challenges arise with the potential shifting of this scenario towards a more adverse environment, where the slowdown in the major economies becomes more chaotic, at a time when the traditional measures used to stimulate demand have already been exhausted. In this environment, risk aversion and volatility in international financial markets would have very negative effects on emerging economies, especially those with less solid economic foundations.

In the domestic environment, we expect the economy to resume a trajectory of sustained growth, with controlled inflation, historically low interest rates and greater dynamism in the credit market, however, this remains conditional on the progress of the reform agenda, especially in the fiscal sphere. As a result, household consumption would be sustained by the improved confidence of economic agents and the expectation of a gradual recovery in the jobs market. On the investment side, we have positive expectations regarding investments in transportation and

logistics infrastructure, which could generate a positive multiplier effect on several sectors and increase the productivity of the economy.

From the fiscal perspective, we expect that the reforms under discussion in the National Congress, both of a macroeconomic and a microeconomic nature, will move forwards in order to bring government accounts back into balance. A broader agenda of economic progress should contribute to unlocking the business environment, attracting foreign capital and enabling strong and sustained growth of the Brazilian economy. The risk to this positive domestic outlook is associated, on the one hand, with the external environment deteriorating and, on the other hand, with the failure to implement the reform agenda.

Over the coming years we will witness substantial changes to the social environment. In addition to issues relating to demographics (new family arrangements, an aging population, urbanization) and people's behavior (intensive use of technology, conscious consumption, consumer empowerment), we should draw attention to the reinvention of the concept of work, not only through technology, but also as the result of demographic and cultural factors.

The Scenario in the Financial Industry

The year saw many legal and regulatory changes implemented by the Central Bank, based on a set of measures (Agenda BC+) that were planned and designed to reduce bank spreads, decrease banking concentration and stimulate competitiveness between financial institutions.

The first change occurred on the first day of the year, when the Long Term Interest Rate (Taxa de Juros de Longo Prazo – TJLP) – a financing indexer originating from Brazilian Development Bank (BNDES) – was replaced by the Long Term Rate (Taxa de Longo Prazo – TLP), with the aim of reducing government subsidies to the private sector. In the wake of these changes, there followed other changes to rules governing important products, such as bank overdrafts and credit cards. In general, in the case of both products the banks were obliged to offer their customers better conditions to reduce the cost of debt, either through payment in installments or by offering more affordable lines of credit.

Throughout the year the authorities also introduced a number of measures to simplify and improve compulsory reserve deposit rules. Although initially they have not significantly reduced the effective reserve ratio, they have contributed by simplification, transparency and lower compliance costs, and will certainly contribute to reducing bank spreads in the future.

In the field of new competitors, the increase in the use of technology by customers has continued and Fintechs have gained even more space in this environment. These were previously only a threat to the means of payment business, but have now become competitors in the same arena as the major banks through the regulation of fintech lending companies. In 2018, they were permitted to act as Direct Lending

Companies, carrying out transactions with their own funds, or as Personal Lending Companies, targeting financial intermediation through the peer-to-peer model. In addition, at the end of the year fintechs in Brazil were approved to use a 100% foreign capital contribution, only requiring authorization from the Central Bank.

Structural changes to the banking system and historically low interest rate contributed to the reduction of bank spreads during 2018. A decline in total defaults on payments in the Brazilian National Financial System (Sistema Financeiro Nacional – SFN) during the past year was also part of this process. These events induced a strong movement among traditional banks, especially the largest financial institutions, towards improving processes and efficiency and increasing investments in technology.

The competitive backdrop over the coming years should mean that the trend encouraged by recent regulatory changes to increase competition and reduce banking spreads will continue. In addition, traditional banks will be pressured to accelerate the technological and operational transformation of their processes in order to compete with non-traditional competitors (fintech companies) and retain their customers.

In this scenario, the major banks will face the challenge of balancing size (maintaining market share and scale) with flexibility in processes and the modernity of their brand. To do so, they will need to overcome a range of challenges including disruptive technologies, new competitors and increasingly high consumer expectations. Some existing technologies, such as Big Data, Business Intelligence, Everything as a Service, and artificial intelligence, will guide the working environment and the way companies will do business in the future.

Moreover, with the prospect of structurally low basic interest rates in the coming years, the tendency is for bank spreads to continue to reduce gradually over time. To maintain their sustainability in this increasingly challenging environment, banks must continue to improve by seeking to encourage debt repayment, improve guarantees, reduce administrative costs and increase productivity. In addition to these elements, the expectation of changes to the positive credit history law should contribute to improve debt repayment rates and influence the pricing of lending operations within the scope of the SFN.



Structural changes to the banking system and historically low interest rate contributed to the reduction of bank spreads

Corporate Strategy ECBB 2019–2023

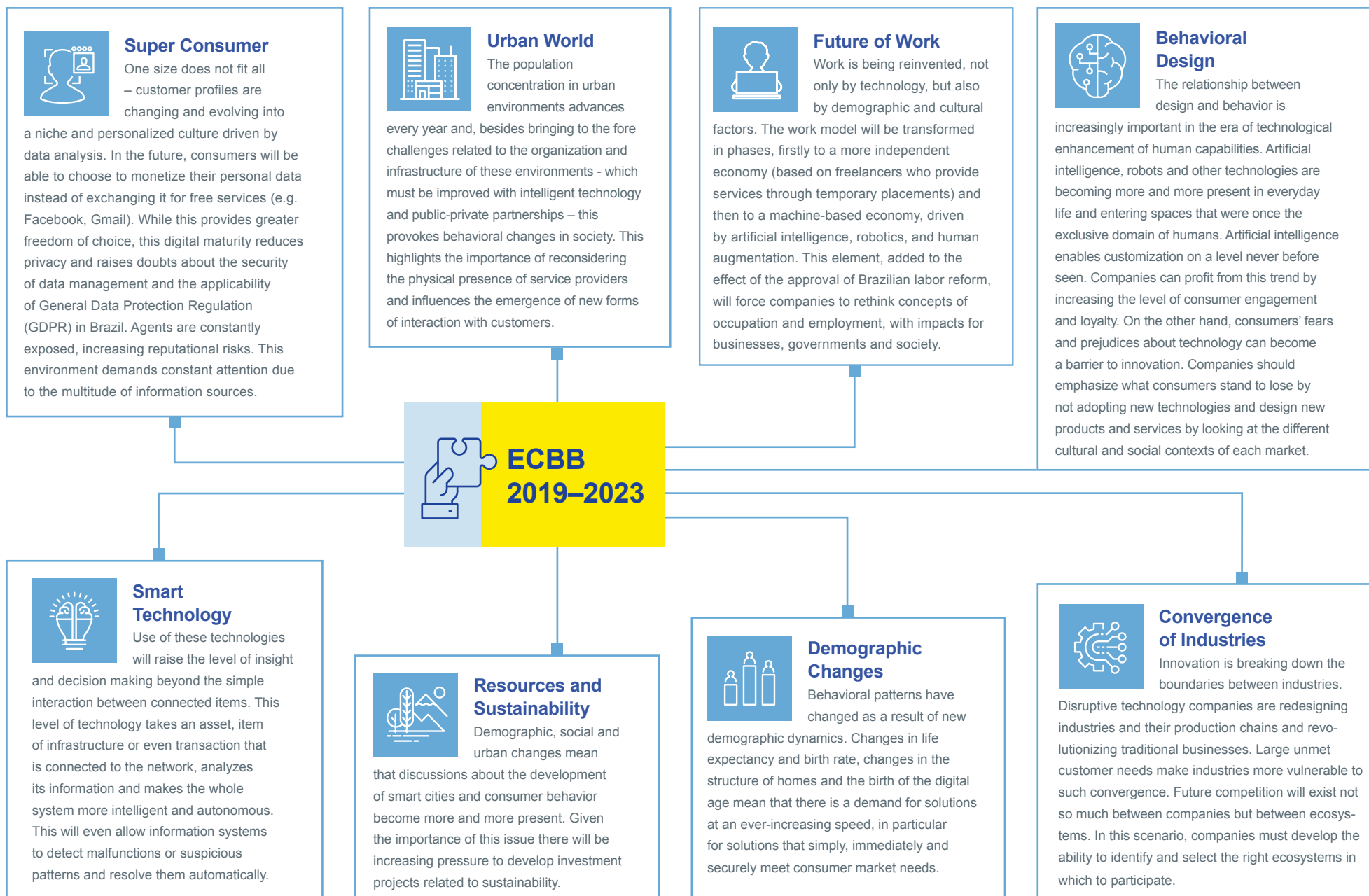
102-21 ▪ 102-29

In 2018, the Corporate Strategy (Estratégia Corporativa BB – ECBB) for the period 2019–2023 was reviewed through a systematic process that included the active participation of shareholders, including employees, internal leadership, representatives of entities linked to us, customers, shareholders and market analysts.

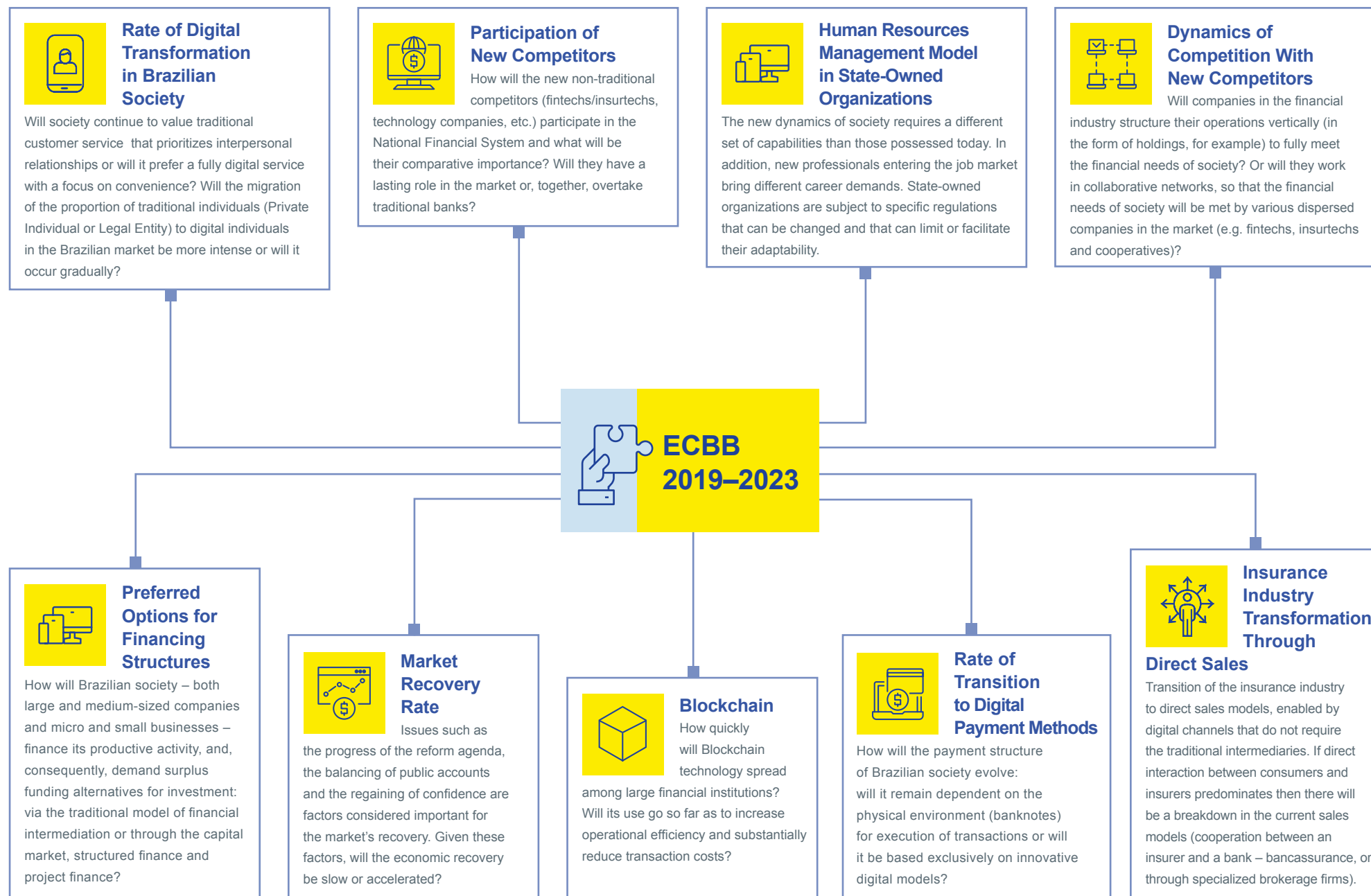
The strategy review sought to preserve the principles of simplification and efficiency, as well as the emphasis on customer experience, innovation and maximization of results.

The first phase of the drafting process for the ECBB 2019–2023 consisted of identifying critical megatrends and uncertainties and preparing projected scenarios for the financial industry and their impacts on business. External factors (political, economic, social, technological, ecological and legal) and industry-specific factors were analyzed in different dimensions (customers, technology, traditional competitors, new competitors, regulation and sustainability).

Megatrends 102-15



Uncertainties



Of the studies that supported the ECBB drafting process, it is worth highlighting the study of corporate sustainability, which covers overarching aspects related to sustainable finance, regulation, Environmental, Social and Governance (ESG) factors, climate change and the systemic risks involved.

Strategic discussions took place at our facilities in response to the possible scenarios presented, to identify the strengths, weaknesses, opportunities and threats (SWOT matrix) that would contribute to the drafting of the ECBB 2019–2023.

Next, the strategic goals to be pursued in the next five years were revised, distributed across the performance projections of the Strategic Map (Financial, Customers, Processes, People and Sustainability).

The dynamics and discussions for the elaboration of the scenarios and reviewing of the strategic goals took the form of surveys, analysis and planning workshops, at which the participants were encouraged to reflect, propose strategic alternatives and find areas for differentiation. The ECBB 2019–2023 was approved by the Board of Officers and by the Board of Directors.

Market-based Business Plans 2019–2023

The planning model was optimized for the markets in which we operate and, as of 2019, a business plan was adopted for each customer segment. The plans consist of strategic guidance to help maximize the value delivered to customers and contain market analysis, scenarios, value proposition by customer segment, business outlooks and results, intended goals, and actions to enable the chosen strategy to become a reality.

Innovation provides greater alignment in the Strategic Planning process between the potential and expectations for the operating markets, since it allows better positioning and facilitates the implementation and monitoring of the business strategies.

Strategic Drivers

The strategic drivers represent the goals pursued in the short, medium and long term and guide institutional decisions and actions.



Customer

The focus will be on the provision of high-value customer experience, prioritizing actions that will increase their satisfaction.



Financial

We will prioritize growth of profitability, expansion and diversification of revenue from service provision, improvement of operational efficiency, capital adjustments and the reduction of operating losses.



People

We seek to develop the strategic skills needed to meet the challenges identified for the coming years, as well as allowing meritocracy to continue to guide our succession processes so as to recognize and retain talent.



Processes

We will continue to invest in digital transformation. Through this we have continuously improved our methods, products and communication channels to make them simpler, more responsive, innovative, integrated and customer-oriented.



Sustainability

The focus is to improve our sustainability performance in the economic, social and environmental dimensions, since the generation of sustainable returns in the long term presupposes going beyond financial issues and traditional risks.

The corporate strategy guidelines are put into practice in the day-to-day work of departments and employees through the other plans that make up the strategic architecture, the budget and the induction mechanisms, which guide the way forward. This set of drivers contributes to the attainment of our vision. Likewise, there are short-, medium- and long-term performance indicators to measure the achievement of strategic goals.

The results are systematically monitored by the responsible departments via the units' strategy management and strategic planning tools, as well as periodic reports to the governing bodies.

ECBB 2019–2023



Vision

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

The vision becomes a reality through the effective dissemination, alignment and execution of the corporate strategy, at all organization levels, and the consequent fulfillment of the long-term strategic objectives contained in the Strategic Map.

ECBB 2019–2023



Values

- Customer Centricity
- Innovation
- Ethics
- Efficiency
- Sense of Ownership
- Reliability
- Public Spirit

Sustainability Strategy 102-15

Corporate Socio-environmental Responsibility (Responsabilidade Socioambiental Empresarial – RSAE) is a cross-cutting aspect of business management. We believe that it is possible to reconcile the interests of shareholders with socially and environmentally sustainable business practices by establishing ethical and responsible relationships with our diverse stakeholders.

With increasingly sustainable business and management practices, the importance of embedding sustainability principles into the planning and execution of actions is disseminated throughout the value chain. The concept is a cross-sectoral building block for strategy, with the leadership committed to the challenge of reconciling business competitiveness with the construction of a more just and inclusive society.

In this context, the Socio-environmental Responsibility Policy (Política de Responsabilidade Socioambiental – PRSA) guides behavior in relation to socio-environmental responsibility. The principles are also laid out in the Sustainability Plan – Agenda 30 BB and in the internal normative guidelines and instructions, which results in the weighting of economic, social and environmental variables in the design and development of processes, products and services.

As a means of achieving these results, sustainability drivers are assessed using indicators that are defined based on Corporate Strategy and range from the strategic level through to the operational level, covering all units.

Sustainability Plan – Agenda 30 BB 102-43 • 102-44

The perceptions of stakeholders are an important input for the materiality process. The results of a broad consultation process in 2016 served as the starting point for the review of sustainability challenges in 2018.

Our Stakeholders 102-40 • 102-42

The relative importance of the main categories of stakeholder was evaluated in 2014 and then updated in 2016. This mapping process allowed us to expand our focus in search of value creation, as represented below:

Priority

- Shareholders/Investors
- Customers
- Employees
- Government (legal institutional environment)

Very important

- Representatives of civil society

As well as being based on the responses received during this process, Agenda 30 BB 2019–2021 was updated in order to further improve results into the future. This process was based on the assessment of national and international sustainability trends, market indexes such as the DJSI and ISE, the demands of society, the alignment of initiatives with the UN’s Sustainable Development Goals (SDGs) and the

Important

- Competitors
- Suppliers
- The Press/Media
- Regulatory bodies

Secondary importance

- Sustainability specialists

convergence of these actions in relation to the Corporate Strategy.

The new version includes 50 actions and 86 indicators that aim to improve governance in sustainability and socio-environmental risk management, promote initiatives for social and financial inclusion in the context of the Green Economy and adopt sustainable projects and solutions.

Highlights of Agenda 30 BB (Ciclo 2017–2019)

Highlights of the results of the actions completed in 2018 include:

- Operational efficiency gains and reduced use of natural resources as a result of the digitization of products and services: **MPO Digital, Minha Casa Minha Vida Mobile and Renovação Simplificada do Pronaf Custeio** (Simplified Renewal of Pronaf Costing) which accounted for **22% of total** lending for the 2017/2018 agricultural year and reduced the volume of paper used from **12 sheets** to one sheet per operation;
- Launch of the **BB Equidade funds** (BB Ações Equidade and Ações Equidade Private), which allocate funding to companies that are signatories to the **Principles of Women’s Empowerment**;
- Reduction of **4.8 million** in printed invoices and **R\$9.2 million** in savings as a result of using e-mail for customers with digital profiles; and
- **Contracting of 1,336 loans** as part of the **Agro Energia Program** to finance and purchase renewable energy generation equipment.

The process of updating the seventh version of our Sustainability Plan – Agenda 30 BB 2019–2021 involved the following steps.

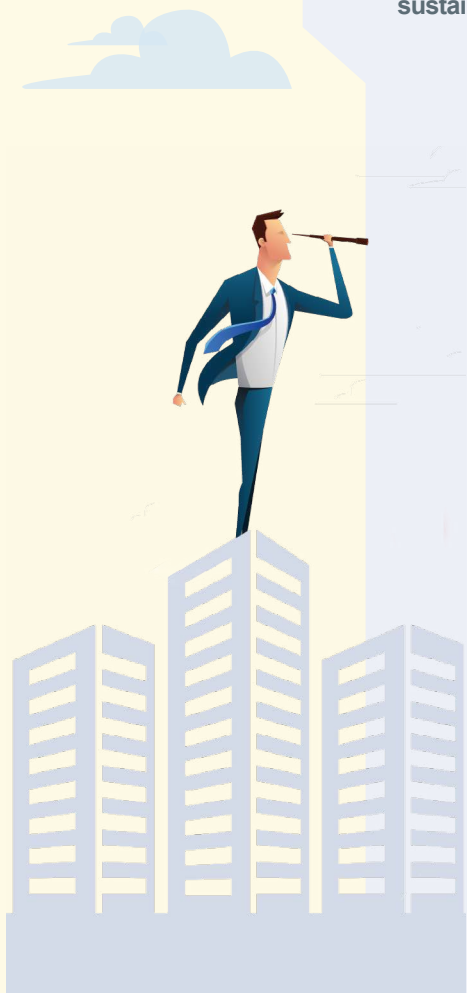
Review of the Materiality Matrix resulted in the identification of 21 sustainability challenges, of which 11 were considered material and guide our sustainability management and reporting;

Holding of thematic panels to provide training for the technical staff from various departments on these topics: Sustainable Finance, Impact Measurement and Assessment, Socio-environmental Risk and Diligence in Human Rights;

Holding of the 35th Sustainability Forum which was attended by Executive Managers from various areas of BB in order to validate the new Materiality Matrix and prioritize actions to advance sustainability management;

Holding of the VII Sustainability Workshop with the participation of Directors, General Managers and Executives of BB and the ELBBs to discuss the theme “Megatrends with emphasis on Sustainable Finance”; and

Evaluation and validation of the actions proposed by the Strategic Units Management Committee.



Sustainability Plan – Agenda 30 BB

Contributes to the improvement of business and processes by consolidating actions with a socio-environmental bias. Revised every two years and laid out based on the sustainability challenges prioritized by senior management,

it is put into practice through commitments established for a period of three years. For their organization and effectiveness, the challenges are distributed among the five pillars of the SDGs.

Material Challenges
102-44

-  **Processes**
-  **Products**
-  **Services**

-  **Results 2017–2019**
-  **Targets 2019–2021**



**Opportunities/
Risks**

SEE MORE
(following page)





Material Challenge	Capital	Major Actions Performed for Agenda 30 BB 2017–2019	Actions/Commitments of Agenda 30 BB 2019–2021
<p>Challenge 1: Align Banco do Brasil's governance with best practices in order to strengthen the role of senior management role in the sustainability strategy.</p>	<p>Social and Relationships</p>	<ul style="list-style-type: none"> Approval of the expansion of the scope of activity of the Remuneration Committee, which is now referred to as Remuneration and Eligibility Committee (Corem). Creation of the Risk and Capital Committee (Coris), with the purpose of advising the Board of Directors on the exercise of its functions associated with risk management, including socio-environmental and the capital risks, in a unified manner. 	<p>Indicator: Proposition of periodic independent appraisal of the Board of Directors. Deadline: 12/31/19.</p> <p>Indicator: Study to review the composition of the Board of Directors to verify the possibility of increasing the percentage of independent members. Deadline: 12/31/20.</p>
<p>Challenge 2: Identify and manage non-financial and emerging medium and long-term risks that could have significant impacts on Banco do Brasil's business.</p>	<p>Financial</p>	<ul style="list-style-type: none"> Development of sectoral studies comparing the risk and return of green economy and high-impact activities using the "Spread Consumed by Unpaid Debt". 	<p>Indicator: Presentation of a study of the emerging long-term risks with impacts on BB's business to the Sustainability Forum. Deadline: 06/30/19.</p>
<p>Challenge 3: Identify innovations in the financial sector (business models and technologies) and anticipate trends to guarantee Banco do Brasil's continuity and longevity.</p>	<p>Intellectual</p>	<ul style="list-style-type: none"> The Customer Council was instituted for the following segments: Personal – High-Income, Personal – Other, Wholesale Business – Middle, Wholesale Business – Upper Middle and Corporate. 	<p>Indicator: Presentation of a relationship model proposal for startups. Deadline: 12/31/19.</p> <p>Indicator: Presentation of a feasibility study to the Sustainability Forum for a platform that allows interaction between investors and sustainable projects using a crowdfunding or startups model. Deadline: 06/30/20.</p>
<p>Challenge 4: Improve customer relationship management and increase satisfaction and retention rates.</p>	<p>Social and Relationships</p>	<ul style="list-style-type: none"> Evaluation of the possibility of implementing external verification of information related to the number of customers using online financial services. 	<p>Indicator: Presentation of a report of initiatives implemented for the Personal Retail and Private, Wholesale Business, Micro and Small Enterprises and Public Sector customers. Deadline: 12/31/21.</p>

Material Challenge

Challenge 6: Strengthen the Banco do Brasil initiatives that promote productive development, entrepreneurship and social and financial inclusion, including social business.

Capital

Social and Relationships







Major Actions Performed for Agenda 30 BB 2017–2019

- Review of processes and operational efficiency gains through the features: MPO Digital, PMCMV Mobile and Simplified Renewal of Pronaf Production Costing.
- Partnership with the Inter-American Development Bank (IDB) to provide funding for the Brazilian municipalities under the Municipal Efficiency Program.
- Launch of BB Equidade funds (BB Ações Equidade and Ações Equidade Private) for the Private and Retail segments, with the purpose of investing in companies that are signatories of Women's Empowerment Principals (Wep).
- Creation of the intelligent virtual consultant Agrobot, which combines BB's expertise with external sources, with the purpose of assisting farmers, including Pronaf beneficiaries, to make the best decisions for their busines.

Actions/Commitments of Agenda 30 BB 2019–2021

Indicator: Presentation of a feasibility study for the financing of natural resource use efficiency projects through Guided Productive Microcredit (MPO). **Deadline:** 12/31/19.

Material Challenge	Capital	Major Actions Performed for Agenda 30 BB 2017–2019	Actions/Commitments of Agenda 30 BB 2019-2021
<p>Challenge 9: Ensure greater proportionality of gender and racial representation in all hierarchical levels of Banco do Brasil (formerly Challenge 11).</p>	<p>Human</p> 	<ul style="list-style-type: none"> ■ Launch of the Women's Leadership Program with the aim of reaffirming commitments and externally-assumed pacts, promoting the development of leaders and broadening the participation of women in the Professional Growth Programs (recruitment and selection). 	<p>Indicator: Increase the percentage of women in management positions. Deadline: 12/31/21.</p>
<p>Challenge 11: Improve the variable remuneration model for employees, including senior management, broadening the socio-environmental criteria and contemplating individual performance.</p>	<p>Human</p> 	<ul style="list-style-type: none"> ■ This challenge has become material in the review process for Agenda 30 BB 2019–2021. 	<p>Indicator: Increase the percentage of employees covered by the systematic use of measurable targets agreed upon with the direct superior, with impacts on remuneration. Deadline: 12/31/21.</p> <p>Indicator: Increase the percentage of employees covered by the multidimensional performance review with impacts on remuneration. Deadline: 12/31/21.</p>
<p>Challenge 12: Strengthen Banco do Brasil's actions in relation to human capital, including health, safety and wellbeing management, development and retention of talent. (formerly Challenge 14).</p>	<p>Human</p> 	<ul style="list-style-type: none"> ■ Launch of educational solutions for the different employee groups, such as the Strategy in Digital Business and Banking Innovation MBA, the Digital Transformation Knowledge Trail and the Desenvolver Game, in addition to a series of MIT lectures related to innovation and digital transformation for BB Executives. ■ Development of a study and plan of action to identify the causes of absenteeism based on the results of Periodic Health Examinations (EPS). 	<p>Indicator: Increase in the percentage of engaged employees. Deadline: 12/31/21.</p> <p>Indicator: Increase in the coverage of the engagement survey. Deadline: 12/31/21.</p> <p>Indicator: Hiring of external independent verification of health, safety and well-being. Deadline: 06/30/20.</p> <p>Indicator: Report on the verification process issued by an independent third party. Deadline: 12/31/20.</p>
<p>Challenge 13: Strengthen the work of Banco do Brasil in relation to ethics and practices to combat corruption, unlawful acts and money laundering. (formerly Challenge 15).</p>	<p>Human</p> 	<ul style="list-style-type: none"> ■ Improvement of several courses available through the BB Corporate University that deal with ethics, human rights and anti-corruption. 	<p>Indicator: Provide specific content about the Code of Ethics and Standards of Conduct to share with suppliers. Deadline: 12/31/19.</p>



Material Challenge

Capital

Major Actions Performed for Agenda 30 BB 2017–2019

Actions/Commitments of Agenda 30 BB 2019-2021

Challenge 14: Develop financial solutions and business models that promote the transition to a Green and Inclusive Economy (formerly Challenge 16)

Social and Relationships/
Financial



- Intensification of the use of alternative channels, such as ATMs and Mobile, notably the following actions: optional prevention of printing of contracts by the customer for the CDC lines (Automatic Credit, Consignment and Prepayment of IR); request for non-account holder credit card via mobile.
- Launch of the Agro Energia Program to support the production of clean and renewable energy in agribusiness activities – 100% of this financing alters the energy matrix, contributing to the reduction of consumption in the grid (National System) and the avoidance of GHG emissions in BB financing.

Indicator: Presentation of a feasibility study for the implementation of (a) new financial solution(s) that promote(s) the transition to a Green and Inclusive Economy. **Deadline:** 12/31/19.

Indicator: Implementation of (a) new proposed financial solution(s). **Deadline:** 06/30/20.

Indicator: Assessment of attributes or offer of differentiated business conditions for products/services aimed at the transition to a Green Economy. **Deadline:** 12/31/19.

Indicator: Implementation of attributes or differentiated business conditions for products/services aimed at the transition to a Green Economy. **Deadline:** 06/30/21.

Challenge 17: Improve socio-environmental risk management in the supply chain, in lending, in financing, in own investments, and in third-party asset management, while also considering controversial issues (formerly Challenge 19).

Financial



- Creation of the consolidated losses base for socio-environmental risk, which represents an improvement in the risk management process and meets the requirements of the regulator and banking self-regulation.
- Update of the document “BB Sustainability Guidelines for Credit” for the Petroleum & Gas and Mining sectors, based on the contributions gathered by the Stakeholder Panel of customers, employees, sustainability specialists, civil society and government.

Indicator: Incorporation of socio-environmental rating losses data in the lending pricing process. **Deadline:** 12/31/19.

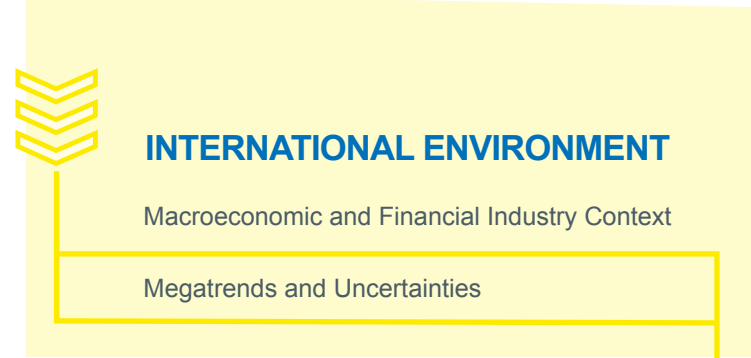
Indicator: Review of the socio-environmental questionnaire, including analysis by sector and by customer, to assess exposure of credit/financing operations to socio-environmental risk and impacts on customer credit limits. **Deadline:** 12/31/19.

Indicator: Publication of the revised BB Sustainability Guidelines for Credit (Diretrizes BB de Sustentabilidade). **Deadline:** 12/31/21.

Indicator: Publication of the revised Social-environmental Guidelines for Controversial Issues (Diretrizes Socioambientais para Assuntos Polêmicos). **Deadline:** 06/30/20

Value Creation

The Corporate Strategy and the Sustainability Plan – Agenda 30 BB assess the outlook of megatrends and uncertainties, in addition to the local context of the financial industry. In response to these challenges and opportunities, we incorporated a range of aspects into these processes, including Environmental, Social and Governance (ESG) factors. The results and shared value creation are presented in our Business Model.



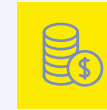
VISION

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



VALUE CREATION

Financial value added R\$48.0 billion



FINANCIAL

- **R\$11.4 billion** – Other Interest on Equity + Retained Earnings + Non-controlling interest in retained earnings;
- **R\$125.7 billion** of third-party resources met the assessment requirements for socio-environmental and governance aspects;
- In relation to the socio-environmental questionnaires, we applied **4,754** for credit analysis and **27** for analysis of investment projects; and
- Regarding the Equator Principles, considering the operations contracted in 2018, as well as those already ongoing, we interacted with a total of **48 clients**.



HUMAN

- **R\$20.0 billion** in salaries + share of employees and directors in profit + Benefits and training + FGTS + Other charges;
- Increase in the participation of women in senior management positions from 4.84% in 2017 to **8.62%** in 2018;
- Our Organizational Climate and Engagement Survey demonstrated that **83.6%** of our employees are satisfied, exceeding the established target of 80%; and
- In 2018, we reached the rate of **99.14%** adherence to the Code of Ethics and Standards of Conduct.



MANUFACTURED

- **R\$1.4 billion** – Leasing.



NATURAL

- **R\$613.0 million** – Material, water, energy and gas.



SOCIAL AND RELATIONSHIPS

- **R\$15.2 billion** – Interest on Equity of the Federal Government, Interest on the instrument eligible for Federal Government capital, taxes;
- The overall satisfaction index reached **71.69** in 2018;
- The digital channels obtained satisfaction of **84.53%**, surpassing the target of 83.18%;
- We are present in **99.6%** of Brazilian municipalities;
- **R\$108.0 billion** – Balance of the portfolio in Social Business; and
- We hold a **57.4%** market share in financing for agribusiness.



INTELLECTUAL

- **R\$72.7 million** – Training;
- **R\$383.7 million** – Data processing;
- **R\$420.9 million** – Advertising and Publicity;
- **R\$101.9 million** – Corporate Education; and
- In 2018 we entered into a partnership with the accelerator **Startup Farm**.

Transformative Role

26 Our Role in Society

26 Green and Inclusive Economy

31 Private Social Investment

32 Investment in Sport and Culture



Our Role in Society

Through the supply of credit, we play a transformative role in society, activating the economy in all regions of Brazil. Activities range from microcredit operations through to financial solutions for large corporations, capital markets and the government, with an especially prominent position in agribusiness lending.

As part of the financial system, we have a crucial responsibility: to direct the investment of funds and to assist in the transition from a high-impact economy to a low-carbon and inclusive Green Economy with proper risk management and the development of innovative fundraising models.

In this context, the main challenges include fostering sustainable national economic growth, so that it encompasses productive chains with lower socio-environmental risk and higher returns. Over the next few years we will continue to focus on models for raising funds for investment in projects that focus on sustainability and opportunities to raise funds for reforestation, urban infrastructure, mobility, decentralized energy generation, energy efficiency and sustainable production chains for agriculture and livestock rearing.



Green and Inclusive Economy 203-2

Challenge 14:

Develop financial solutions and business models that promote the transition to a Green and Inclusive Economy Management approach: 103-1 • 103-2

Commitments of Agenda 30 BB 2019–2021

- Presentation of a feasibility study for the implementation of (a) new financial solution(s) that promote(s) the transition to a Green and Inclusive Economy;
- Implementation of (a) new proposed financial solution(s);
- Assessment of attributes or offer of differentiated business conditions for products/services aimed at the transition to a Green Economy; and
- Implementation of attributes or differentiated business conditions for products/services aimed at the transition to a Green Economy.

[See more in the GRI Appendix](#)

The position as a finance provider for sustainable productive chains reinforces the alignment with the provisions of the United Nations' Environment Program's Green Economy Initiative and with the best business practices. This has a positive impact on the relationship with customers, employees and investors, increasing the reliability of the capture of internal and external resources.

For customers, Green Economy business models provide sustainable solutions that generate financial returns and bring social benefits, while helping to preserve the environment and reduce carbon emissions. The solutions encourage energy efficiency, renewable energy generation, protection of natural resources, and improvements in mobility and urban infrastructure, as well as cleaner and less harmful production practices.

The biggest demands for solutions and green business models comes from the customers themselves, who increasingly seek to consume sustainable products and services and establish relationships with socially and environmentally responsible companies. Market requirements are considered in the planning and definition of the sectors for credit offerings, in the fundraising strategies and in the priority areas for action. The choice of which productive chains to concentrate our efforts in will depend on where it is most needed.

Through the supply of credit we play a transformative role in society, activating the economy in all regions of Brazil

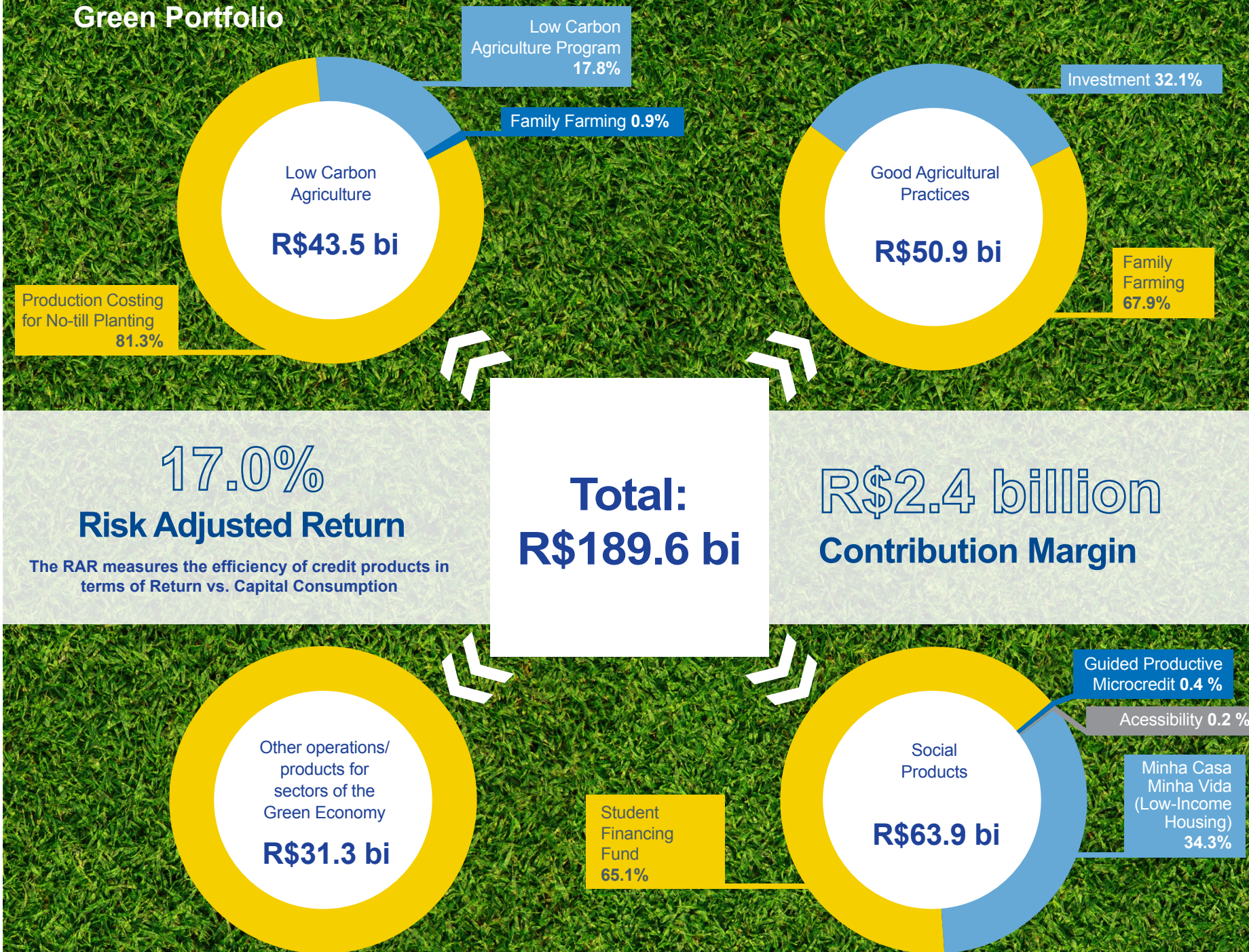
The commitment to develop business solutions with a socio-environmental orientation is set out in the Socio-environmental Responsibility Policy (Política de Responsabilidade Socioambiental – PRSA). It is also supported by the Sustainability Guidelines for Credit (Diretrizes de Sustentabilidade para o Crédito), which are in synergy with the international commitments assumed by the federal government, including those related to mitigation and adaptation to the effects of climate change.

With our national prominence in the development of financial solutions and business models that promote the transition to a Green and Inclusive Economy, we consider climate change in planning and prioritize businesses that take advantage of the opportunities of a low-carbon economy, especially in order to meet the emission reduction requirements pledged by Brazil at the Paris Conference.

Based on a methodology developed by the Brazilian Federation of Banks (Federação Brasileira de Bancos – FEBRABAN) that deals with the measurement and identification of funding allocated to sectors of the Green Economy, the balance of the green business portfolio was estimated at R\$189.6 billion in 2018. The portfolio is comprised of credit operations related to investments and loans for renewable energy, energy efficiency, sustainable construction, sustainable transport, sustainable tourism, water, fisheries, forestry, sustainable agriculture and waste management. In addition, in order to foster an inclusive economy, social factors such as education, health and local and regional development are also considered in this portfolio. The sectors are classified in accordance with the UN Environment Program and specific products from activities related to the Green Economy.

This total amount of funding from the Green Portfolio was destined to companies of different sizes (Small and Micro, Corporate, Wholesale), to Retail and Private personal customers, and also to BB's Public Sector customers.

Green Portfolio



Initiatives related to the Green Economy in 2018:

Agro Energia Program: aims to stimulate the use of renewable energy in rural areas. The volume of funds allocated to the program in the 2017–2018 agricultural year was of the order of R\$512 million, for projects presented by individuals, legal entities and cooperatives. The program will promote the installation of photovoltaic panels, wind turbines and/or biodigesters in rural areas in order to reduce production costs;

Signature of statement of intent with Absolar: a statement of intent was signed with the Brazilian Association of Photovoltaic Solar Energy (Associação Brasileira de Energia Solar Fotovoltaica – Absolar) with the aim of encouraging the financing of solar photovoltaic systems through the Agro Energia Program. The agreement foresees that members of Absolar can become banking correspondents and can streamline bureaucratic procedures, facilitating the approval of financing for photovoltaic energy generation systems; and

Partnership with the Inter-American Development Bank (IDB): a cooperation agreement was signed with the purpose of incorporating training actions related to green finance and energy efficiency projects in rural properties into company planning.



Inclusive Business

Challenge 6:

Strengthen the Banco do Brasil initiatives that promote productive development, entrepreneurship and social and financial inclusion, including social business

Management approach: 103-1 ▪ 103-2

Commitments of Agenda 30 BB 2019–2021

- Presentation of a feasibility study for the financing of natural resource use efficiency projects through the MPO.

[See more in the GRI Appendix](#)

Through social business, the company works to promote productive development, entrepreneurship and the promotion of social and financial inclusion. This includes products aimed at specific and strategic target groups that enable the renewal and loyalty of the customer portfolio, while encouraging the country's economic development. This aspect is also in line with the Banco do Brasil Corporate Strategy (ECBB 2019–2023) and with Agenda 30 BB.

In this context, we developed partnerships to stimulate entrepreneurship and associative behavior, whether by offering Guided Productive Microcredit (Microcrédito Produtivo Orientado – MPO) or by assisting entrepreneurs to formalize their activities.

The BB Conta Fácil Microempreendedor (digital account for Microentrepreneurs) solution was also launched to stimulate financial inclusion.

The MPO is an important product for financial inclusion and, consequently, for the banking needs of a significant niche of about 60 million microentrepreneurs, many of whom still operate informally. The customers seek financial institutions to meet their need to expand sales, especially for the acquisition of inputs and/or raw material for trading or service provision.

Sustainable farming is supported with a view to achieving long-term sustainable returns, and the adoption of more sustainable technologies is encouraged. Support for these kind of initiatives helps to reduce the customer's risk and enables the identification of new business opportunities. These interactions occur through technical advisory services, public communication and directed lending.

All initiatives are in line with the commitments of the Socio-environmental Responsibility Policy (Política de Responsabilidade Socioambiental – PRSA) and the Sustainability Guidelines for Credit (Diretrizes de Sustentabilidade para o Crédito). In the case of the MPO, our actions are regulated, guided and limited by the public policies adopted by the federal government – where the initiative originated. The actions in the area sustainable agriculture comply with environmental legislation and the regulations of the National Monetary Council (Conselho Monetário Nacional), and we also participate in the Low Carbon Agriculture Program (Programa de Agricultura de Baixo Carbono – ABC).

[Learn more on the Sustainability website](#)

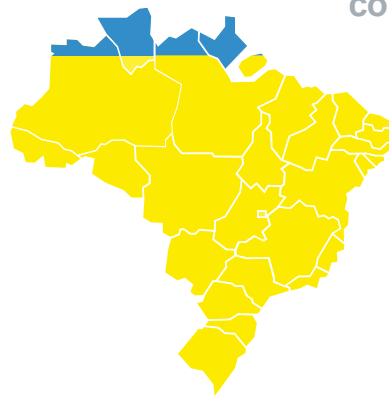
Sustainable Agriculture 203-2

As one of the main drivers of agribusiness development in the country and a supporter of the sector throughout all stages of its production chain, we provide solutions with socio-environmental attributes for agribusiness customers, such as the National Program to Strengthen Family Farming (Programa Nacional de Fortalecimento da Agricultura Familiar – Pronaf), which is supported by teams trained in agribusiness lending, investment specialists and agronomists. The program focuses on providing specialized assistance to small farmers, promoting income generation and adding value to the use of family labor.

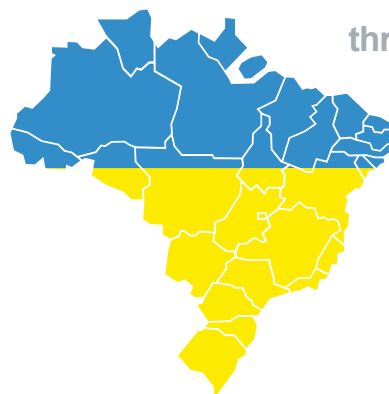
In 2018, approximately one million family farmers received assistance through Pronaf, with BB participating in 49.1% of market contracting of loans for costing and investment operations in the 2018/19 agricultural year. These activities reached 96.9% of Brazilian municipalities, which indicates the program's scale and range.

The results shown reflect the economic factors affecting the generation of business with family farmers benefiting from Pronaf, with these factors leading farmers to reduce their appetite for loans.

96.9% of municipalities with at least one loan contracted



51.0% of municipalities with at least one loan contracted through the ABC Program



In 2018, BB remained the market leader in the contracting of financing under the Low Carbon Agriculture Program (Programa de Agricultura de Baixo Carbono – ABC). The initiative finances sustainable agricultural production systems with a recognized capacity to reduce or sequester Greenhouse Gas (GHG) emissions and promote the production of vegetation/biomass and food, as well as preserving the environment.

Portfolio Information – Pronaf 102-48

Percentage of Brazilian Municipalities with at Least One Case of Loan/Finance Contracting

2016	96.7
2017	97.2
2018	96.9

Number of Family Farmers Benefited ⁽¹⁾

2016	1,092,124
2017	1,025,434
2018	985,807

(1) The number of family farmers in 2017 was recalculated, as the calculation methodology changed in 2018.

Portfolio Information – ABC Program

Percentage of Brazilian Municipalities with at Least One Case of Loan/Finance Contracting

2016	50.5
2017	50.5
2018	51.0

Number of Family Farmers Benefited

2016	24,404
2017	24,245
2018	24,479

Low-Income Housing 203-2

We are financial agents for the federal government's set of measures to facilitate low-income families to become homeowners, especially through the Minha Casa Minha Vida (MCMV) Program. By providing home loans we help to support the Brazilian economy and society, reduce the housing shortage, favor the growth of the whole construction industry chain and improve quality of life.

In 2018, 119 building developments were completed, with a total of 21,009 new homes. Fifty-seven of these developments were built as part of MCMV, delivering 8,838 new homes. A further R\$1.12 billion was also approved for the construction of 153 new projects, 54 of which are part of MCMV, to provide 7,396 new homes. A further 29,763 mortgage operations took place through MCMV in the Private Individuals segment.

In total, 787 developments were completed between 2016 and 2018 with a total of 136,362 new homes. Of this total, 74,000 new homes were delivered through 405 projects through MCMV.

Productive Development and Support for Entrepreneurship

203-2

Appropriate solutions are offered for micro and small companies and individual microentrepreneurs to support their development and to stimulate an entrepreneurial culture in Brazil.

We offer loans to meet the financial needs of entrepreneurs – both individuals and legal entities – involved in small-scale productive activities through Guided Productive Microcredit (Microcrédito Produtivo Orientado – MPO) with an emphasis on advice and monitoring of the enterprise. At the end of 2018 there were a total of 187,346 active customers.

In order to intensify our operations in microfinance we have developed a strategic partnership with Movera, which operates through microcredit agents specialized in offering loans and giving qualified advice for entrepreneurs.



MPE Week

In October and November we promoted a number of offers and benefits to draw the attention of the population to the importance of small entrepreneurs to local communities and thus help them to increase their turnover. The campaign website reached the milestone of 1.2 million accesses, with 20,243 companies registered and 23,000 offers. In addition, 114 million people were reached through hired media sources (open TV and internet) and spontaneous actions (like sharing on social networks).

Drawn to the exclusive offers for customers, thousands signed up for products and services. A total of R\$67 billion was made available to the market in the form of loans with maturity of up to 48 months, to support the working needs of MPE customers.

More than Digital Municipality (Município Mais que Digital)

The Município Mais que Digital (More than Digital Municipality) strategy proposes to increase the use of alternative means of payment, such as debit and credit cards and digital channels, in small and medium-sized municipalities, reducing the risks of using banknotes and strengthening the local economy. Created from a pilot project implemented in 2016 in the city of Ibirataia (BA), the strategy has been expanded to 22 small and medium-sized municipalities in the Northeast of the country.

Small entrepreneurs are encouraged to use digital sales solutions – also linked to the expansion of the customer base served by Guided Productive Microcredit (MPO) – through coordinated actions between local branches, town/city halls and Movera's offices – our affiliate for MPO operations. The strategy also involves a partnership with Fundação Banco do Brasil (FBB) to expand the use of card payment equipment in street markets, initially reaching 1,980 markets in the municipalities that are participating in the project.

With the positive results obtained in the first period of expansion of the project we plan to continue to expand to another 200 municipalities, distributed across all regions of Brazil.

Private Social Investment

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

Fundação Banco do Brasil (FBB)

Fundação BB allocates funding to actions in urban and rural environments in two areas: the environment and education. Through FBB, we seek to improve the lives of the most vulnerable people and promote sustainability by encouraging social-productive inclusion, sustainable development and reapplication of social technologies throughout Brazil.

Contributions to Fundação Banco do Brasil by Source (R\$ million)

Funding Source	2016	2017	2018
Banco do Brasil ⁽¹⁾	48.3	54.5	53.4
Brasilcap	3.8	0.1	0.1
BB DTVM	0.5	1.8	3.1
FENABB	24.2	22.8	21.1

(1) Limited to 5% of operating income by the Bylaws.

Monitoring and evaluation of program and project effectiveness is considered essential for management and the results are used to direct the work performed and to improve the actions implemented. The results also contribute to decision-making and to understanding the success factors for enterprises.

In 2018, FBB selected a sample of 44 projects that were subjected to additional layers of monitoring. Of the total, 19 projects responded remotely to the requests for information and all of them received site visits from a technician from the Monitoring and Evaluation area. In addition to identifying the project's development stage and the possible need for adjustments, this additional layer of monitoring also evaluated issues such as the participation and engagement of young people and women, acquisition of knowledge and development of skills, compliance with human rights aspects and the formation of partnerships for project development and/or assistance for its participants.

In relation to human rights, FBB invested R\$1.5 million in three projects in the cities of Rio de Janeiro, São Paulo and Brasília (Federal District and surroundings) that aim to support an estimated 660 refugees through the deployment of IT laboratories and educational and training activities. The project also involved the participation of social workers to provide assistance, with the aim of making them feel welcome and guiding them in the process of adaptation and relocation into Brazilian society.

Volunteering

The BB Volunteering Program introduces and consolidates the concept and principles of volunteering in the organizational culture, supporting and encouraging the involvement of employees (active or retired), family and friends to provide voluntary services.

An internet platform was set up (<https://voluntariadobb.v2v.net/pt-BR>) to facilitate interaction through communication and contact between BB Volunteers, institutions, branch committees, human Resources Management and the general public. The BB Volunteering Portal – communication and management platform for the BB Volunteering Program – reached a total of 30,724 users registered as volunteers, recorded 23,692 voluntary actions and registered 2,912 social entities.

Within the scope of the program, the BB/FBB 2018 Internal Call for Volunteers – which aims to support social projects run by non-profit entities that involve the participation of BB Volunteers – resulted in a total of 516 proposals with individual costs of between R\$50,000 and R\$100,000. A total of R\$5 million in non-returnable funding was provided to support 56 of the proposals.



Ongoing actions
239



Completed actions
2,062

Sport and Culture Investment

Our sponsorship of sport plays an important social function and fosters training academies by maintaining one of the longest-lasting partnerships between a company and the national sport: volleyball (beach and hard court). Of the total amount invested in volleyball, R\$5 million came through the Sports Incentive Law.

More than 40 volleyball events (beach and hard court) brought together around 173,000 people in matches held at arenas and sports halls throughout Brazil. Social projects run by the Brazilian Volleyball Confederation reached about 2,400 children (between 7 and 14 years) at 21 training centers/schools in different cities around the country.

The Banco do Brasil Running Circuit, second edition, also took place, passing through 16 cities distributed across all regions of the country and uniting more than 30,000 people. This helps to convey the importance of quality of life and encourages families to practice sports.

Another very important action during the year was the Embaixadores do Esporte (Sports Ambassadors) project, which brings together national idols to act as spokespersons for the dissemination of values and internal attributes and of sport in general. In 2018, 125 actions were held with sportspeople in 56 cities across all regions of Brazil.

BB's Private Social Investment in Culture includes the four Banco do Brasil Cultural Centers (CCBB) in the cities of Belo

Horizonte (MG), Brasília (DF), Rio de Janeiro (RJ) and São Paulo (SP). The selection of projects for the cultural program takes place through public selection announcements and careful prospection in the cultural market, in order to democratize opportunities, maintain transparency and guarantee quality and adherence to the curatorial principles of CCBB.

The Educational Program serves students and the general public and creates didactic material, developed for the exhibitions with the greatest outreach, with appropriate language for elementary and high school students. All of the exhibitions have specific programs on cultural themes, such as museology and education, as well as visits supported by sign language for the inclusion of the hearing-impaired.

In 2018, CCBB hosted 315 cultural initiatives, with 4.36 million visitors and a return of R\$1.193 billion in spontaneous media coverage, according to the CDN News Company (IQEM-V).

Fiscal incentives (R\$ millions)

	2016	2017	2018
Culture Incentive Law (Rouanet Law)	32.8	31.8	23.9
Sports Incentive Law	16.6	2.4	5.0

Socio-environmental Actions CCBB 2018

Direct jobs



10,088

Indirect jobs



50,495

Recycling



4.24 tons

Educational project



219,656 visitors assisted

Educational transport



31,657 children from the Educational Program

Free transport



41,431 people



The Banco do Brasil Cultural Center (CCBB) in Brasília (DF)

Corporate Governance

34 Our Governance

39 Corporate Social Responsibility (CSR) Governance

40 Governance of Risk Management

41 Ethics and Transparency

45 Planning for Prevention and Combat of Corruption and Money Laundering



Challenge 1:

Align Banco do Brasil's governance with best practices in order to strengthen the senior management role in the sustainability strategy 103-1 ▪ 103-2 ▪ 103-3

Commitments of Agenda 30 BB 2019–2021

- Proposition of the Board of Directors periodic independent appraisal; and
- Study to review the Board of Directors composition to verify the possibility of increasing the percentage of independent members.

See more in the GRI Appendix



Privet office in São Paulo (SP)

The adoption of good corporate governance practices shows our commitment to the basic principles of transparency, accountability, fairness and corporate responsibility. Trust is vital in relations with all stakeholders, especially shareholders and investors, and is critical for decisions to invest and, therefore, for attracting capital. We seek to positively influence this decision, demonstrating commitment to sustainable management that weighs up and protects the interests of all stakeholders, so that nobody benefits to the detriment of others.

Banco do Brasil's operations are in line with best practices applicable to the Brazilian backdrop and it is successful in adopting them. Its actions are governed, directed and limited by the State-owned Enterprises Law (Lei das Estatais), which goes beyond the requirements of the Brazilian Corporation Law (Lei das Sociedades Anônimas) in terms of corporate governance. Being a publicly-traded company and given our area of operations we are subject to Brazilian Securities and Exchange Commission (CVM) and the National Monetary Council (CMN) regulations, which deal with various corporate governance aspects. We are listed on the Novo Mercado – the most demanding segment of the B3 stock exchange in terms of corporate governance – and we were one of the first companies to be certified by the State-Owned Enterprises Governance Program (Programa Destaque em Governança de Estatais).

Internally, the governance architecture is based on the Bylaws, the Minutes of the General Shareholders' Meeting, the Internal Regulations of the governing bodies and the advisory committees to the Board of Directors and on policies and standards.

The collegiate decision-making model has been in place since 1995, through which all decisions, regardless of the internal level, are taken with the involvement of the representatives of the branches/units and with the support of strategic committees for the definition of strategies and the approval of different businesses proposals.

Our Governance 103-2

As part of corporate governance, BB has adopted segregation of duties. The units responsible for risk management, for example, are not directly supervised by or linked to any other administrative or business units, except in credit recovery and internal controls cases. The same applies to the areas that deal with credit risk analysis and the management of third-party resources, which are separate from those for managing BB's own resources.

Objective, clear, reliable and timely reporting of information is ensured. All facts are subject to disclosure, except for those of a restricted nature, i.e., those which put at risk the institutional activity and image, or those protected by law.



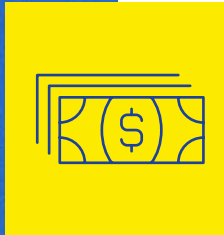
Our presence

on the Novo Mercado is a recognition of our adoption of good practices

BB Leadership Project (Dirigentes BB) 102-27

The BB Leadership Project has been running since 2016, in partnership with an external company. It focuses on succession and development for senior management positions. Its objectives include the assessment and mitigation of possible successional risks, the guidance and development of the participants and the providing of information from which to make decisions on movement and succession. The identification of the necessary requirements for senior management positions was based on interviews and workshops with the statutory officers and references from the market for equivalent functions in large companies.

In 2018, the objectives and range of the program were expanded to include the construction of profiles for about 50 positions in entities linked to us and the mapping of employees assigned to these companies in executive functions. This will serve as a base for building career and leadership development paths. The succession matrix for senior management was updated and expanded through the mapping of 116 leaders, of which 93 were from the conglomerate.



Senior Management Remuneration

Management approach: 103-2

The amounts of fixed remuneration and benefits paid to senior managers is determined based on market research, internal balance, and the skills and responsibilities required, according to the specifics of each position.

Annually, the portions that make up the total remuneration (fixed remuneration, variable remuneration and benefits) are submitted for approval by the Ordinary General Shareholders' Meeting, considering compliance with pertinent legal provisions.

In compliance with the CMN Resolution, the bank has a Compensation and Eligibility Committee, whose purpose is to assist the Board of Directors in establishing the remuneration policy for senior management. 102-36

The body is composed of five effective members, with one chosen from among the members of the Board of Directors, appointed by minority shareholders; one chosen from among the members of the Board of Directors, appointed by the Federal Government; and three chosen at the discretion of the Board of Directors, observing that the committee should maintain a majority of independent members. 102-36 • 102-37

The senior management remuneration policy is available on the Investor Relations website and aims to sustainably attract, incentivize, reward and retain senior management, observe the appropriate risk limits in the short, medium and long-term strategies

and reconcile the interests of shareholders and other stakeholders. The amounts actually paid are also disclosed for each period, in accordance with the legislation and regulations in force.

Management Variable Remuneration (Remuneração Variável de Administradores – RVA) program is exclusively intended for the members of the Board of Executive Officers and takes place annually. Amounts are defined by the risks and activities of the executives and conditional on the activation of the Profit and Results Sharing Program for Employees (Programa de Participação nos Lucros ou Resultados dos Empregados – PLR) and the size of positive accounting profits.



The BB Headquarters building in Brasília (DF)

The RVA is based on corporate, individual, collegiate and management unit-based indicators, linked to the business plan execution and the Corporate Strategy. Part of the value of the program is paid in cash and part in shares, partially deferred for a period of four years. Receiving the deferred installments is conditional on maintaining results and therefore they may be reversed in our favor.

Management approach: 103-2

In the 2018, the RVA was measured through nine indicators at the corporate, unit, collegiate and individual levels. Two indicators are notable for assessing financial returns: Adjusted Return on Equity and Adjusted Operating Efficiency Ratio.

The percentages of pension contributions made to the highest governance body are the same as for other employees, i.e. the contributions and payments made through both the General Social Security System – RGPS (Regime Geral de Previdência Social – INSS) and the Supplementary Pension Scheme are equal for all linked or associated employees.

The Closed Supplementary Pension Plan Funds (Entidades Fechadas de Previdência Complementar – EFPC) through which the benefit plans are paid do not distinguish between the participants and the benefits are granted under the Regulations of each Plan. **102-35**

Senior Management Evaluation

The Executive Board members performance review uses a specific mechanism for the analysis of professional capabilities, covering a range of aspects such as management actions and quality of decision-making, strategic communication, commitment, mobilization and engagement, relationships with stakeholders, sustainable results, innovation, customer focus, and strategic and market insight. Since 2009 the Board of Directors has evaluated the collegiate performance of the Executive Board and from 2018 onwards it will also evaluate the executives individual performance.

On a six-monthly basis, the members of the Executive Board undergo a self-assessment process and are also appraised by their hierarchical superior, i.e. the members of the Board of Directors evaluate the CEO, who in turn evaluates the Vice-presidents and Officers directly linked to him and finally the Vice-presidents evaluate the Executives related to their area of activity.

The performance of the units is used to measure the amount of variable pay to be received and is measured by a corporate tool called the Work Agreement (Acordo de Trabalho – ATB).

The evaluation model, based on the objectives proposed in the Corporate Strategy, provides a balance between short and long-term visions. The ATB indicators relate to a number of topics, including business and financial performance, customer satisfaction and experience, operational efficiency, risk management, human resources management and Corporate Socio-environmental Responsibility. **102-28 • 102-35**

Sustainability directives are assessed through indicators ranging from the strategic level – the Master Plan – to the operational level – the Work Agreement for the Unit and the employee performance reviews (Radar do Gestor). The indicators include the evaluation of results in the units' operational plans, which affects the variable pay of the statutory officers and employees of the strategic, tactical and operational units. **102-19**

Evaluation of the Board of Directors

Each year the members of the Board of Directors evaluate the performance of the Board itself and the committees established within it, using a specific mechanism as set out in the Bylaws and the Internal Rules of the Board of Directors. In 2018, the internally-developed evaluation model was revised, resulting in the inclusion of additional evaluation criteria, such as the actions of the Chairman of the Board and each member of the committees. The items included in the evaluation mechanism for the Board have been updated and cover different aspects of corporate governance.

The evaluation mechanism includes economic, environmental and social issues. The evaluations are not independent, use a self-assessment format, and take place annually. There is no formal process in place to respond to the performance evaluation of the Board of Directors. **102-28 • 102-35**

Sustainability

directives are assessed through indicators ranging from the strategic level to the operational level

Innovation and Adaptability in Governance

As a result of several improvements to the internal governance structure and practices, since 2017 we have been certified by the B3's State-Owned Enterprises Governance Program (Programa Destaque em Governança de Estatais – PDGE) and received the Level I Governance Seal from the Secretariat of Coordination and Governance of State Enterprises (Secretaria de Coordenação e Governança das Empresas Estatais – SEST), attaining a maximum score (of 10) in all of the criteria evaluated.

In 2018, the following actions were taken to adapt the governance structure and practices to the demands of the State-Owned Enterprises Law (Lei das Estatais), to the new Novo Mercado Rules and to the PDGE:

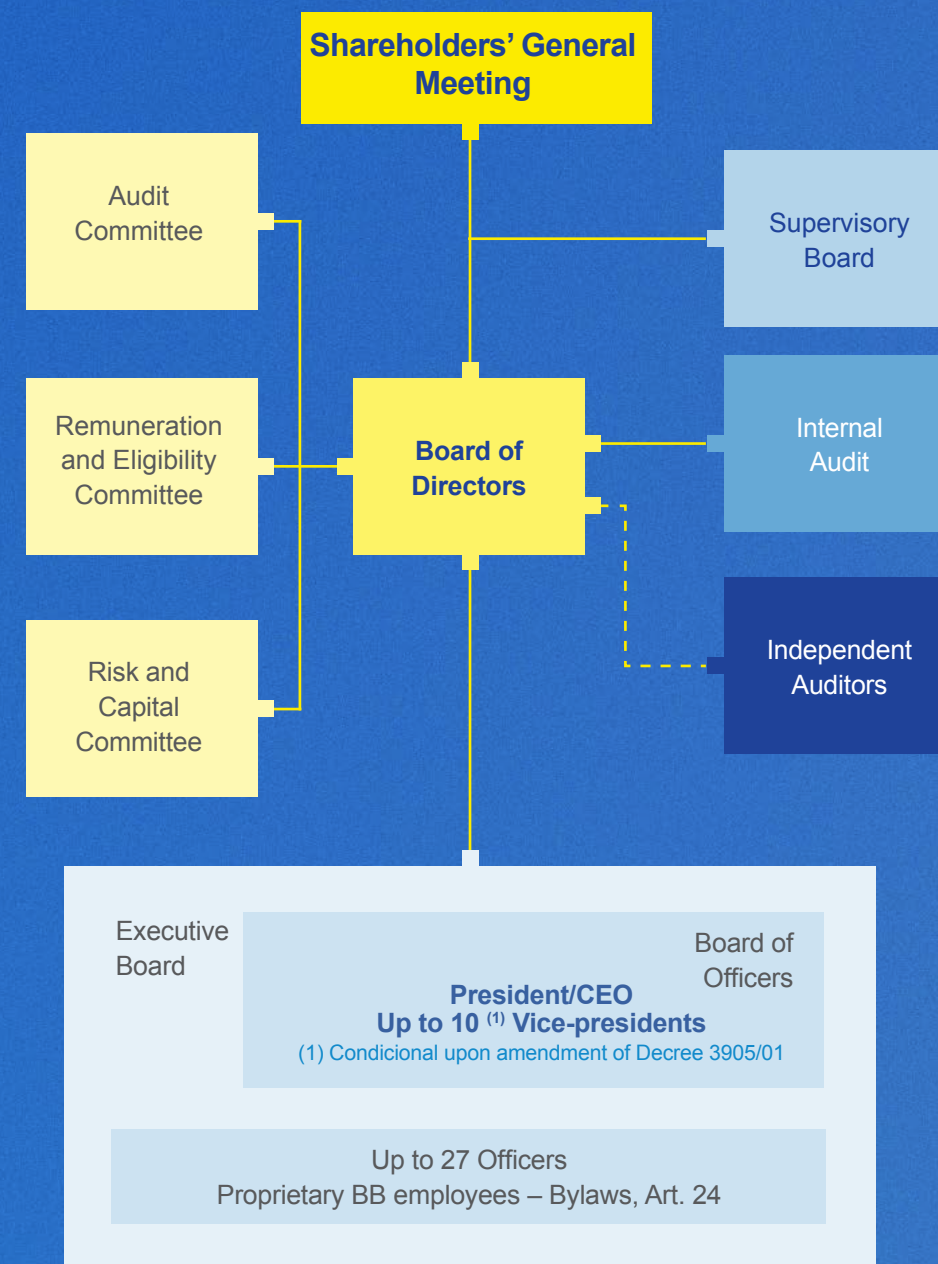
- Review of the Related Party Transaction Policy, the Appointment and Succession Policy for Executives and the Shareholders' Compensation Policy;
- Review and improvement of the contents of the Annual Charter of Corporate Governance;
- Creation of the Remuneration Policy for Executives, approved by the Board of Directors;
- Review of the Bylaws; and
- Review of the Internal Rules of the Board of Directors, Supervisory Board, Board of Officers and advisory committees to the Board of Directors.

The Banco do Brasil Report on the Brazilian Code of Corporate Governance was prepared and disclosed in accordance with the Brazilian Securities and Exchange Commission (CVM) instructions. The structure of the Report follows the Comply or Explain model, recognized internationally as the most suitable for governance codes. All of the principles and practices recommended by the Code are adopted, except for those to which there is some impediment as a result of the legal identity (mixed-capital company) or regulations.

Also of note

is the participation in the Integrated Governance and Management Index (Índice Integrado de Governança e Gestão – IGG) of the Brazilian Federal Court of Accounts' (Tribunal de Contas da União – TCU). In total, 488 Federal Public Administration companies and entities took part in the survey and we obtained the best score among the participants, reaching 94% in 2018.

Governance Structure 102-18 • 103-2



General Shareholders' Meeting

In addition to the duties provided for in the Brazilian Corporation Law and other legal requirements, the General Meeting is responsible for deciding on the following:

- The sale of all or any shares of the capital stock of the Bank or its subsidiary companies; initial public offering; increase of capital stock through subscription of new shares; waiver of rights of subscription of shares or debentures convertible into shares of subsidiaries; sale of debentures convertible into shares of the Bank issued by subsidiaries; or, also, issuance of any other securities in Brazil or abroad;
- Transformation, spin-off, merger, takeover, dissolution and liquidation of the company;
- Exchange of shares or other securities; and
- Differentiated practices of corporate governance and execution of a contract for this purpose with stock exchange.

Board of Directors

This governing body incorporates strategic, advisory, elective and oversight duties, and is not involved in operational or executive functions.

Executive Board

The Executive Board is responsible for the Bank's Management and is composed by CEO (President), Vice-presidents and Executive Officers. The Executive Board is responsible for complying with and enforcing the Bylaws and the deliberations of the General Shareholders' Meeting and the Board of Directors, as well as performing the duties assigned to it by the Board of Directors while observing the principles of good banking practice and good corporate governance practices.

Board of Officers

A collegiate body formed by the CEO (President) and the Vice-presidents, is responsible for proposing and executing the Bank's policies, corporate strategy, investment plan, master plan and general budget; approving and enforcing the market plan and the labor agreement; deciding on the internal organization and management structure; distributing and applying the profits calculated, as determined by the General Meeting or by the Board of Directors, in compliance with current legislation, among other statutory duties.

Supervisory Board

The Supervisory Board is a permanent body responsible for supervising the actions of the management, with the purpose of protecting the interests of the bank and its shareholders and ensuring the fulfillment of requirements for the public good and the social function of the Company.

Audit Committee

A permanent body in charge of advising the Board of Directors regarding the performance of its auditing and supervising duties. It is responsible for permanently supervising the activities and appraising the works by the independent audit, and performs its duties and responsibilities before the controlled companies that adopt the unified Audit Committee regime. It is also tasked with monitoring and evaluating Internal Audit activities, evaluating and monitoring risk exposure, monitoring accounting practices and transparency of information and advising the Board of Directors on decisions on matters within its competence, notably those related to oversight of the bank's management and the fulfilment of the principles and rules of compliance, corporate accountability and governance.

Remuneration and Eligibility Committee

A permanent body responsible for advising the Board of Directors on the following: establishing the remuneration policy for executive officers and the internal appointment and succession policy; Issuing an opinion to assist shareholders in the appointment of senior executives, members of the advisory committees to the Board of Directors and members of the Supervisory Board regarding the fulfillment of requirements and the absence of impediments for the respective elections; checking the conformity of the evaluation process for senior management, members of the advisory committees to the Board of Directors and members of the Supervisory Board, alongside other functions foreseen in the legislation.

Risk and Capital Committee

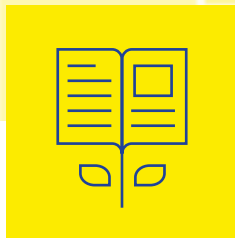
A permanent collegiate body with the main purpose of advising the Board of Directors on risk and capital management.

Internal Audit

The Internal Audit is bound to the Board of Directors and is responsible for assessing the adequacy of internal control, the effectiveness of risk management and governance processes and the reliability of the process of collection, measurement, classification, accumulation, recording and disclosure of events and transactions, in preparation for the financial statements.

Independent Auditors

It is the responsibility of the Independent Auditors to audit the financial statements; evaluate internal controls and risk management procedures, notably in relation to the electronic data processing system, presenting all verified potential flaws; and describe non-compliance with any applicable legislation that is relevant to the financial statements or activities. The Board of Directors is responsible for choosing and removing the independent auditors, whose names may be subject to a duly explained veto by any elected Director.



Agenda 30 BB is a tool for us to monitor initiatives instituted according to the Socio-environmental Responsibility Policy

Corporate Social Responsibility (CSR) Governance 103-2

Corporate Social Responsibility (CSR) permeates the organizational structure and is expressed through policies and the various voluntary commitments assumed.

The main objective of CSR governance is to manage socio-environmental performance, based on the **Socio-environmental Responsibility Policy** (Política de Responsabilidade Socioambiental – PRSA), which considers the integrated economic, social and environmental dimensions in business and in the ethical and transparent relationship with stakeholders. The monitoring of the actions that make up the PRSA action plan takes place within the scope of Agenda 30 BB, with a view to improving socio-environmental risk management (see more on the [Sustainability Strategy – Agenda 30 BB](#) in the Business Model chapter).

The other policies also cover a number of social and environmental aspects, which are also considered in business and administrative practices, e.g. in lending and investment operations and relationships with suppliers and employees. Because of their importance, these guidelines are replicated in the [Sustainability Guidelines for Credit](#) (Diretrizes de Sustentabilidade para o Crédito) and the [Social and Environmental Guidelines for Controversial Issues](#) (Diretrizes Socioambientais para Assuntos Polêmicos).

Structure and Roles 102-18 • 102-19

The CSR governance is structured as follows:

Board of Directors – Accompanies social and environmental performance and ongoing initiatives on an annual basis;

Board of Officers – Responsible for approving the actions of the Sustainability Plan – Agenda 30 BB every two years and for the six-monthly monitoring of related initiatives;

Risk and Capital Committee – Advises the Board of Directors in the performance of its functions related to risk management, including socio-environmental and capital risk;

Sustainability Forum – An entity composed of the Executive Managers and Fundação Banco do Brasil (FBB), it supports the incorporation, alignment and dissemination of sustainability principles and practices, as well as monitoring socio-environmental initiatives and the implementation of Agenda 30 BB actions. This forum meets quarterly and reports to the Executive Business Committee;

Strategy and Organization Directorship – Unit linked to the Presidency and responsible for conducting the corporate social responsibility theme within the company; and

Risk Management Area – Unit responsible for managing socio-environmental risk in the company.

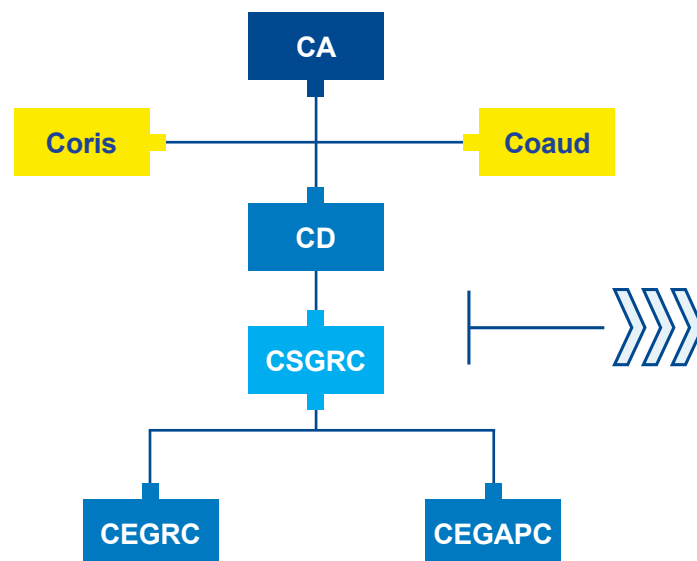


Governance of Risk Management

The governance model defined and adopted internally for risk and capital management involves a structure of senior and executive committees, with members from various different areas of the company, and with the participation of the Vice-presidents and Executives. It encompasses the following aspects:

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

The following figure represents the governance structure defined for risk and capital management.



Organizational Structure for Risk and Capital Management

Capital management is carried out based on the policies and strategies of senior management that guide and direct behavior. The Risk Management Area is responsible for general risk management, except for Compliance Risk, which is under the management of the Internal Controls Directorship. The Internal Audit carries out periodic appraisals of risk management processes in order to check for compliance with strategic guidelines, policies and internal and regulatory standards.

CA	Board of Directors
Coaud	Audit Committee
Coris	Risk and Capital Committee
CD	Board of Officers
CSGRC	Management of Risks, Assets, Liabilities, Liquidity and Capital Superior Committee
CEGRC	Management of Risks and Internal Controls Executive Committee
CEGAPC	Management of Assets, Liabilities, Liquidity and Capital Executive Committee

Risk and Capital Management Bodies and their Duties

The duties of the advisory committees (Audit Committee, Risk and Capital Committee) are presented in the governance structure.

Strategic Committees	Main Duties
Risk, Assets, Liabilities, Liquidity and Capital Management Superior Committee (CSGRC)	<ul style="list-style-type: none"> ■ Approve strategies for the management of assets, liabilities and liquidity, of risks and of capital.
Executive Committee for Risk Management and Internal Controls (CEGRC)	<ul style="list-style-type: none"> ■ Approve methodologies for risk management and mitigation actions; ■ Issue opinions on methodologies for identifying and classifying deficiencies in the system of internal controls and corrective measures; and ■ Act as the executive instrument for the CSGRC in its duties.
Asset, Liability, Liquidity and Capital Management Executive Committee (CEGAPC)	<ul style="list-style-type: none"> ■ Approve guidelines for the management of funding and demands and models, and criteria and parameters applied to capital management; and ■ Act as the executive instrument for the CSGRC in its duties.



Ethics and Transparency 102-17

Ethical actions and conduct are rewarded with credibility, transparency and solidity – indispensable factors for a financial institution. Ethical actions and observance of laws and regulations by the organization and its employees ensures greater reliability and affects the satisfaction of customers and shareholders. Weaknesses in processes, systems and people can create risks for the institution and, consequently, damage to the stakeholders. ethics management contributes to the prevention of criminal acts and reduces financial losses and damage to reputation.

In addition to being a legal obligation, preventing and combating corruption and crime is also a social responsibility if we want to build a better country. Preventive actions also have knock-on effects in the fight against other crimes – such as theft, drugs and arms trafficking – by making it more difficult to use money from these acts, closing the feedback loop.

We have a robust system in place for corporate ethics management that includes Ethics Management, Internal Ombudsman, Disciplinary Control, Integrity and Compliance processes that are coordinated and articulated with other product, process and service managers.

The Bank acts preventively through the dissemination of values and standards of conduct in the workplace, with internal communication and the availability of courses and training on the subject. The Code of Ethics and the Standards of Conduct are documents containing principles, guidelines and responsibilities to be assumed by all employees, including senior management and are distributed and signed periodically.

Challenge 13:

Strengthen the work of Banco do Brasil in relation to ethics and practices to combat corruption, unlawful acts and money laundering. Management approach: 103-1 • 103-2 • 103-3

Commitments of Agenda 30 BB 2019–2021

- Provide specific content about the Code of Ethics and Standards of Conduct to share with suppliers.

[See more in the GRI Appendix](#)

Ethical behavior is also guided by federal laws and statutes (the Anti-Corruption Law, Conflict of Interest Law, State-Owned Enterprises Law and Code of Conduct for the High Federal Administration) and guidelines provided by organizations and certifications related to the subject. These include the Good Governance Guide (Guia de Boa Governança) by the Brazilian Institute of Corporate Governance's (Instituto Brasileiro de Governança Corporativa – IBGC) and the Brazilian National Forum for Ethics Management in State Companies (Fórum Nacional de Gestão da Ética nas Empresas Estatais). We also participate in the Financial Action Task Force against Money Laundering and the Financing of Terrorism (FATF) and the National Strategy to Combat Corruption and Money Laundering (Estratégia Nacional de Combate à Corrupção e à Lavagem de Dinheiro – Enccla). [Find out more on the Sustainability website](#)

Anti-corruption measures are designed to mitigate the risk that employees or third parties, acting in our interest or benefit, end up committing an act of corruption against public entities. In relation to the prevention of money laundering, procedures defined by regulatory agencies require continuous adjustments to procedures and to IT systems and communication and training for employees.

Employee in Labbs BB, in Brasília (DF)

In addition to having strategic policies in place and investing in compliance programs to try to ensure that all planned and approved actions are carried out properly, we also seek to follow best governance practices, e.g. by observing the memos received from regulatory agencies such as the Ministry of Transparency and the Comptroller General of the Union (Ministério da Transparência e Controladoria-Geral da União), through the Pro-Ethics program.

All units are responsible for ensuring the implementation of ethical guidelines. The employees are the protagonists and executors of the actions that make up the guidelines. In their daily activities employees apply laws, regulations, standards, policies and procedures, observing principles of integrity, ethical conduct, efficiency and business sustainability.

In order for this to filter down throughout the organization, the greatest challenge is to develop, implement and consolidate an organizational culture based on ethical principles, respecting regional, cultural and individual differences. Furthermore, constant transformation, technological advances and new models of interaction bring about new challenges.

In addition to the actions taken to disseminate an anti-corruption culture and to provide training on the subject and the controls in place, when an unlawful situation is identified appropriate disciplinary measures are adopted. These include a comprehensive and fast-moving investigation of the occurrence and the application of penalties against those responsible.

Corrective measures are brought about by the Internal Ombudsman, working through the Ethics Committees, or by disciplinary action

against those involved. In order to improve the management of the issue, in 2018 the Regional Ethics Committees began to resolve complaints involving interpersonal conflicts deemed to be well-founded by the Internal Ombudsman, assessing the inappropriate behavior of each defendant and assigning measures aimed at relocating them.

Code of Ethics and Standards of Conduct 102-17 • 205-2 • 205-3

The Code of Ethics and Standards of Conduct provide guidance regarding the values that should be practiced by senior management, employees, and other workers (interns, apprentices, managers and employees of contracted companies) and those who are acting or providing services on our behalf or for us.

The document is reviewed annually to provide guidelines on how to address current ethical dilemmas and challenges. The Board of Directors updated the Code of Ethics and Standards of Conduct in 2018, aligning its content with the new Corporate Strategy.

In order to increase the representativeness and legitimacy of the documents, all members of the Board of Directors and of the Board of Officers nominally sign the letter of presentation of the Code of Ethics and Standards of Conduct. Their signatures

99.14%
of employees signed their
commitment to the Code of Ethics
and Standards of Conduct

demonstrate the senior management's commitment and involvement with corporate ethics.

Each time the Code is updated there is a communication campaign within the company (intranet, e-mail and corporate systems) to spread understanding of the changes and promote adherence to the document. In 2018, 99.14% of employees signed their commitment to the Code.

Indicator

	2016	2017	2018	Target for 2019
Employees Declaring Adherence to the Code of Ethics and Standards of Conduct (%)	97.14	96.46	99.14	98.00



All stakeholders are encouraged to report any suspicious situations to the Internal Ombudsman, and noncompliance with the guidelines of the Code of Ethics and the Standards of Conduct results in solutions that vary according to the severity of the misconduct, the circumstances and the participation of the employee involved. In 2018, the Internal Ombudsman received 1,842 complaints, of which 586 were sent for disciplinary verification because they showed signs of misconduct; 285 complaints involving



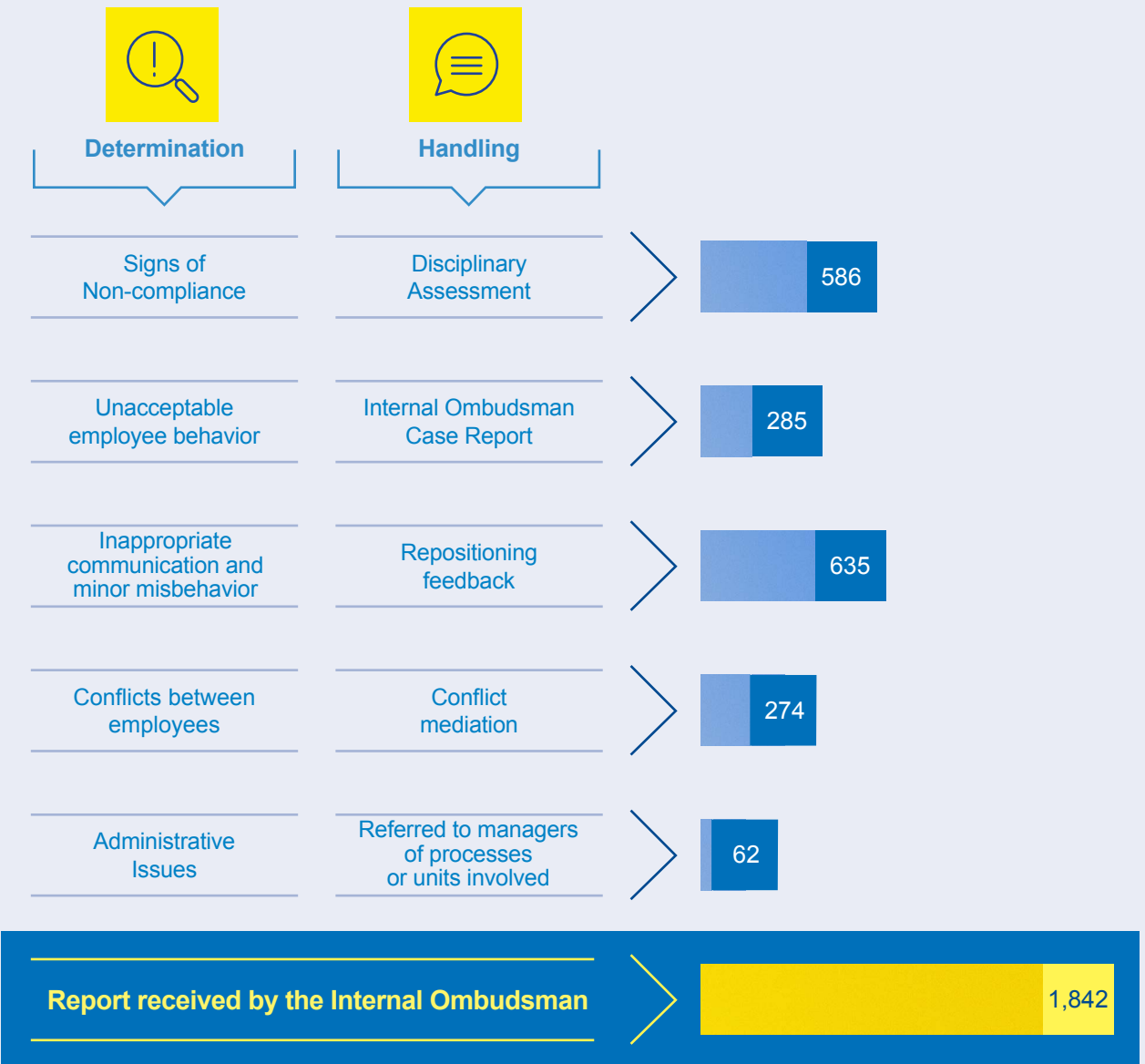
Employees in a training session – Gepes Brasília (DF)

reprehensible social behavior were forwarded for an Internal Ombudsman Case Report (ECO); 274 cases involving one-off disputes between two employees were mediated; 635 cases involving inappropriate communication and minor misconduct were addressed by feedback; and 62 complaints related to administrative matters were sent to the managers of the processes or units involved.

Complains referred for Mediation – in order to reach an agreement between the parties involved – may pass through one of three modalities: Restorative Mediation, Conciliation and Restorative Conversation. Of the total of 182 mediation processes, 151 resulted in agreements between the parties and 31 ended without agreement. In the remaining 92 cases of disputes the complainants had withdrawn their claims, claims were lost or they were still unresolved at the end of 2018.

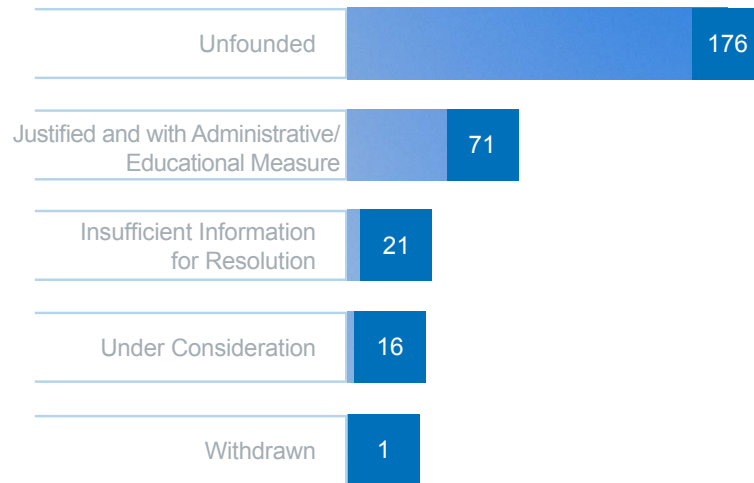
The ECO methodology is used if the complaint against an employee includes misconduct and/or non-compliance with the Code of Ethics and Standards of Conduct, affecting a group of people. The process uses interviews in order to ascertain whether the claim is well-founded or not.

Reports of Breaches of the Code of Ethics and Standards of Conduct



The Internal Ombudsman's Office also follows the ECO methodology to confirm reprehensible behavior and/or non-compliance with the Code of Ethics and Standards of Conduct. In this case the claim is classed as well-founded. Of the ECOs, 176 were considered unfounded, 71 were considered to be well-founded and resulted in administrative and educational measures, 21 failed due to a lack of evidence, 16 were still under consideration at the end of 2018 and one case was terminated due to the plaintiff withdrawing their claim.

Ombudsman Case Report Solution



When the Internal Ombudsman's Office receives reports that show signs of serious misconduct committed in violation of laws, internal regulations and the Code of Ethics and Standards of Conduct, causing damages or exposing us to risks, we refer them for investigation by Disciplinary Control – a process that governs discipline with regard to employees and former employees participating in misconduct.

The process involves the stages of investigation, analysis and judgment, and once the employee's responsibility in the misconduct has been proven they may receive anything from a guidance measure, such as an Agreement of Understanding, through to a restrictive sanction of rights, such as suspension, removal from office or dismissal. In addition, judicial and extrajudicial measures may be taken against the employee as a way of compensating for the damage caused.

In 2018, the following disciplinary measures were applied (more than one employee involved in the same misconduct):

Solution for Employee



Ethics Trail 205-2

Through the Ethics Trail we conduct training on the Code of Ethics and Standards of Conduct. Available through the Corporate University, by the end of 2018 it had 14 educational solutions available (courses, video lessons, articles and booklets, etc.) discussing ethical behavior in the areas of: Prevention and Combat of Corruption, Prevention and Combat of Bullying and Sexual Harassment and Knowing the Code of Ethics and the Standards of Conduct.

The completion of the courses is a prerequisite for selective processes, for the enrollment of employees in opportunities for internal professional advancement and for obtaining scholarships in continuing education programs.

For senior management, ethics training includes six-monthly lectures, which in 2018 discussed the topics of the Anticorruption Law, Integrity and Institutional Security. The Senior Management Trail was also made available on the UniBB Portal and includes courses related to ethics and prevention and combat of corruption and money laundering.



Estilo Southeast Branch, Brasília (DF)

Efforts and Results

The following measures were taken in 2018 to mitigate the occurrence of harmful acts considered as corruption:

- Wide-reaching efforts to broaden awareness of the issue of integrity among employees, aimed at strengthening the culture of integrity;
- Approval of the Annual Training Plan for Senior Management on issues related to ethics and integrity by the Board of Directors;
- Review of the Integrity Program, approved by the Board of Directors. This considers the feedback received from the 2nd and 3rd lines of defense and external assessors, as well as the guides provided by the Ministry of Transparency and the Comptroller General of the Union (Ministério da Transparência e Controladoria-Geral da União) and the Federal Court of Accounts (Tribunal de Contas da União – TCU);
- Review of the methodology for calculating integrity risk, approved by the Board of Directors;
- Provision of the Whistleblowing Channel on the Portal BB, permitting the reporting of complaints or reports of criminal misconduct, including corruption;
- Participation on the advisory councils of institutions dedicated to preventing and combating corruption, such as the Alliance for Integrity; and
- Institutional Security Seminar for members of the Executive Board and employees, with lectures by the Minister of the Federal Supreme Court, Luís Roberto Barroso, and the Minister for the Ministry of Transparency and Comptroller General of the Union.

Planning for Prevention and Combat of Corruption and Money Laundering 205-1 • 205-2

We pay special attention to this issue and have the Specific Policy of Prevention and Combat Against Money Laundering, Terrorism Financing and Corruption to support this.

The Internal Audit regularly evaluates the effectiveness of processes related to the prevention and combat of corruption and money laundering, pointing out the need to adopt actions to improve controls and mitigate the risks involved. The process is also periodically evaluated by supervisory and control entities and by the Independent Audit and includes standards, procedures, monitoring systems, training program and compliance with applicable laws and regulations. Any business involving politically exposed individuals requires prior authorization by employees of the first or second managerial level at the superintendencies.

In the Entities Linked to Banco do Brasil (ELBB) specifically, support and guidance is provided during the review and structuring of processes and the policies and procedures are periodically evaluated to see if they are in line with our specifications. In addition, technical experts and/or Executives of the ELBBs are invited to all training events. In 2018, a risk management appraisal of 26 of the main ELBBs was undertaken, with a focus on prevention and combat of corruption.

Integrity Program 205-1

We seek to guarantee an ethical working environment and relationship with stakeholders through the Integrity Program, which brings together procedures to prevent situations that can be classified as active or passive corruption.

The initiative is aimed at preventing and identifying risks that can be classified as corruption and remediation of situations related to acts that are harmful to us. In 2018, the new methodology for assessing integrity risk was approved by the Board of Directors. It will come into use by the end of 2019 during the evaluation of the Institution's processes for Integrity risks.

Prevention and Combat of Corruption training is available via the UniBB Portal and is accessible to all employees. The purpose of the initiative is to enable employees to identify situations or businesses where there are signs of corruption, using the definition of harmful acts committed against the Public Administration, in accordance with legal requirements. **In 2018, more than 56,000 employees (over 50% of the total) completed this training.**

All members of the Board of Directors and Board of Officers are aware of the Specific Policy of Prevention and Combat Against Money Laundering, Terrorism Financing and Corruption. We also have a training course on the policy on the Portal UniBB. For the senior management, the Annual Training Plan was approved by the Board of Directors and includes training related to Ethics and Integrity.

The Senior Management Trail is aimed at the senior management and includes modules such as Prevention and Combat of Corruption; Understanding the Code of Ethics and the Standards of Conduct; Synapse – Management of Ethics at BB; Banco do Brasil Cuida de Valores (BB Cares for Values); Synapse – Prevention and Combating Money Laundering and Terrorism Financing. The main course of the trail, Alta Gestão em Foco (Focus on Senior

Management), addresses topics such as the Anti-Corruption Law, internal controls, capital markets, corporate legislation and secrecy and information disclosure. **By the end of 2018, it had been completed by 49 of the 51 statutory officers, members of the Board of Directors and members of the committees.**

In 2018, the Business Security and Crime Prevention Trail was launched for all employees, providing 15 educational solutions, nine of which directly relate to the prevention and combat of corruption and money laundering. In the year, 38,170 employees completed training related to the theme.

More than
56,000
employees have received
Prevention and Combat
of Corruption training



Identification

We are exposed to risks that employees, third parties or intermediaries of any nature, acting in their own benefit or interest, perform harmful acts that may be classified as corruption against the Brazilian or any other Public Administration, as set out in the Anti-Corruption Law, or in any legislation of this kind with transnational scope and that has jurisdiction over the areas in which we operate.

The main risks identified as potentially causing accusations of the bank perpetrating corruption relate to business involving public entities, whether through direct agents or third parties acting on our behalf. Significant risks were also identified related to transactions with legal entities in bidding processes, contract management and with regards to access to lines of credit offering lower interest than the market. [205-1](#)

We are not involved in any confirmed cases of corruption, as established in the Anti-Corruption Law or Clean Company Law. However, ten contracts were terminated and/or not renewed due to violations related to the topic.

In 2018, 12 administrative accountability processes were instituted to investigate acts of corruption by legal entities against us. At the end of the year, one of the cases had been adjudged, with a fine and extraordinary publication imposed, and the remaining cases were still pending judgement. [205-3](#)

During the year, no corruption-related public lawsuits against the organization or its employees were identified. Six administrative procedures were also completed in the year, with the attribution of responsibilities in cases involving the charging or receipt of undue commissions for services performed, resulting in disciplinary penalties for those involved, including dismissal with just cause. [205-3](#)

Risk Management

48 Mapping and Identification of Risk

48 Management Processes and Strategies

58 Emerging Issues

60 Capital

61 Internal Controls

61 Internal Audit

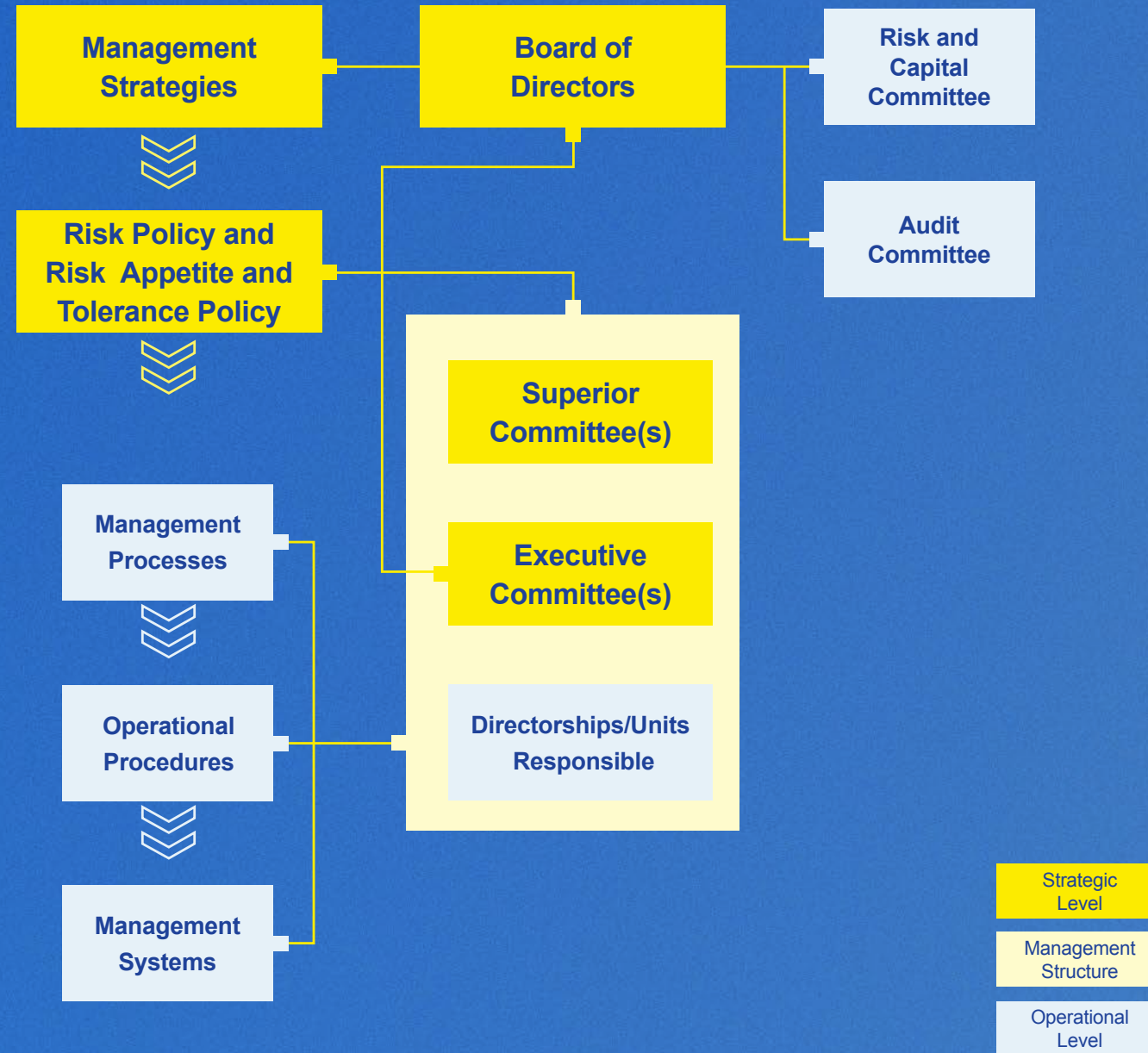


Mapping and Identification of Risk 102-15

We have a structured process in place to identify and define the set of risks that are most critical to business and to interaction with stakeholders. They are reviewed annually, considering their importance for our activities and those of the subsidiaries, and their impacts are classified according to quantitative and qualitative criteria. The methodology provides greater assertiveness in the management of risks and capital, as well as operations. More information is available in the Risk Management Report.

Management Processes and Strategies

Risk management involves the consideration of specific policies, the Risk Appetite Statement (RAS), strategies, processes, procedures and management structures, respecting the specific features of each risk and generally following the pattern displayed in the figure:



Credit Risk

Credit risk management is one of the main tools establishing a suitable risk/return ratio. It operates in a way that is integrated with the goals of the business, and it establishes limits and consolidates the vision of customer managers. The process is based on the following assumptions:

- Reach of the minimum core capital ratio, supported by a set of credit risk exposure that is more favorable in terms of profitability, and maximum utilization of risk weighted assets (RWA), given the projected exposure;
- Use value-at-risk (VaR) as a metric for establishing limits, due to its greater capacity to represent total losses (expected and unexpected) associated with the portfolio exposed to credit risk; and
- Limits associated with the projected risk scenario (from the perspective of expected losses).

A Specific Credit Policy is in place that includes the assumption and management of credit risk, including collection and recovery, and applies to all businesses that involve credit risk, including those incurred at the risk and expense of third parties. It also determines the use of mitigating instruments at all levels and stages of management.

The credit process involves the use of risk/limit calculation methodologies and is developed in line with best management practices. It includes the phases of registration, risk analysis and establishment of the credit limit, contracting of lending and conducting of operations and risk management, with the support of regulations and a specialized organizational structure. When establishing the credit limit, the maximum exposure to credit risk that can be assumed with the customer is defined, as well as the conditions for its use, regardless of the maturity and foreseen use.

Progress in 2018

- Improvement of the RAS for credit risk with advances in the referencing of its limits;
- Use of the analytical tool for prospective evaluation in multiple scenarios;
- Development of a Credit Portfolio Management (CPM) methodology;
- Structuring for maximum exposure limits per customer and maximum limits for concentrated exposure;
- Stress testing for concentration risk;
- Improvement of the risk process and exposure limits for foreign countries; and
- Improvement of counterparty credit risk management.

Credit Risk Measurement Indicators (R\$ billion)	2016	2017	2018
NPL+90D ⁽¹⁾ (%)	3.3	3.7	2.5
Concentration ⁽²⁾ (%)	26.1	25.3 ⁽³⁾	24.0
Write-offs (R\$ billion)	25.8	24.7	22.2

(1) Ratio between debt more than 90 days overdue and the balance of the classified loan portfolio.

(2) Concentration of the 100 largest debtors in relation to the total credit portfolio.

(3) Series reprocessed due to the change in the "Receivables" line of the legal entities (Business) portfolio.

Market Risk

Market risk management enables assessment of exposure to risk arising from changes in asset prices, interest rates and other economic factors, compared to the capital available. To measure market risk, the Bank adopts statistical and simulation methods that include Value at Risk (VaR), stress testing and sensitivity analysis metrics. Policies and strategies are established and systems are used to guarantee management of the positions registered in the trading and non-trading portfolios, in addition to the operations aimed at achieving certain hedging objectives. The aim is to compensate for variations in the market values of assets and to reduce the possibility of losses resulting from fluctuations. This also applies to avoiding possible mismatches arising from investments abroad so as to reduce significant foreign exchange risk exposures.

In order to reduce the level of market risk, there is an asset and liability management process in place that involves the formulation, adoption and monitoring of strategies for interest rates, exchange rates, stocks and commodities, approved by the Risk, Assets, Liabilities, Liquidity and Capital Management Superior Committee (CSGRC).

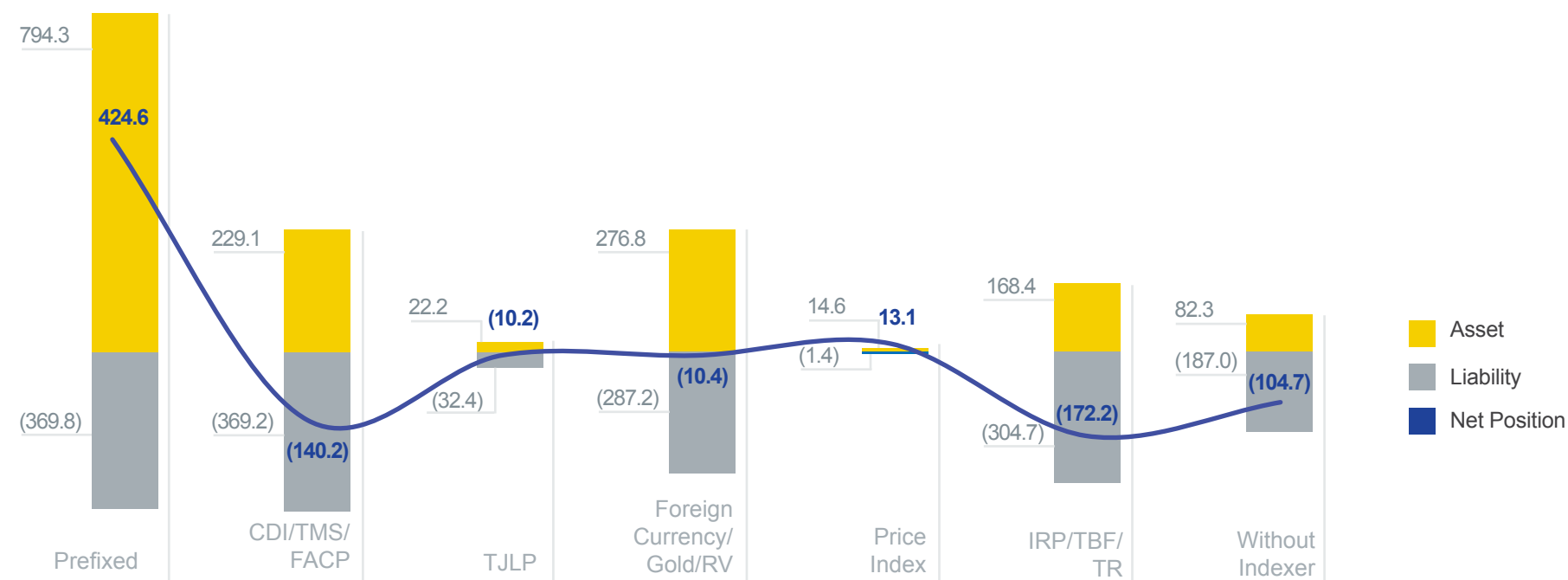
Progress in 2018

- Adoption of the internal models approach in the management of Interest Rate Risk in the Banking Book (IRRBB), with corporate scenarios that permit measurement of variations in economic value and the results of financial intermediation and its impacts on capital sufficiency;
- Creation of the Specific Policy for the Management of Securities and Derivatives Portfolios, reinforcing the alignment with the best practices of corporate governance and risk management; and
- Improvement of the market risk limits framework in the RAS, with management at the aggregated level, including the vision of the business manager, with a view to increasing profitability.



Employees in a training session – GEPES Brasília (DF)

Net Position by Indexer (R\$ billions) – 2018



Liquidity risk management is an important element in maintaining soundness and solvency. An appropriate amount of liquidity allows us to face up to regulatory changes and seize opportunities for growth.

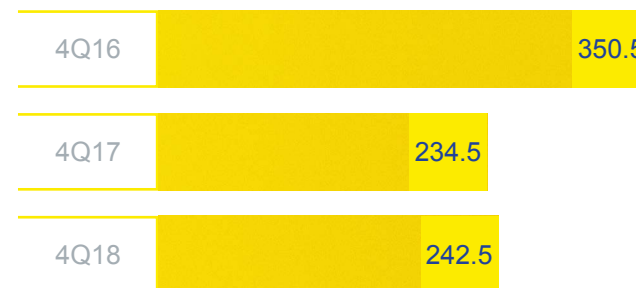
Liquidity levels are maintained in line with the bank's commitments, the broad and diversified base of depositors, the assets quality, the network capillarity and the level of access to the capital market.

We use and monitor a range of mechanisms that are reported to strategic committees and senior management, these include liquidity predictions, with a prospective evaluation of the effect of imbalances between funds raised and investments; stress testing; liquidity risk limits; and a liquidity contingency plan. One of the variables used in the management process is the Liquidity Coverage Ratio (LCR).

Progress in 2018

- The calculation of the Net Stable Funding Ratio (NSFR) was implemented to measure the ability to maintain sufficiently stable sources of funds to finance business in the medium and long term.

Liquidity Coverage Ratio (LCR) ⁽¹⁾ – %



(1) Correction to the historical series. In the last report, the value for 2016 was published in the 2017 column and vice-versa.

Operational Risk

Operational risk is the possibility of incurring losses from the failure, deficiency or inadequacy of internal processes, people and systems, or from external events. Management of operational risk involves identification of weaknesses or inadequacies in activities, in order to mitigate them correctly and promptly.

The Operational Risk Policy is approved annually by the Board of Directors and contains guidelines to ensure the effectiveness of the operational risk management model. The ELBBs are advised to define their directives based on the document, considering specific requirements and the legal and regulatory aspects to which they are subject.

The responsibilities for the management of internal controls allow for an integrated vision of risk and control management, guided by the Lines of Defense Reference Model.

- The 1st Line of Defense is responsible for identifying and evaluating the risks associated with processes, products or services and for implementing and executing controls to mitigate those risks;
- The 2nd Line of Defense is responsible for managing risk, internal controls and compliance and for the processes developed for the functions of organization, security and legal issues, as well as helping to mitigate the risks incurred in the 1st line of defense; and
- The 3rd Line of Defense is the responsibility of the Internal Audit, which evaluates the effectiveness of the entire cycle of risk and control management, acting with autonomy and independence in the evaluation of the Internal Control System.

The monitoring of operational losses and reporting of this information occurs through the Operational Risk Panel tool. This tool makes it possible to monitor and manage actions to prevent and combat operational losses resulting from fraud, as well as to comply with the overall limit and the specific limits established. The results of the panel are reported monthly to the Risk Management and Internal Controls Executive Committee (CEGRC) and to the Risk, Assets, Liabilities, Liquidity and Capital Management Superior Committee (CSGRC), and are presented quarterly to the Board of Director.



Employees at the BB Headquarters building in Brasilia (DF)

To minimize the impacts of disruptions to strategic processes in different scenarios, the Business Continuity and Crisis Management (BCM) methodology is adopted. We invest in improving strategic and tactical capabilities to plan for and respond to incidents and disruptions. In 2018 there were:

- 3,785 employees trained in BCM;
- 657 processes assessed for criticality in case of disruption; and
- 607 Business Continuity Planning tests conducted to evaluate the effectiveness of the business continuity strategies adopted.

Progress in 2018

- As for business continuity, the categorization of the specific limits was improved, with the identification and indication of new managers for processes related to operational losses for the non-electronic external fraud category.

Monitoring of Operational Losses by Loss Event Category (%)

	2016	2017	2018
Unsuitable Business, Product, and Customer Practices	52.0	52.4	72.4
Labor Practices and Working Environment Conditions	29.2	31.6	18.0
External Fraud and Theft	14.2	12.3	8.2
Process Execution and Management Failures	4.2	2.6	0.9
Internal Fraud and Theft	0.3	0.5	0.3
Damage to Physical Assets and Injuries to Persons	0.1	0.6	0.2
System and Technology Failures	0.0	0.0	0.0
Total	100.0	100.0	100.0

Information Security and Cyber Attacks

The Specific Policy on Information Security addresses the Bank's methodology for classification of corporate information in order to guarantee the correct handling and adequate protection of the data. Suppliers and third parties should also study and disseminate the document.

The Information Security Management System (ISMS) aims to protect the confidentiality, integrity and availability of corporate information, as well as to raise awareness among stakeholders about their responsibilities.

To guarantee security of information and to prevent cyber-attacks, the following initiatives are vital:

- Security management and governance structures;
- Teams dedicated to the identification of incidents and rapid response to them;
- Service continuity plans, tested and audited periodically;
- Vulnerability testing;
- Use of cryptography throughout the life cycle of sensitive information;
- Security infrastructure for protection of communication networks, systems and applications;
- Access control in IT systems and resources; and
- Periodic audits (internal and external) related to the issue.

Customer Protection

Intensified efforts to encourage the use of BB Code resulted in a 73% increase in the number of Internet accesses by individuals and 306% by legal entities. In 2018, the milestone of 32 million customers with biometric registration was exceeded. This favors the implementation, in 2019, of differentiated limits to reduce losses.

The Bank's transaction monitoring systems were improved by integrating big data use with the proprietary monitoring system, increasing the precision of the rules and optimizing the detection time for transactions that are not compatible with customer behavior. We added Big Data Analytics technology – one of the pillars of predictive analysis – to fraud prevention monitoring. The calculation of large volumes of data makes it possible to trace customer behavior and predict patterns and suspicious transactions in time real. Approximately 70 rules were introduced and behavioral profile scoring models for legal entities were created using machine learning techniques and suspicious credit profile scores (customers receiving money from fraudulent accounts).

As a result of these actions there were no complaints of breaches of privacy or loss of customer data received or processed by the Ombudsman's Office. The specific Information Security Incident Management channel was notified of 61 incidents during the year, four of which are classified as possible breaches or loss of customer data. **418-1**

The following targets were set for 2019:

- Expansion of the use of biometrics in the branches' business services – for both customers and employees – simplifying and increasing security in the process of identifying people, as well as reducing paper consumption by increasing the use of electronic agreements; and
- Deployment of face recognition for Mobile transactions, increasing convenience and security for customers.



Large Corporate Branch on Av. Paulista (SP)

Challenge 17:

Improve socio-environmental risk management in the supply chain, in lending, in financing, in own investments, and in third-party asset management, while also considering controversial issues.

Management approach: 103-1 • 103-2

Agenda Commitments 30 BB 2019–2021

- Incorporation of socio-environmental rating losses data in the lending pricing process;
- Review of the socio-environmental questionnaire, including analysis by sector and by customer, to assess exposure of credit/financing operations to socio-environmental risk and impacts on customer credit limits;
- Publication of the revised BB Sustainability Guidelines for Credit (Diretrizes BB de Sustentabilidade); and
- Publication of the revised Social-environmental Guidelines for Controversial Issues (Diretrizes Socioambientais para Assuntos Polêmicos).

See more in the GRI Appendix

By incorporating social-environmental factors into investment decisions and asset selection practices, we seek to reduce risks, increase financial returns and meet the expectations of recipients and customers. We also believe that social-environmental responsibility brings positive, recurring and sustainable outcomes over time. More efficient use of resources can also result in cost reductions; better governance can positively influence productivity; environmental, health and safety rules reduce negative externalities; and innovation in sustainable products can also attract new customers.

There is specific management structure in place for controlling social-environmental risks inherent to our activities and operations, based on the precepts of the National Monetary Council (Conselho Monetário Nacional). The Socio-environmental Responsibility Policy (Política de Responsabilidade Socioambiental – PRSA) guides our behavior in relation to this issue and considers our actions with companies, governments and society in initiatives dedicated to reducing risk and taking advantage of opportunities related to socio-environmental issues, including climate change. The policy includes aspects such as the promotion of Human Rights and fundamental labor rights, the universalization of social rights and respect for diversity.

Our socio-environmental risk management also features items from the credit and supplier relations policies and from the Sustainability Guidelines for Credit (Diretrizes de Sustentabilidade para o Crédito) and the Social-environmental Guidelines for Controversial Issues (Diretrizes Socioambientais para Assuntos Polêmicos).

Efficient management of socio-environmental risk involves a series of actions that our customers and suppliers demand, such as the requirement for information and documents that attest to practices. In 2018, we conducted socio-environmental risk management assessments for the ELBBs, as part of the annual risk assessment. We encourage our representatives to share the assessment report, which may contain guidelines on practices and processes, with the Boards of Directors of the investees.

One of the resources used to monitor customers is the Socio-environmental Rating, a tool that allows us to classify them according to the degree of socio-environmental risk inherent in their activities and the level of excellence of their practices related to the issue. A solution is being developed that uses artificial intelligence to verify the customers' environmental licensing requirements.

Our commitment to socio-environmental risk management is also reflected in the initiatives and pacts to which we are signatories, such as the Equator Principles, the Green Protocol Program and the Principles for Responsible Investment (PRI).

See more on the Sustainability website

In addition to being signatories to the Equator Principles since February 2005, BB adopts the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability and the World Bank Group's General Environmental, Health, and Safety (EHS) Guidelines for financial products that encompass large industrial and infrastructure projects. These inputs are evaluated and framed in a socio-environmental risk matrix to identify potential impacts.

See more in GRI disclosure – FS10

Management approach: 103-1

In general, the improvement of socio-environmental risk management is limited by a lack of references, such as documentation regarding the legality of social aspects for environmental licensing processes, and the difficulty of monitoring social-environmental legal actions. In the supply chain our activities are also restricted by the different levels of maturity of partner companies with regards to this issue.

We adopt the precautionary principle in analyzes carried out in the lending process, observing the applicable legislation, self-regulation and voluntary agreements and commitments that we have assumed. Our operations are guided by the Sustainability Guidelines for Credit (Diretrizes de Sustentabilidade para o Crédito) for eight sectors of the economy, encompassing cross-cutting themes such as forests and biodiversity, water and climate change. **102-11**

We do not grant loans to producers that are included in the list of areas embargoed by the Brazilian Institute of Environment and Renewable Natural Resources (Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis – IBAMA) for deforestation or irregular forest fires. The granting of agribusiness loans in the Amazon Biome is conditional upon proof of the environmental and landholding legality of real estate, with analyzes centralized in specialized teams and not linked to the branches where the proposals originate, in order to ensure compliance with all legal requirements.

In line with our socio-environmental commitment, we do not finance customers who are responsible for environmental damage, employers whose labor relationships demonstrate the

submission of workers to degrading conditions or conditions analogous to slavery, just as we do not assume credit risk with customers that sexually exploit minors or use child labor. These principles are established in our Credit Policy (Política de Crédito) and our credit systems are prepared to prevent new business for customers with prohibitive records. **412-1**

The document also states that loans should not be granted for activities that have not received formal authorization from the competent bodies, which includes projects that require environmental resources or that are capable of causing environment degradation.

For all of the aforementioned issues we include the right to early termination of the contract in the contractual clauses of loan operations, with immediate debt repayment and immediate suspension of disbursement.

Climate Change 201-2

Up until November 2018, the management of risks arising from climate change was carried out under the umbrella of social-environmental risk. Due to the possibility of losses resulting from the triggering of extreme weather events and the transition to business in a low carbon economy, which may affect the generation of value by companies, climate risk has become even more relevant for BB. In this sense, climate risk management must be considered in strategic decisions, as this will influence the future profitability of the bank's business.

The internal management of climate change effects is aligned with the Sustainability Plan – Agenda 30 BB, with the development of initiatives and adoption of practices that contribute to mitigating the effects of the operation with regards to social-environmental aspects.

The effects of climate change could influence various market segments. That is why it is important to seek to understand and measure the impact of physical and transition risks on the financing and insurance portfolios. Physical hazards related to extreme weather events, such as floods and storms, are considered in the assessments because they are directly related to increased operating costs and reduced business revenue.



In order to mitigate climate-related impacts we use certain tools, such as Agricultural Zoning of Climate Risk (Zoneamento Agrícola de Risco Climático – ZARC), published by the Ministry of Agriculture, Livestock and Supply (Ministério da Agricultura, Pecuária e Abastecimento – Mapa), and the Agricultural Technical Reference System (Sistema Referencial Técnico Agropecuário – RTA), developed internally.

The Zarc tool indicates the municipalities with suitable climate and soil for specific crops and the best-adapted crops. It is the main macro-indicator for the financing of crop planting costs in municipalities across the country.

The RTA contains information on production costs, price history and productivity for each crop and municipality. The system's productivity history is updated with each harvest season and is directly affected by the incidence of climatic phenomena. The historical productivity series is sensitive to detrimental events, which affect the degree of attractiveness of a crop in a given municipality, and is fundamental for analysis of funding for crop production.

ABC



R\$1.7 billion

A total amount of in loans was provided through the ABC Program, with contracting costs of R\$6 million

64.7%

of all agricultural production costing was covered by Agricultural and Proagro Insurance

Climate Risk Monitoring is also carried out throughout the country, based on Climate Event Alerts issued by the agribusiness advisory network, which are registered in the Agricultural Monitoring System (Painel de Acompanhamento da Safra). This permits observation of the recurrence of extreme events and changes in local climate patterns. In the short term, over the period of a growing season, the warnings also make it possible to take preventive measures to mitigate financial losses

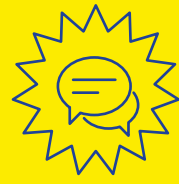
at the level of the lending operations, such as triggering production insurance. Throughout 2018, 1,985 Climate Event Alerts were recorded in 1,135 Brazilian municipalities.

Initiatives aimed at reducing CO₂ emissions from agriculture are supported through the Low Carbon Agriculture Program (Programa de Agricultura de Baixo Carbono – ABC). Through the program, positive financial implications are identified with the contracting

Progress in 2018

- Implementation of a socio-environmental rating, to ascertain, evaluate and monitor customer practices, used as a social-environmental risk management tool;
- Development of criteria that allow the construction of the foundations of socio-environmental losses of operational and credit risks; and
- Formalization of the process of socio-environmental due diligence in financing operations.

of operations, in 2018, to the amount of R\$1.7 billion at a contracting cost of R\$6 million. Customers have a portfolio of products at their disposal that includes Seguro Agrícola, Seguro Agrícola Faturamento (insurance products), Proagro and Proagro Mais. In the agricultural year 2017–2018 (from July 1, 2017, to June 30, 2018), 64.7% of the total agricultural costing of R\$31.2 billion was covered by BB's Seguro Agrícola (agricultural insurance) and Proagro to mitigate the risk of production losses due to extreme weather events.



Controversial Issues

In the process of credit risk management, qualitative restrictions are established on operations that may cause reputational damage or involve high Socio-environmental Risks, in addition to quantitative limits. This guideline is formalized in the Credit Policy, which considers corporate social responsibility and the counterparty's ability to generate employment and income as well as the risks inherent in the business. According to the document, we do not assume credit risks with customers who:

- Participate in crimes of money laundering or concealment of property, rights, and values;
- Carry out any illegal activity;
- Offer guarantees arising, directly or indirectly, from illegal activities;
- Are responsible for damage to the environment;
- Subject workers to degrading forms of labor or keep them in conditions analogous to slave labor;
- Practice sexual exploitation of minors and/or use child labor; and
- Are a political party.

BB also adopts specific conditions for granting credit to sectors with more significant potential for environmental impacts, according to the Sustainability Guidelines for Credit and the Social-Environmental Guidelines for Controversial Issues. Read the Guidelines in full. These guidelines are disclosed to the market in order to provide visibility to the business and management practices adopted by the bank, reinforcing the fulfillment of its public commitments that are assumed and aligned with the principles of socio-environmental responsibility contained in our policies. [Read the Guidelines in full.](#)

The OFAC filter, also known as FCVW (Firco Continuity Verify Web), is used to block transactions with individuals, companies, financial institutions, vessels, entities and countries on local and international restrictive lists. The tool is essential for helping financial institutions to comply



BB adopts specific conditions for granting credit to sectors with more significant potential for socio-environmental impacts

with international anti-money laundering and terrorist financing policies and to comply with the rules and definitions of international regulatory bodies.

In all direct and indirect investment in companies and Equity Investment Funds (Fundos de Investimento em Participações – FIPs), the Internal Regulations determine that all must comply with the Social-environmental Guidelines for Controversial Issues, published on the [Investor Relations website.](#)

The Regulations of the Equity Investment Funds in which we invest value the adoption of best governance practices and socio-environmental management.

Risk factors

Risk factors are broken down so that potential bond and security purchasers are aware of the specific risks involved. Information capable of influencing investment decisions is public and can be consulted in [Reference Form, section 4.](#)

Challenge 2:

Identify and manage non-financial and emerging medium and long-term risks that could have significant impacts on Banco do Brasil's business. Management approach: 103-1 ▪ 103-2

Commitments of Agenda 30 BB 2019–2021

- Presentation of a study of the emerging long-term risks with impacts on BB's business to the Sustainability Forum.

[See more in the GRI Appendix](#)

Non-financial risks arise from operating activities and the use of the resources necessary to deliver products and services to customers. These risks may reduce, jeopardize or interrupt operations, as well as having the potential of generating contractual, regulatory and environmental liabilities with a negative impact on reputation. Thus, management of these risks becomes necessary to prevent the indirect effects of operations from resulting in financial losses in the conduct of business.

Emerging risks arise from changes in the market or from changes in strategy that may trigger new threats, which may

be unknown or not fully understood. These risks can become significant if their potential impact is increased by the interest in certain strategic objectives, which requires the adoption of specific management processes.

There are risk policies, standards, procedures, processes and management structures in place for the risks deemed to be significant. Methodologies are established to identify, measure, evaluate, monitor, report, control and mitigate risks and the precepts of the National Monetary Council governing the structure of risk and capital management are followed. In corporate strategy elaboration, the various risks are considered according to business projection scenarios.

In 2018, the model for identification and definition of the relevance of risks was reviewed, incorporating improvements in the classification and understanding of the relationship between the risks, the external and internal factors that cause them, and the link to the strategic objectives and the nature of the possible impacts.

Arrival of non-banking competitors and changes in consumer banking behavior

There are a number of risks arising from increased competitiveness in the banking industry. This is affected by the intensification of the population's financial inclusion process, the start of operations by foreign institutions, the entry of non-bank competitors (especially in the payments sector) and consumer behavior – more informed, connected and demanding.

In this scenario, there may be fewer gains to be made in financial intermediation due to falling profitability and the need to reposition the asset portfolio, as well as a more significant increase in other sources of income, such as in fees charged for banking services. To err on the side of caution, the bank increased investment in operational efficiency, while reducing expenses and optimizing processes to maintain competitiveness. Focusing on the banking consumer's behavior, the bank invested in the quality and convenience of services, mainly through multichannel technologies and the development of products and services.

We are paying close attention to identify innovations in the financial sector (business models and technologies) and anticipate trends to ensure sustainability, including investments in digital transformation and the creation of new relationship models. The Banco do Brasil Advanced Lab (Laboratório Avançado Banco do Brasil – Labbs) was opened in Silicon Valley, California. It was created to incubate and develop innovative technology companies. [Learn more in Financial Value](#) We were the first big Brazilian bank to be present in one of the world's leading creative centers, which allows us to establish strategic partnerships for developing solutions.

Business discontinuity risk

The risk of business discontinuity is an emerging risk, originating from suppliers and third parties. It refers to the possibility of losses arising from interruption of activities due to the discontinuity of the supply of goods and services.

Suppliers are hired for the purchase of stationary, software, equipment, furniture, and surveillance services, among others. The concentration of hiring in a few suppliers and the lack of technical capacity among the partner companies exposes us to possible interruptions in business support processes, causing financial losses, and legal and reputation damage.

With the need to reduce expenses, improve operational efficiency and optimize processes to maintain competitiveness, it may be necessary to outsource new activities, increasing exposure to this risk. A bidding process is carried out to mitigate these risks, as determined by law and observing internal policies and standards. The outsourced services considered important for regular functioning of operations are evaluated, monitored and reported on with regards to the risks.

Large Corporate Branch on Av. Paulista (SP)



Capital

Capital management consists of a continuous process of planning, assessing, controlling and monitoring the resources needed to deal with significant risks, ensuring solvency in parallel to the application of business strategies and supporting the capital requirements required by the regulator or defined internally.

We maintain a three-year prospective view of Capital Planning that incorporates the measures defined by the Basel III Agreement and considers the corporate Risk Appetite and Tolerance Statement, strategy and budget.

The focus is on the organic generation of capital through the growth of lines of credit with lower capital consumption and that are more attractive according to the return-risk criterion. The target is to maintain core capital above 9.5% in 2019 when the Basel III rules will be fully implemented in Brazil. Following the Risk Appetite and Tolerance Declaration and Capital Plan, the target is to maintain a Core Capital Ratio of at least 11% by January 2022.

Basel Ratio

R\$ million	2016	2017	2018
Reference Equity (RE)	130,453	135,511	134,178
Level I	90,284	95,228	95,290
Core Capital	67,718	72,320	71,169
Prudential Adjustments	(17,085)	(23,848)	(28,947)
Complementary Capital	22,565	22,908	24,121
Level II	40,170	40,283	38,889
Risk Weighted Assets (RWA)	705,851	689,857	711,490
Minimum Required Reference Equity (MRRE)	69,703	63,812	61,366
Margin on Minimum Required Reference Equity	60,750	71,700	72,812
Tier I Capital Ratio (Level I/RWA) – %	12.79	13.80	13.39
Core Capital Ratio (CP/RWA) – %	9.59	10.48	10.00

Basel (Capital Adequacy) Ratio (PR/RWA) – %

2016	18.48
2017	19.64
2018	18.86

RWA Composition (R\$ million)

	2016	2017	2018
Credit Risk (RWS CPAD)	643,214	616,822	624,019
Market Risk (RWA MPAD)	18,844	17,296	26,390
Operational Risk (RWA OPAD)	43,975	55,738	61,081
Total	705,851	689,857	711,490

Internal Controls

The internal control structure ensures greater reliability in the quality of processes, products and services, and compliance with internal policies and regulatory standards. It enables the identification of flaws and the implementation of measures to resolve them, providing greater security with regards to the strategic objectives.

The system of internal controls references documents and drivers that are widely recognized in the national and international markets, such as the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) – Framework for the Evaluation of Internal Control Systems and Control Objectives for Information and Related Technology (CobiT). Innovative tools are also used to manage the control environment, including:



Management of the Control Environment (Gestão do Ambiente de Controle – GAC): measures the quality of the management of the control environment in the organizational units, based on a set of indicators related to relevant processes.



Internal Control System Panel (Painel do Sistema de Controles Internos – PSCI): fully reflects the risk and control management of the evaluated areas through the consolidation of indicators related to the identification, evaluation and mitigation of operational and compliance risks, management of the control environmental and maturity level of the managers in the Three Lines of Defense Model.

Internal Audit

It is up to the Internal Audit to evaluate corporate processes and provide independent and objective consulting to improve corporate governance and risk and control management. In 2018, the area conducted 234 audits.

During the assessment, audit findings that point to the need for improvements are indicated as recommendations, also pointing out the manager responsible and the period for implementation – consistent with the associated risk level.

The Internal Audit follows up on the recommendations until they have been implemented. After that, corrective actions are evaluated and, if considered sufficient to mitigate the risks involved, the recommendation is certified by the auditor.

In 2018, the use of advanced information analysis, analytics, and data science tools was intensified. This added value to the work of the audit and contributed to the improvement of internal processes. Among the actions, the following stand out:



Deployment of electronic panels to support the audit in Corporate Processes. It presents relevant information related to credit, accounting, continuous auditing, and judicial processes, among others.



Creation of the Virtual Audit Assistant, a tool that enables automated auditing tests, identifying situations/operations that do not conform to accepted norms and standards.

As part of the scope of the Internal Audit Innovation Program (iNovAudit), in 2019 the Bank will work on topics such as special auditing, the use of machine learning for predictive auditing, interaction with the areas of the second line of defense and optimization of the audit process in the ELBB.



Financial Value Creation

63 Digital Business and Innovation

66 Products and Services with Environmental, Social and Governance (ESG) Attributes

74 Shareholders



Challenge 3:

Identify innovations in the financial sector (business models and technologies) and anticipate trends to guarantee Banco do Brasil's continuity and longevity.

Management approach: 103-1 ▪ 103-2

Commitments of Agenda 30 BB 2019–2021

- Presentation of a relationship model proposal for startups; and
- Presentation of a feasibility study to the Sustainability Forum for a platform that allows interaction between investors and sustainable projects using a crowdfunding or startups model.

See more in the GRI Appendix

Innovation as one of our values the topic is incorporated into the ECBB formulation process

In a universe where people are constantly connected, banking services are continually changing to meet the demands of customers who are demanding comfort, convenience, and diversity of services to start and maintain relationships. The digital reality implies new complexities and challenges for the financial system. The entry of ambitious companies offering services that were previously provided only by banks and financial institutions has challenged the market.

Customer behavior, stimulated by new trends and innovations, indicates the directions and opportunities for business and the development of solutions. The monitoring of trends directly benefits customers and other stakeholders, since it enables us to offer solutions and facilities that not only satisfy their needs, but also anticipate them in advance.

This context continually accelerates the need to develop new, more efficient and more responsive business models. We remain at the forefront of digital solutions with the use of artificial intelligence, allowing customers to interact with us and enjoy services via Whatsapp and social networks. The virtual assistant responds using natural language and learns continuously, according to user demands and doubts. It does not replace other channels such as Internet Banking, and if there is a need for personal service the customer can be attended by employees.

Innovation is one of the values embedded in the process of formulating Banco do Brasil's Corporate Strategy (Estratégia Corporativa do Banco do Brasil – ECBB), in the organizational culture, vision, positioning, macro-goals, and objectives.

Since 2017, an agreement has been signed with the National Innovation Reference Center (Centro de Referência de Inovação Nacional) – coordinated by Fundação Dom Cabral – a community that shares and discusses innovation management practices and challenging issues. The diversity of the group, composed of managers, academics and specialists, is one of its greatest assets, conferring major potential for the collaborative development of solutions.



Training session at the BB Headquarters building in Brasília

In December, the Advanced Laboratory (Labbs) completed two years as a space for project design and experimentation and technological solutions with potential for innovation in processes, products, and services. It has two units in operation: one in Brasília and another in Silicon Valley, California (USA). To strengthen the culture of intrapreneurship and innovation, the teams were selected and empowered. Approximately 400 employees passed through Labbs in 2018. As a result, 36 suggestions passed through the innovation production line. In addition, companies and public agencies were invited to visit the space and partnerships were established, with the results disseminated and shared through lectures.



How Labbs works

<h3>Ideas</h3>	<p>Employees suggest improvements to products and customer services and propose new business ideas that consider the reality of operations and customer relations. To stimulate and support the teams we hold events and programs to capture and select the ideas with the most potential.</p>
<h3>Garage</h3>	<p>Where selected ideas begin to take shape. The suggestions are worked on by using Design Thinking, Design Sprint, Lean Startup and customer surveys and presented to a committee. If approved, they continue for incubation.</p>
<h3>Incubation</h3>	<p>A step dedicated to effectively developing and constructing the project, which includes user testing for validation. After three months the project is submitted to the sponsorship committee, which decides whether or not the initiative will proceed to the next phase.</p>
<h3>Acceleration</h3>	<p>In this phase, which lasts up to 12 months, the initiative aims to increase the number of users, besides adopting new features to gain scale and prepare for the market. This pathway is accompanied by metrics to see if the initiative is on the right path, and at the end of the acceleration phase another validation process occurs. If it is approved, the project becomes a business activity or product to be offered by the banks.</p>

Innovation Incentive Program (Pensa BB)

We have an Innovation Incentive Program (Pensa BB) in place, through which strategic challenges were launched for all employees, encouraging them to present innovative solutions. In December 2018, in the fifth edition, the program gathered 18,450 ideas. These ideas were then evaluated and selected for implementation. The following are some of the solutions implemented through Pensa BB:

Probability Index for the Materialization of Operational Risk

Enables preventive and reactive actions in risk mitigation through machine learning.

Ourocard Virtual Bank

Site and application through which non-account holders can request an Ourocard, with an exclusive virtual cash register through which the customer can pay bills and make purchases with the Ourocard card for non-account holders.

Digital Credit – Contracting

Automation of contracting of available credit lines through digital channels. It provides a line of credit for working capital when the account is opened and the formalization of the ouro business check and business Ourocard.

Virtual Financial Education Environment

Provides customers with a service of online courses in financial education, financial investments, and family budgeting, with access to videos and other materials.

Other Innovation Initiatives

In 2018, BB-BI approved the creation of the Innovation Investment Program, which is the financial pillar of the Banco do Brasil Open Innovation Program, with R\$30 million of capital made available through Equity Investment Funds with a limit of 20% of capital per Fund for investing in innovation startups in order to improve customer experience.

Startup Farm

The partnership with the Startup Farm was established to advise us on initiatives related to the innovation ecosystem, based on three pillars: People, Business and Innovation.



People

Includes training actions in various formats, in order to provide exchanges between employees and people who work with an entrepreneurial mindset.



Business

Provides the opportunity to conduct business directly, by offering products and banking services to more than 120 startups in the Farm's portfolio.

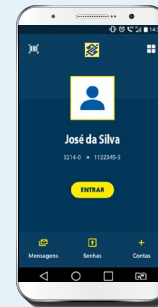


Innovation

Foresees the realization of four acceleration campaigns called "Aheads", in which we are partners. The actions allow the exchange of knowledge and acceleration techniques with the Banco do Brasil Advanced Laboratory (Labbs). Launched in July, Ahead BB received about 160 subscriptions and selected nine startups for acceleration.

Cost of Transactions

MOBILE



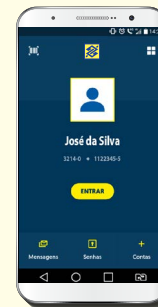
CDC Product (Personal Credit) **859 X cheaper**

Card Request (Personal) **512 X cheaper**

Application in Investment Funds **3,957 X cheaper**

Branch

MOBILE



270 X cheaper

29 X cheaper

4 X cheaper

CRBB (1)

ATM (1)

Internet (1)

(1) CDC Product (Personal Credit, Opening of Current Account (Personal), Card Request (Personal) and Application in Investment Funds.

Products and Services with Environmental, Social and Governance (ESG) Attributes **FS7 • FS8**

Ethics in relationships with our different stakeholders is one of our principles. The generation of social values and protection of the environment goes hand in hand with economic indicators in the formation of results and in the pursuit of longevity and solidity.

Social and environmental issues are included in the process of management of resource, investments, credit, security and means of payment, where the applicable legislation, policies, guidelines, standards, pacts and commitments are observed.

Funds Managed **FS7 • FS8 • FS11**

BB Gestão de Recursos DTVM S.A. administrates, manages and distributes managed funds and portfolios. According to the Brazilian Association of Financial and Capital Markets Entities' (Associação Brasileira das Entidades dos Mercados Financeiros e de Capitais – Anbima) overall ranking of third-party asset management, BB DTVM ended 2018 with R\$941.1 billion in third-party funds under its management, growth of 8.86% in the year.

BB DTVM carries out a wide-ranging screening of assets, considering socio-environmental and corporate governance aspects, and reached the end of the period with R\$125.7 billion in assets subject to positive screening, representing 13.35% of the total assets managed. The other managed equity assets are not subject to this kind of assessment because they are federal securities or have low liquidity. The fund manager manages and distributes the funds to the different investor segments, including eight investment funds with socio-environmental characteristics, which totaled R\$1.6 billion in equity in December 2018.

In order to meet the Central Bank's guidelines and Principles for Responsible Investment (PRI) and the AMEC Code of Principles and Duties of Institutional Investors (Stewardship), the Bank considers the combination of financial returns and corporate governance in the processes for evaluating assets invested using third-party resources, in accordance with ESG principles.

The methodology encompasses general indicators such as governance structure, socio-environmental aspects, positioning in relation to sustainability indexes and alignment with the GRI standard, as well as specific indicators relating to the needs of each area.

In order to deepen the aspects related to ESG, BB DTVM developed its own methodology for evaluating the sustainability of companies within its coverage framework. For variable income assets, a ranking is drawn up with the best placed companies, influencing the various stock allocation strategies. For private credit operations, the ESG aspects make up a qualitative and quantitative rule that influences decision making, which may involve objecting to the credit limit, or reducing or increasing the limit. Assessments are made available to the managers so that they can adopt practices that favor the integration of environmental, social and corporate governance issues. The main dimensions analyzed are:

- Governance, ethics and integrity – Evaluates the composition and independence of the Board of Directors and the remuneration of the Management;
- Social Performance Indicators – Evaluates issues related to employee turnover, health and safety at work, social certifications, fairness and assistance for families; and
- Environmental Performance Indicators – Evaluates aspects of biodiversity, innovation, environmental certifications and use of water and energy.

There is also a specific methodology for the clearance of the nominees to the Board of Directors and Supervisory Council, actively influencing the improvement of corporate governance.



BB Ações Equidade (Equality Shares)

The BB Ações Equidade Fund is aimed at the Private and Retail segments and features the investment of funds in publicly-traded companies that are signatories to the Principles of Women's Empowerment. The definition of weights and weighting of attributes are based on two pillars:

- **Economic and financial evaluation:** through analysis of multiple results, potential of increasing in value and sustainability analysis with a specific methodology that considers the environmental, social and governance spheres; and
- **Equality criteria:** participation of women in management positions, executive positions and on the Board of Directors.



View from the Corporate BB building in São Paulo (SP)

Investment – Equity Investment Funds

FS7 • FS8

We have a Private Equity and Venture Capital Investment Program that follows the following criteria:

- Socio-environmental responsibility standards defended by us, as well as the Socio-Environmental Guidelines for Controversial Issues;
- Principles for Responsible Investment (PRI); and
- Show potential for generating employment and income in the country (desirable).

All Equity Investment Fund (Fundos de Investimentos em Participações – FIP) opportunities must comply with the limits, rules and parameters of the Investment Program, in order to mitigate legal and image-related risks for us and add value to the investees. The regulations of the funds establish norms and standards of corporate governance that the manager must provide to the companies so that they can be adopted prior to the decision to invest and practiced throughout the time as FIP shareholder.

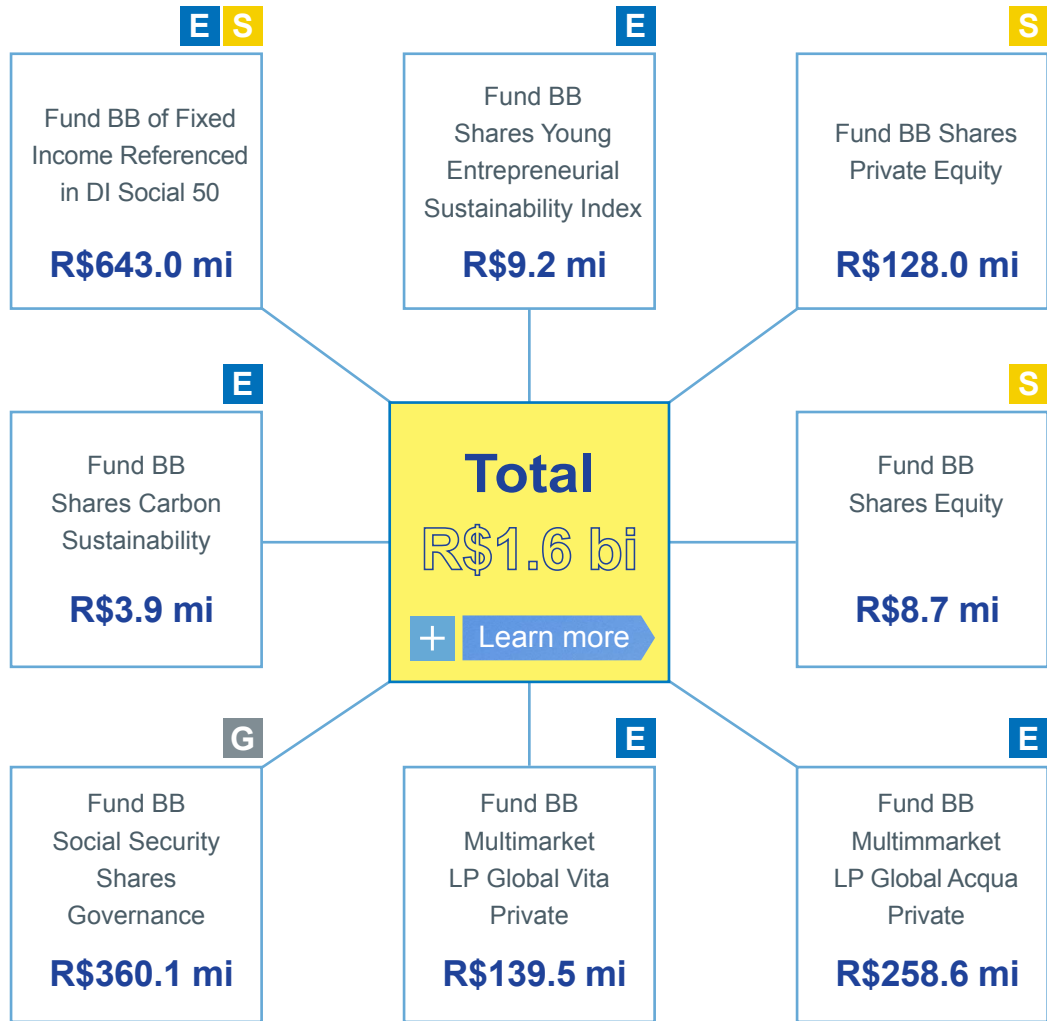
The fund regulations establish norms and standards of corporate governance that must be adopted by the investees

Compliance is monitored by the manager through a mandatory due diligence process conducted prior to investment, and during periodic meetings throughout the FIP cycle to stay up-to-date with the monitoring of the investees. The Regulations of the Brasil Agronegócios (Agribusiness) FIP also foresee the need for the investees to observe and adopt best governance practices, including:

- Establishing a mandate of up to two years for the entire Board of Directors;
- Providing shareholders with information on matters relating to the business;
- Using the arbitration chamber to resolve corporate disputes;
- Providing an annual audit of its financial statements by independent auditors registered with the CVM;
- Implementing policy to minimize harmful effects on the environment;
- Implementing social action plans with local communities;
- Operating using good human resources management practices, developing this capital;
- Adopting socio-environmental responsibility standards;
- Implementing policy to comply with regulatory corporate governance standards;
- Not using child or slave labor; and
- Providing fair and equal treatment in all relationships.

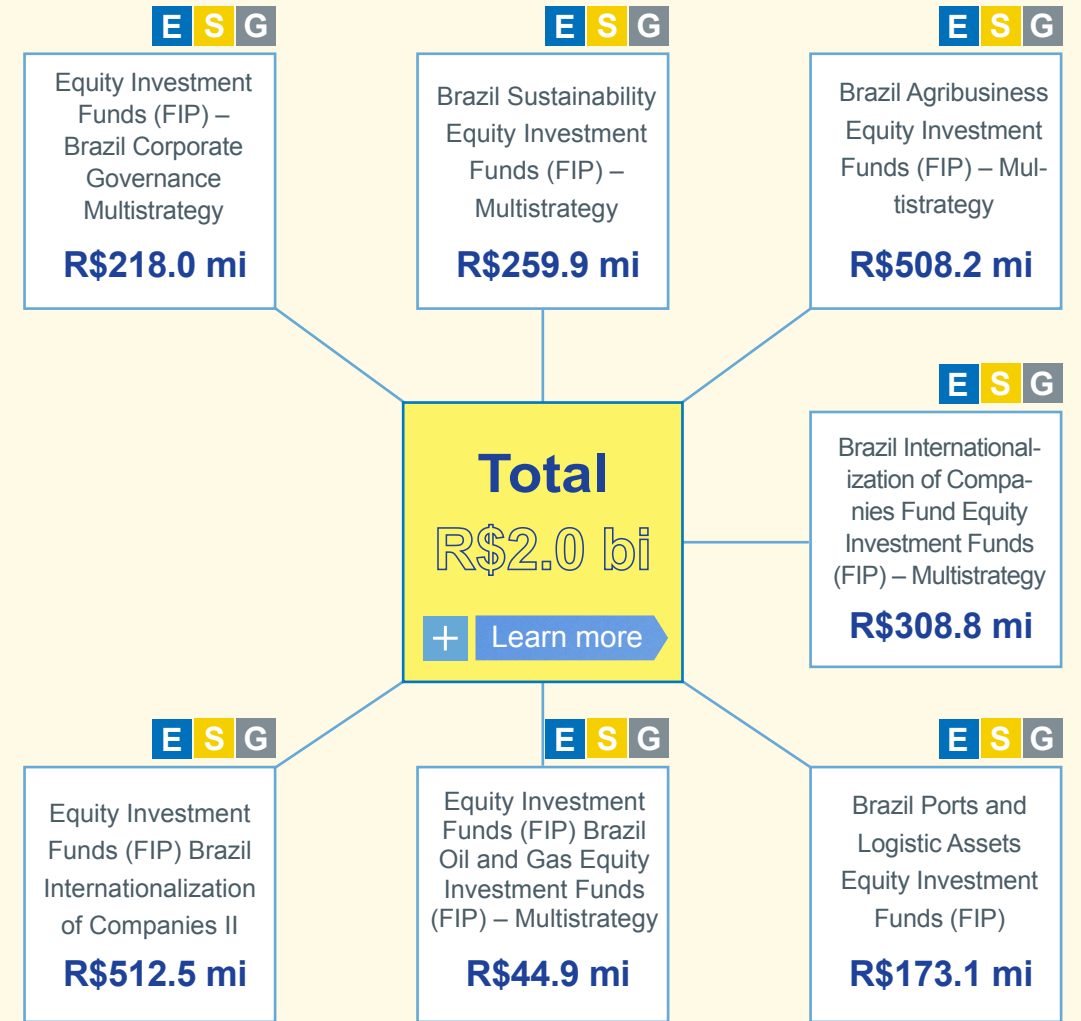


Resources Managed



Products and Services with Environmental, Social and Governance (ESG) Attributes

Equity Investment Funds (FIP)



E Environmental **S** Social **G** Governance Press **+** to learn more

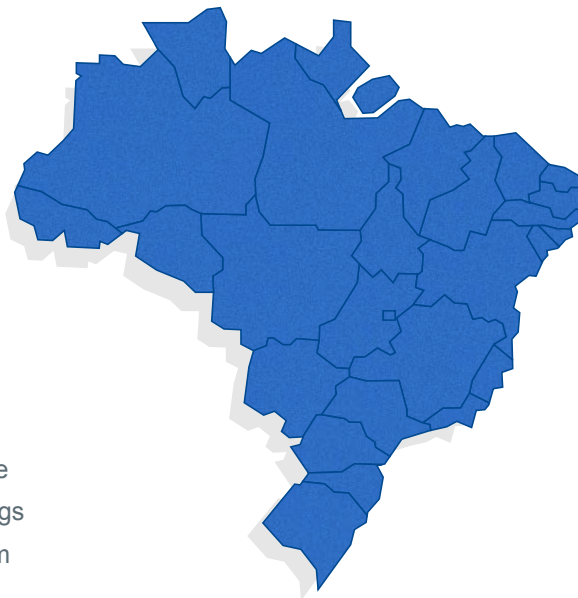


Loans FS7 - FS8

AGRICULTURAL LOANS PORTFOLIO FS6

The agribusiness portfolio (*carteira agro*) is extremely important for us. Our support for sustainable agriculture aims to achieve long-term sustainable returns, going beyond traditional financial and risk analysis. Sustainable technologies are also associated with cost savings and efficiency gains, contributing to the long-term sustainability of production models. Endorsing these initiatives not only helps to reduce customer risks but also to identify opportunities that the new business environment and agricultural sector regulations provide.

By operating together with all sizes of farmers, from small producers through to large agro-industrial companies, we finance production costs, marketing of agricultural products and rural investments – such as construction and expansion of storage facilities, acquisition and modernization of machinery and implements, processing and industrialization of agricultural products and adaptation of rural properties to comply with environmental legislation. Brazilian agribusiness is therefore supported by our 57.4% share of all financing for the sector, throughout the production chain.



MIDWEST

- Rural Credit 25.8%
- Agroindustry 1.0%
- Total 23.3%

- PI R\$41,804 million
- LE R\$1,746 million
- Total R\$43,550 million

NORTH

- Rural Credit 6.4%
- Agroindustry 0.4%
- Total 5.8%

- PI R\$10,627 million
- LE R\$174 million
- Total R\$10,801 million

NORTHEAST

- Rural Credit 7.4%
- Agroindustry 0.3%
- Total 6.6%

- PI R\$11,438 million
- LE R\$1,002 million
- Total R\$12,439 million

SOUTHEAST

- Rural Credit 31.1%
- Agroindustry 94.0%
- Total 37.6%

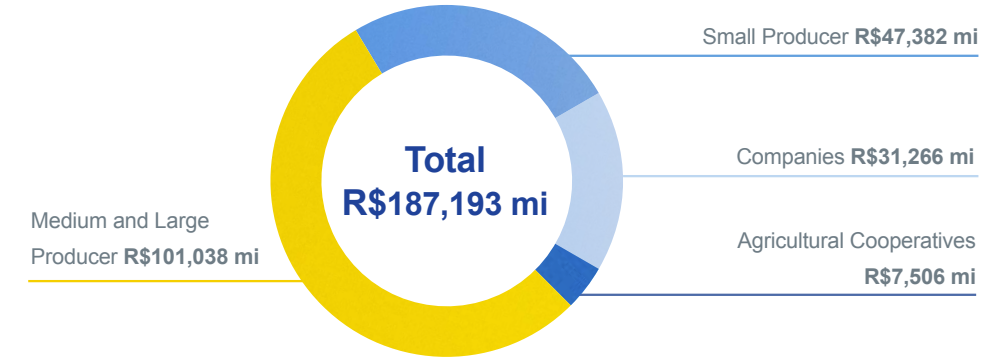
- PI R\$42,262 million
- LE R\$28,155 million
- Total R\$70,418 million

SOUTH

- Rural Credit 29.3%
- Agroindustry 4.2%
- Total 26.7%

- PI R\$42,289 million
- LE R\$7,696 million
- Total R\$49,985 million

Agribusiness by Customer Size



Agribusiness by Type of Item Financed (R\$ million)

Classified Credit Portfolio	Dec/18
Classified Credit Portfolio	187,193
Cattle Raising	42,513
Meat	28,210
Milk	14,303
Machines and Implements	25,637
Soybean	20,392
Corn	9,095
Storage	6,752
Soil Improvements	5,553
Coffee	4,830
Sugar cane	4,619
Pasture	4,159
Poultry Farming	3,392
Trucks/vehicles	3,185
Rice	2,271
Eucalyptus/Pine/Forests	1,986
Pig Farming	1,869
Cotton	1,101
Wheat	1,045
Others	29,507
Agroindustrial Credit	19,289



Social Businesses



- (1) The total value of the portfolio refers to the sum of the contracted value of each operation.
- (2) For BB, social businesses are economically profitable initiatives that seek solutions to social problems through the use of market mechanisms, sustainably reducing socioeconomic inequalities and guaranteeing income, productive inclusion and access to public services. Examples of this business are the financing through the MPO line of credit, Pronaf, BB Accessibility Credit, the Student Financing Fund (Fies) and the PMCMV.



Customer Service at the Southeast branch in Brasília (DF)

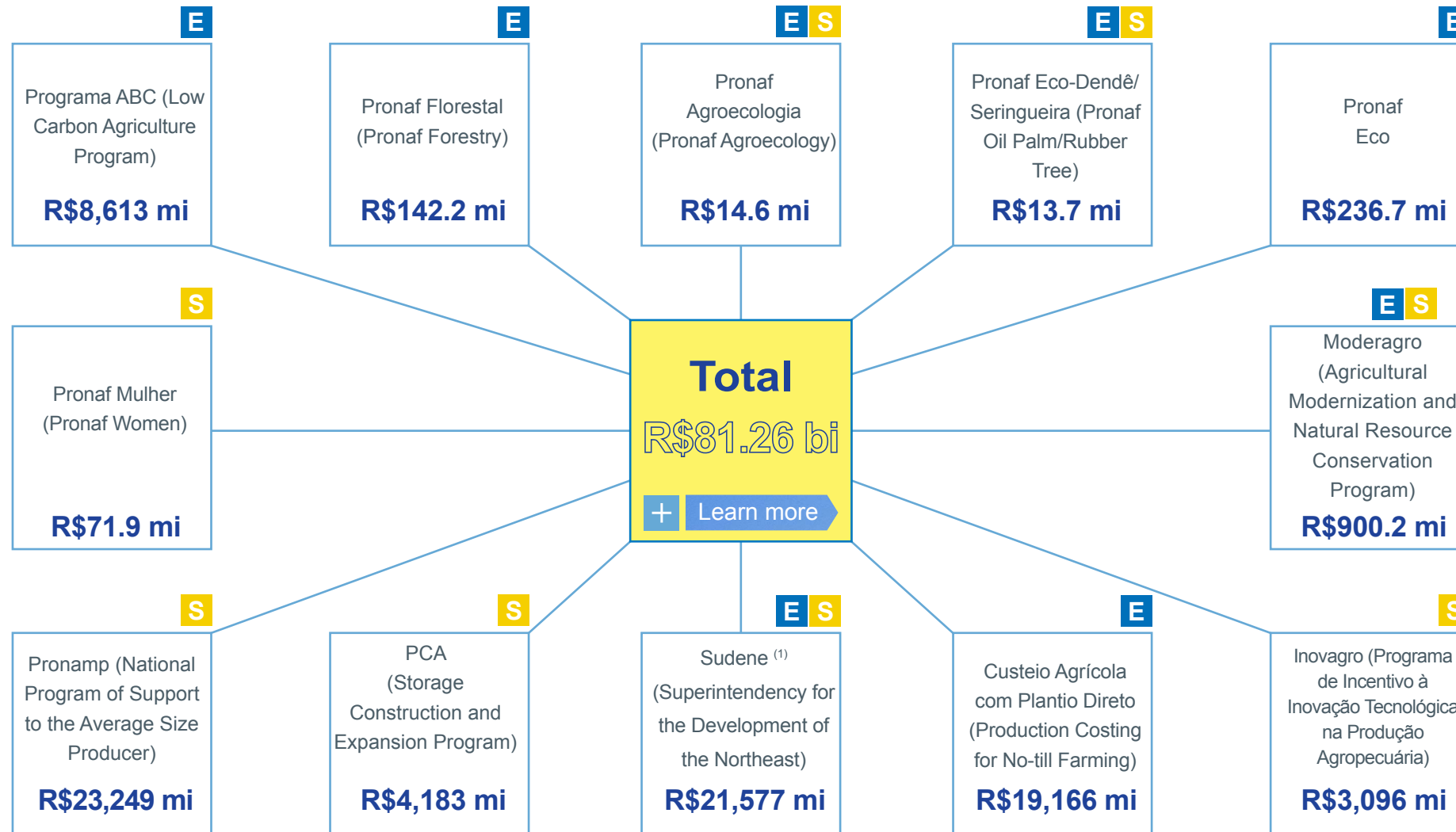
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Agribusiness Loans

Products and Services with Environmental, Social and Governance (ESG) Attributes



E Environmental
 S Social
 G Governance
 Press + to learn more



(1) Up until the 2017 Annual Report, only products with reduced financial costs in the Semi-Arid region were reported. This year, the 2018 figures cover all the operations carried out for the Sudene region.



Loans – Private Individuals

S
Fundo de Amparo ao Trabalhador (FAT) Taxista (Taxi Driver Support Fund)
R\$249.3 mi

Total
R\$249.3 mi
[+ Learn more](#)



Loans – Legal Entities

S
Programa de Geração de Renda – Proger (Income Generation Program)
R\$1,710 mi

Total
R\$1.7 bi
[+ Learn More](#)



Government Loans

S
PMAT (Modernization of Tax Administration and Management of Basic Social Sectors)
R\$52.2 mi

S
BB Financiamento Setor Público (Public Sector Financing – operations with states)
R\$38,007 mi

Total
R\$38.2 bi
[+ Learn more](#)

S
Programa Eficiência Municipal (Municipal Efficiency Program)
R\$138.8 mi





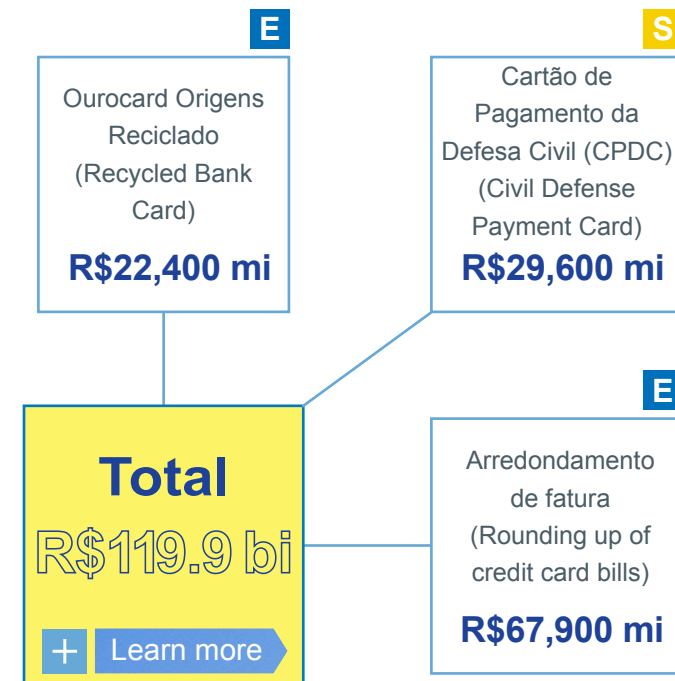
Insurance and capitalization FS7 • FS8



(1) The 2018 turnover of the Ourocap Estilo Flex products was R\$7,820,813.22, which represents 0.19% of the total Balcão BB (BB Counter – Ourocap product) turnover. The amount of R\$19,350.28 was transferred to FBB related to the 2018 sales.



Means of Payment FS7 • FS8



(1) Total number of cards up to 12/31/2018 (stock).

E Environmental **S** Social **G** Governance Press **+** to learn more



Shareholders

BB's shares (BBAS3) were present in all B3 trading sessions and represented 3.140% of the Ibovespa for the four-month period from September to December 2018, in addition to remaining on the ADR level 1 (BDORY) program traded over-the-counter in the United States.

The reports and information provided to the Brazilian Securities and Exchange Commission (CVM) are available on the Investor Relations website and we have a special team available for analyst and investor services. The team performed 1,012 service responses during the year, including participation in meetings, events and telephone calls. Of particular note was the Banco do Brasil Day held in September, which brought together 76 analysts and institutional investors to discuss expectations for business and positioning of innovation with the senior management. In November, the Apimec São Paulo event brought together 144 participants.

In order to meet the needs of institutional investors, 516 meetings were held, including participation in nine conferences in the country and ten abroad, in addition to 15 non-deal roadshows in Brazil and abroad. Four teleconferences of results took place and meetings were held with shareholders at six of our Private offices.

Dividends/Interest on Own Capital and Shareholding Interest

R\$ million	2016	2017	2018	Shareholding Interest ⁽¹⁾ (%)
Federal Government	1,323	1,772	2,700	52.2
Private Individuals	164	192	320	5.6
Legal Entities	381	554	932	12.0
Previ	243	297	383	6.5
Foreign Capital	486	711	1,211	23.6
Total	2,355	3,229	5,163	100.0

(1) Does not include treasury shares.

Market Indicators (exc. treasury shares)

	2016	2017	2018
Earnings per Share (R\$)	2.85	3.91	4.54
Price/Earnings Ratio 12 Months	9.74	8.05	10.07
Price/Equity Value	0.90	0.90	1.27
Market Capitalization (R\$ billion)	78.2	88.6	129.5
ON Share Price (R\$)	28.1	31.8	46.5



BB employee from the Investor Relations area in Brasília (DF)

Social Value Creation

76 Customer Satisfaction

81 Customer Service Channels

82 Employees

94 Suppliers

97 Information, Complaints and Reporting Channels



Challenge 4:

Improve customer relationship management and increase satisfaction and retention rates.

Management approach: 103-1 ▪ 103-2 ▪ 103-3

Commitments of Agenda 30 BB 2019–2021

- Presentation of report of initiatives implemented to increase the satisfaction levels of Individual, Business and Public Sector customers.

See more in the GRI Appendix



Through analysis of the contact with the customer it becomes possible to take advantage of the information gathered to develop and/or improve products and services

Quality of service is fundamental to customer satisfaction, as it contributes to increasing trust, generating business opportunities and increasing profitability. With this in mind, 2018 was chosen as the Year of Relationships, with an intensification of actions relating to this theme and the linking of new activities to the relationship strategy.

The motivation and dedication of employees is essential for customer satisfaction because their attitude and attention in all of their daily activities directly or indirectly affects the public's perception of services. The main effect of customer satisfaction for shareholders and investors is the expansion of brand trust, through the consolidation of service and relationship models. This results in good management of the “customer experience” by incorporating proximity, quickness and flexibility into the process, supporting the customer in the management of their finances and generation of business.

There is a positive correlation between the quality of service provided and the increase in customer satisfaction. By offering excellent service, the employee becomes the reference point that the customer identifies with when carrying out any type of business with us.

Through analysis of the contact with the customer it becomes possible to take advantage of the information gathered to develop and/or improve products and services. Each interaction can be used to generate business opportunities, deepen the relationship and enhance loyalty.

We were the first financial institution in the country to approve and publish a Policy for Relationships with Customers and Users of Products and Services, a requirement of the National Monetary Council (Conselho Monetário Nacional – CMN), which reinforces the commitment to improve customer relations. This policy guides the behavior and conduct of activities in compliance with principles of ethics, responsibility, transparency and diligence, fostering the convergence of interests and the consolidation of an institutional image of credibility, security and competence.

Customer relationship management is further guided by other internal instruments, such as the regulation of Related Party Transactions and the Code of Ethics and Standards of Conduct. It is also in line with the general rules of the Central Bank and Federal legislation, especially the Consumer Defense Code.

By measuring customer satisfaction it is possible to check whether the value proposition is perceived, to adopt management measures, to improve processes and to adjust operating strategies. The customer satisfaction survey conducted in 2018 presents an overview of all points of contact with the customer, including the provision of solutions, communication channels and digital and personal relationships. The continuous pursuit of excellence in this indicator has resulted in a significant improvement during 2018.

The Customer Council is a free environment where customers can express their opinions frankly and directly through interaction with the senior management of BB. The space is also important to improve customer service, relationships, processes, products and services, with the aim of improving customer experience and satisfaction. At the end of the Council meetings, the main referrals brought by the council members and shared with the management areas are drawn up into a report.

With regards to Corporate Banking, in 2018 the Council included two groups of customers (Middle and Upper Middle/Corporate) with a cycle of four annual meetings. In this first edition, 29 suggestions were presented by the customers, of which 15 were delivered and 14 are under development.

In December, the first meeting of the Private Customers Council took place and addressed the theme of Financial Advisory Services, it was attended by eight customers with different profiles.

In order to capture ideas to improve the relationship with Micro and Small Companies there is a plan to create a Micro and Small Entrepreneur Customer Council in 2019.

Results of the Customer Satisfaction Survey 103-3

The satisfaction of customers, whether individuals or businesses, in the private and public sectors, is measured by surveys that evaluate aspects such as personal relationships, service channels and general satisfaction with services. To preserve impartiality, these surveys are conducted by market research companies affiliated with the Brazilian Association of Research Companies (Associação Brasileira de Empresas de Pesquisa – Abep) or the European Society for Opinion and Marketing Research (Esomar). The methodology adopted considers the evolution of satisfaction throughout the year, considering the attributes valued by consumers of banking products and services.

The work includes a qualitative phase, with the objective of identifying the components of satisfaction and perceptions of the customers; and a quantitative phase that takes place monthly, with results accumulated over the year in order to measure the perceptions and components of satisfaction highlighted in the qualitative stage.

Overall satisfaction is represented by a combined average of responses from the various different segments, weighted by the number of customers in each market. The results show that among the customers using multiple banks, but who use us as their main provider of financial solutions, the overall satisfaction index reached 71.69 in 2018 (on a scale of up to 100), close to the target that had been set. This index represents an improvement of approximately 3 points in relation to the result for 2017, as shown in the following table:

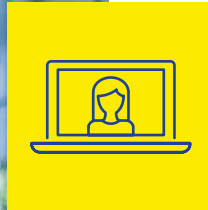
	2016	2017 ⁽¹⁾	2018	Target set for 2018
Level of Satisfaction	74.38	68.74	71.69	76.68

(1) In 2017, there was a change in the format (more concise questionnaires) and in the communication channel used to obtain the responses (from telephone interviews to online questionnaires). This increased efficiency and improved the monitoring of improvements, however the comparability of results with previous years was lost.





BB Headquarters building in Brasília (DF)



In general, the most highly-valued attributes in the composition of the level of satisfaction relate to the convenience and practicality of customer service channels and the solutions available, as well as the relationship with the employee responsible for the account. The results are presented to the areas responsible for the relationship with customers and the managers of networks of branches and of products, and are used to assist in the proposition of strategies and actions for improvement.

Digital Channels Survey Result

In 2018, satisfaction with digital channels was 84.53%, surpassing the target of 83.18%.

Relationship Strategy for Personal Accounts

The strategy for Private Individual customers has sought to improve profitability, especially through specialized relationship structures. In 2018, more than 1.2 million customers began to receive the benefits of digital relationship models.

One of the goals is to become the leading provider of solutions for liberal professionals and business managing partners, a strategy that involves more than 3 million identified customers and non-customers. Specific criteria have been used for credit limits and segmentation of this target group, with the offer of a specialized service. In the year, a revision of the credit limit freed up an additional R\$127 billion.

The relationship specialization strategy for investor customers was also validated. By the end of 2018 there were 67 groupings, bringing together more than 27,000 customers.



Here are some other achievements:



The first Exclusive Investors Office was opened in Brasília, providing differentiated and specialized services to a further 7,000 customers.



A management area specializing in investment advice was created, with the service model available in 12 cities, reaching 134,000 customers with this profile.



2.2 million simulations (95% via self-service, internet and mobile) were carried out in 2018 by more than 730,000 customers using the Investment Simulator – a tool launched in 2017 to streamline the selection and contracting flow for financial assets and provide key information for the investor – resulting in investment of approximately R\$2 billion (50% via mobile).



The Minhas Finanças (My Finance) app, which allows customers to track and manage their budgets, had more than 6 million users at the end of 2018, with 937,323 family budgets created and average incentivized savings of R\$1,000 per customer.



In the Agribusiness segment, the self-service structures were expanded from 84,000 customers in 2017 to 156,000 customers in 2018, up 92.1%. Attempts to centralize farming customers at branches with an appropriate profile benefitted about 27,000 customers from the agribusiness sector.

84.53%

Result of the Digital Channels satisfaction survey

Customized Services

Digital Costing (Custeio Digital)

improvement of the contracting process for Custeio Agro (Agribusiness Costing) via the BB App, which had successful results via a strategy of providing new options for farmers.

Rural GeoMap

free application that allows the capture of the geographical coordinates of the agricultural areas financed and direct transmission of this information to the database. In use since 2016, this solution has demarcated nearly 1 million polygons with a cumulative area of approximately 40 million hectares.

Automatic valuation of assets

a tool that automatically evaluates rural properties and their facilities and has already valued 553,000 properties, representing cost reductions of approximately R\$135 million since its implementation in October 2016.

Agribusiness Digital Investment

enables rural producers to send financing proposals for the acquisition of machinery and equipment for agricultural activities.

Harvest Monitoring Tool

provides alerts of crop failures and reductions in the producer's payment capacity.

Self-Service Losses Report (Proagro)

reports climate-related crop losses insured through Proagro. The solution is running as a pilot scheme in six Brazilian states and recorded 333 loss reports in the second half of 2018.

To expand businesses with non-account holders we have moved forwards with the expansion of Conta Fácil, a fully-digital account opening process using the smartphone app, which reached the mark of 2.7 million accounts opened. Of this number, 1.3 million users opened accounts through the application in 2018 (the expectation for 2019 is to open 2.3 million accounts). The app offers a fully-digital experience for the acquisition of financial products.

These numbers consolidated our position as the market-leader in the digital accounts segment. These customers using this channel have an entirely digital relationship that offers products with special conditions and exclusive services, such as Minhas Finanças (My Finances) and the Plataforma de Benefícios (Benefits Platform). The following actions contributed to the outreach of the digital account opening process:



Obtaining the **Ourocard** credit card through a **100% digital process** via mobile or the **Portal BB**.



Possibility of obtaining BB Crédito 13° **Salário** Não Correntista/Carbonista INSS (Christmas Bonus Salary Loan for Non-account holders/INSS Cardholders) through the **self-service terminal**.



Increase in the amount of transactions available via the **App**.

Relationship Strategy for Business Account

With regards to the Business Retail relationship model, we are the only bank to offer Company branches, specialized in meeting the needs of micro and small companies. The employees of these units are trained to understand the details of these businesses and provide suitable financial guidance for the sustainable growth of customers. Customer service is offered in a planned environment that guarantees comfort, privacy and convenience for business people. The number of business-focused units included in the model reached 173 by the end of 2018, corresponding to 3.7% of the total spread throughout the country. The model already benefits more than 350,000 customers.



Conta Fácil MEI 100% digital (100% digital account for Microbusinesses)

The BB Conta Fácil account for Microbusinesses enables individual microentrepreneurs to open their account with a simplified and fully digital solution using the BB mobile app.

By December 2018, 25,756 accounts had been opened via the App. The transaction enables the user to affiliate with Cielo (card operator) and access services such as direct debit, withdrawals, deposits, payments, transfers, and the Ourocard Elo debit card, increasing autonomy for entrepreneurs.



Digital receivables

Using the Financial Manager feature it is possible to quickly and easily view all pre-qualified receivables and select those that are prepayable.

This gives the customer greater autonomy to decide the moment of prepayment of their receivables and to carry out the operation, without needing to go to the branch or sign physical documents.



100% Digital Credit Prepayment for Merchants

Customers can contract a Credit Prepayment for Merchants (Antecipação de Crédito ao

Lojista – ACL) ceiling and lock the Home Banking directly through the Financial Management function, without the need to go to the branch to sign the credit agreement.



CIB-Corporate Investment Bank Project

The purpose is to monitor customers from a broader viewpoint, considering their future market value and growth prospects, through financial

support and other partnerships, increasing participation in IPOs and follow on operations. In addition to establishing a link with the potential company, these actions intend to position us as a strategic partner in all stages of growth.

Relationship Strategy with the Government

Among the actions and projects with a significant impact in 2018, we can highlight the review of the relationship model that promoted the centralization of the specialized customer service management and the expansion of the number of portfolios and customers served. There was also a reshuffle in the decision-making area, which resulted in greater autonomy for those directly responsible for the relationship with the customer and greater agility in negotiations.

One of the services deployed in the year was the “Transport Pass Recharge”, which allows customers to carry out this task directly through the App, WhatsApp or the website wherever the agreement has been established. An average of 77,000 recharges take place monthly, corresponding to approximately 27% of all recharges made via digital channels (web/mobile).

+350,000
customers received at
the Business branches



BB employee providing customer service in Brasilia (DF)

Our system was also interconnected with the Regional Labor Courts of the 2nd region (Capital and Greater São Paulo) and the 20th region (Sergipe) and the Mato Grosso Court of Justice, eliminating the issuance of paper licenses. The Courts of Justice of Bahia, Minas Gerais, Rio de Janeiro and São Paulo are also interconnected and the process is expanding.

Through these interconnections the judicial deposit data is filled in automatically with the judicial process information, facilitating the procedure for the user who would otherwise have to fill out the form manually. The viewing of judicial deposit balances and extracts and the issuance of payment permits is carried out online by the court, adding security to the process and reducing the amount of paper used. Automation brings benefits for us, for the courts (Labor Justice and State Justice) and for all citizens involved in legal actions. Benefits for the courts include reductions in expenditure on paper, saving time and speeding up compliance with court orders, improved security and standardization in the processing of these orders, automation of balance and extract consultation, without the need for issuing letters. The citizen, in turn, receives any credit resulting from the legal action directly into their current or savings account or in cash, without having to go to the branch. For us, the interconnection reduces the use of structures, generating an efficiency gain, as well as consolidating the relationship with the Judiciary.

The automated reception and judicial deposit retrieval procedures generated savings of 9.2 tons of paper in 2018 and grew by 81.2% over 2017.

Customer Service Channels

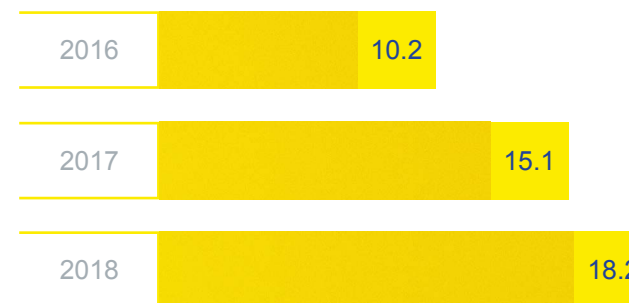
The BB App has established itself as the main customer relationship channel, responsible for more than 60% of all transactions: more than 10 million different users access the application every month. Another high point is the evaluation of the tool in the app stores: with ratings of 4.5 on the Android platform and 4.7 for iOS, the best result among all of the bank and fintech apps.

To provide a complete digital experience, all of the customer relationship advantages and benefits are located in a single exclusive area.

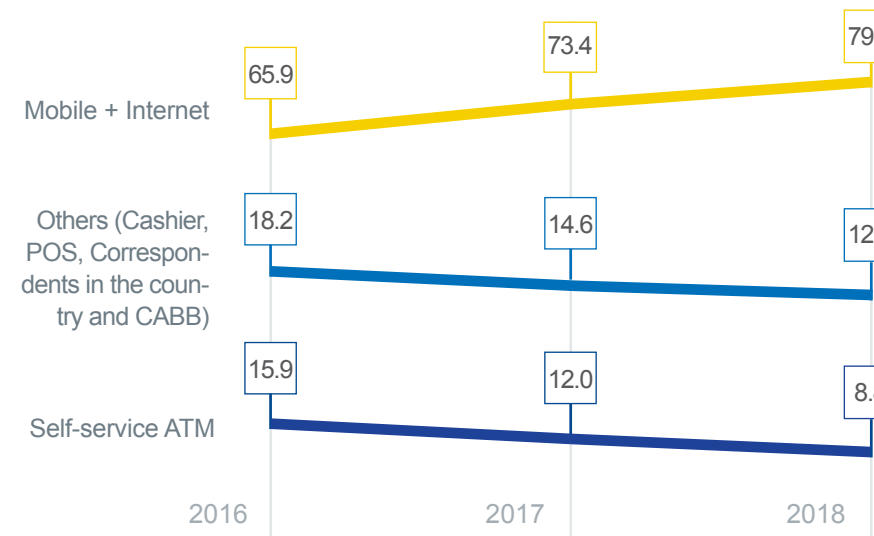
From a customer service point of view, Artificial Intelligence has been used extensively in the relationship with customers, through virtual assistant bots that manage customer service conversations with customers. The solution is applied in the offer of services, contributing to the proximity and availability of interactions in social networks, chatbot readiness and BB brand security, with end-to-end encrypted information.

The idea is to provide a new version of the App to all customers, enabling more active financial consultancy and business expansion through digital customer service.

Number of App users (in millions)



Transactions, Broken Down by Type (%)



BB Customer Service via Social Networks

We are innovators in the use of customer services via social media, with advanced features available in the bots available on WhatsApp, Facebook, Messenger and Twitter. One of the differentials is the possibility of carrying out financial transactions with a transition between virtual and human service through the same channel. So much so that the chatbot contributed to efficiency gains in customer service via social networks.

Quantitative Results



70% of customer service events resolved with the first contact



1 million messages received via WhatsApp



122,000 users attended to via WhatsApp



Around 800 human customer services requested per month since November

Employees

Challenge 12:

Strengthen Banco do Brasil's actions in relation to human capital, including health, safety and wellbeing management, development and retention of talent.

Management approach: 103-1 ▪ 103-2 ▪ 103-3

Commitments of Agenda 30 BB 2019–2021

- Increase in the percentage of engaged employees;
- Increase in the coverage of the engagement survey;
- Hiring of external independent verification of health, safety and well-being; and
- Report on the verification process issued by an independent third party.

See more in the GRI Appendix

Talent development and retention are related to business continuity and market value. Investing in these aspects is a way to remain competitive in the market, within a background of digital transformation and customer focus.

The planning and development of employees' careers was stimulated through management tools and corporate programs for succession and professional growth, with relevant strategic actions reconciling organizational strategies with expectations for professional growth based on promotion through merit, clarity and transparency and the democratization of opportunities.

In 2018, numerous human resources management measures were adopted, including the Talent Identification Program – Clerks and Tellers and the Middle Management Ascendancy Program.

To help retain talent we also invest in quality of life and health and safety, through compliance with Brazilian legal requirements, compliance with international policies – such as those of the International Labor Organization (ILO) – and international good practices and standards.

Profile of Employees 102-8

External selection and hiring takes place through the public service entrance exam system, according to the human resources requirements identified for each region. The qualification requirements vary depending on the position, but the promotion of social inclusion is considered.

Number of Full and Statutory Employees by Employment Contract and Gender ⁽¹⁾

	Male	Female	Total
2018 – CLT (Consolidated Labor Laws) ⁽²⁾	56,646	40,243	96,889
2018 – Statutory	28	3	31

(1) There are no temporary staff amongst the company's employees.

(2) Individual work contract governed by the Consolidation of Labor Laws.

Challenge 9:

Ensure greater proportionality of gender and racial representation in all hierarchical levels of Banco do Brasil.

Management approach: 103-1 ▪ 103-2

Commitments of Agenda 30 BB 2019–2021

- Increase the percentage of women in management positions.

See more in the GRI Appendix

The greater proportionality of gender and race representativeness makes professionals with different backgrounds, abilities, experiences and points of view work together to achieve a goal. Working with people with distinct life stories expands visions, boosts productivity, and influences wiser business decisions. This makes teams stronger and more prepared to adapt and gain space in a world in constant transformation. Consequently, this is also reflected in the relationship with the customer, with greater empathy generated among employees to act in range of contexts, thereby improving business.

Actions to promote employee diversity are guaranteed by general policies, by the Code of Ethics and Standards of Conduct and also by the rules of the professional growth programs that contemplate pro gender equality measures in internal recruitment and selection processes.

We are signatories to and certified by a number of programs that value diversity. In 2018, we adhered to the UN's Standards of Business Conduct tackling discrimination against lesbian, gay, bi, trans and intersex people and the Zumbi dos Palmares Faculty's Business and Gender Equality Initiative.

See more on the Sustainability site

During the year we also improved the mechanisms and actions that favor gender equality, through awareness-raising, accountability and organic construction of internal representation. Gender-affirmative actions in the corporate professional growth programs are underway under the umbrella of the Pro-Gender Equality and Race Program (Programa Pró-Equidade de Gênero e Raça). The Women's Leadership Program was launched to identify barriers, map organizational readiness for change and create a culture of equality. Corporate targets were established for the appointment of women in positions of head manager in Business Units.

Diversity (number of employees) 405-1	2017	2018	
	Quantity	Quantity	% in Relation to Total Employees
Black	2,790	2,795	2.88
Mixed-race	19,665	19,395	20.02
Indigenous	199	176	0.18
Persons with Disabilities	1,571	1,646	1.70
Total	24,225	24,012	24.78

Management Positions	2017	2018	
	Quantity	Quantity	% in Relation to the Total
Black, Mixed-Race and Indigenous People	6,801	7,029	7.25
Persons with Disabilities ⁽¹⁾	224	276	0.28
Total	7,025	7,305	7.54

(1) The number of people with disabilities may include other minorities, such as black, mixed-race or indigenous people.

Employee Satisfaction

The systematic monitoring of organizational climate, satisfaction and engagement enables us to evaluate the quality of relationships established in the work environment. This included conflicts and critical points, strengths and weaknesses, outlining ways to understand issues related to the causes of employee turnover, absenteeism, lack of motivation, low productivity, talent retention, etc.

The diagnosis of organizational culture represents the internal scenario and is one of the elements considered/analyzed in the definition of the drivers.

In 2017, after the organizational behavior team reviewed the research strategy it was decided to only apply the Organizational Climate and Engagement Survey, with results obtained for the following indicators:

Organizational Climate and Engagement Survey	2016	2017	2018	2018 Target	2019 Target
Percentage of Engaged Employees	64.5	60.6	77.6	64.5	78.0
Female	62.5	58.3	77.3		
Male	65.9	62.2	77.8		
Percentage of Satisfied Employees	82.3	79.2	83.6	80	83.6
Coverage of the Organizational Climate and Engagement Survey (% of total staff)	56.0	58.8	67.7	- ⁽¹⁾	68.0

(1) The coverage target for the survey was established for 2019 onward.



Percentage of Satisfied Employees:

Obtained since 2003 through the Work Satisfaction Survey.



Percentage of Engaged Employees:

Established in 2017 with the adoption of the Organizational Climate and Engagement option. However, since employee engagement was already a dimension of the Work Satisfaction Survey since 2015 it was possible to maintain the historical series.



Averages of the dimensions that make up the organizational climate (Autonomy and Innovation, Management Style, Relationships between Colleagues and Feeling Valued):

averages have been obtained since 2010 with the implementation of the Organizational Climate Survey.

The increase in the percentage of satisfied employees may have been influenced by the cultural changes that took place in the last year. We are currently experiencing a period of closer relations between the Board of Officers and the branches/units, greater freedom of expression, respect for diversity and appreciation of employees.

Also, the increase in the participation of employees in the survey was influenced by the communication campaign inviting all employees to respond to the survey.

Other initiatives and instruments for improving the climate and employee satisfaction in 2018 include:

- Organizational Climate Management Workshop, with more than 850 managers receiving training through in-person training programs;
- The O Clima e Você (“You and the Climate”) course, which was offered to BB employees through the UniBB portal and had 24,559 course completions;
- The Developing the Organizational Climate Methodology, with the participation of 1,586 employees; and
- Roadmap for Improving Organizational Climate (meetings to analyze the Organizational Climate and Engagement Survey and to create action plans) with the participation of 332 professionals.

Careers and Succession

Corporate Education

Management approach: 103-1 • 103-2

Corporate education is a strategic tool for achieving our purpose and goals, as well as reinforcing company values. In order for our educational solutions to effectively contribute to the development of employees our corporate education system is divided into four interrelated subsystems: Training Needs Assessment, Educational Planning, Deployment, and Evaluation of the Results of Educational Actions.

It is during the Evaluation and Analysis of Training, Development and Corporate Education Needs that the professional skills to be developed as part of the corporate strategy and to fill performance gaps are evaluated, as well as establishing the business results expected as a result of the educational actions. In 2018, seventy requests for the development of initiatives were received, of which 40 resulted in training programs that adhere to the corporate strategy in one or more ways. The results of the training were evaluated through the Integrated Training, Development and Education Programs Evaluation System (Sistema Integrado de Avaliação de Programas de Treinamento, Desenvolvimento e Educação – SIAP), which aims to provide comprehensive and reliable information for decision making and the improvement of actions, educator performance, employees receiving training, organizational results, and resource allocation.

The last work impact assessment was carried out in 2018 for the face-to-face workshop on the Micro and Small Business Customer Portfolio, completed by 4,756 employees and considered vital in the corporate strategy and business plan for this customer segment. The results of the evaluation showed that the work training resulted in excellent level of improvement in specific performances. The performance of the employees was consistently superior from the perspectives assessed, in relation to those who did not perform the training.

A training program began in last September for over 6,000 relationship managers that work with digital and remote portfolios. Known as the Relaciona-e Program, it takes an innovative approach to assist in the challenge of building a sustainable relationship with customers, amidst the backdrop of digital transformation. This was one of the solutions proposed to improve our customer service, as customer experience surveys have shown a need for improvement in this area.



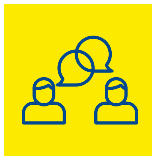
Employees at a training session – GEPES Brasília (DF)

These are some of the positive partial outcomes in business with customers who are the target of the program:



There was contribution margin growth of R\$123,000 in two months (September and October) for Micro and Small Enterprises (SME) customers, considering a base of 3,660

customers. This represents a 11.7% increase in comparison with the general growth of Remote SME portfolios, of 2.3% in the same period.



With regards to Individual customers, between October and mid-December the relationship managers contacted 67% of the target group of 55,713 customers, with an average conversion rate of

those counted in business was 12%, representing a satisfactory level of effectiveness compared to past performance. The total volume of contribution margin growth in the target customer group was R\$764,000, which reflects the effectiveness of the actions.

BB Corporate University – UniBB

We offer in-person educational activities at several locations in Brazil, as well as through distance learning. The online course catalog consists of more than 670 educational solutions, in a range of formats and in collaborative environments. Since the launch of the Portal in 2013, more than 15 million modules have been completed, of which 5.1 million were in 2018. Through, There were more than 1.7 million logins through the UniBB Mobile App in the last three years, with 800,000 only in 2018.

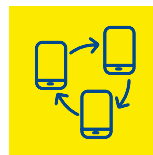
The UniBB Family Portal (Portal UniBB Família) is also available for active employees, their dependents and retired employees and offers a wide range of educational content. The channel closed 2018 with 146,372 active dependents registered.

Specific actions for managers are another focus of UniBB. Since the launch of Leadership Trails (Trilhas de Liderança) in June 2017, employees have participated more than 33,800 times – more than 29,800 times in 2018. A specific strategy was also implemented for the development of skills directed towards digital thinking and acting, encompassing the following initiatives:



Between August 2017 and October 2018, 38 Officers, Directors and General Managers of strategic units went on placements in Silicon Valley, visiting companies, universities and

incubators and talking to investors.



Learning Trail on Digital Transformation, comprised of 35 educational solutions with technical and behavioral content. More than 62,000 employees have already accessed this trail.



+670

Educational solutions available in a range of formats and with collaborative environments



+29,800

employee participations in Leadership Trails

Investment in Leadership Training

- The Retail Network Mentorship (Mentoria Rede Varejo) Program aims to develop managerial skills based on the pillars of People, Processes and Business, with an emphasis on the enhancement of interpersonal relations. More than 200 first-time managers benefited from the exchanging of experiences and knowledge with more experienced managers who have displayed levels of excellence in their role;
- aTUAção Mentoring Program – Inspiring Leader’s Journey, with regional Superintendents receiving mentoring from Executive Managers. The program focused on the development of critical skills through mentoring sessions held over eight months;
- The Women’s Leadership Program (Programa Liderança Feminina) aims to identify the factors that have made it impossible for women to progress within the organization, spread awareness of the culture of gender equality, and develop the skills of female leadership; and
- Launch of the Strategy and Planning Trail, composed of ten courses covering topics such as Strategic Thinking, Planning, Customer Experience, Leadership and Results.



Employee using the UniBB Portal

The Retail Customer Service and Sales Workshop was held with the aim of applying concepts of excellence in simulated situations. More than 10,000 employees were trained in 2018.

The capacity-building of the teams also occurs through scholarships. In 2018, 3,783 scholarships were awarded across the following programs:



In total, at the end of 2018 there were 6,650 ongoing scholarships, benefiting employees at all levels of the company.

DesEnvoVer Game (DesEnvoVer)

Since 2017, the DesEnvoVer Game has aimed to provide leadership training to employees who have not yet occupied management roles, besides strengthening initiative and leadership. In 2018 the second edition was launched, called DesEnvoVer Game – Jornada Transformação Digital (Digital Transformation Journey) made up of challenges and missions and structured in three phases:

- 1st Digital Transformation and the World (34,334 participations).
- 2nd Digital Transformation and BB (26,708 participations).
- 3rd Digital Transformation and Customer Relations (25,525 participations up to December. This phase was due to finish in January 2019).

In each phase, the content is approached in different formats and with different resources: self-learning courses, collaborative activities, videotapes, discussion forums, blog and infographics. The participant is also encouraged to seek an “Oracle” – a colleague who can act as a mentor to assist them on their journey.

Training	2016	2017	2018	2019
Minimum Number of Annual Training Hours per Employee	34	34	30 ⁽¹⁾	30 ⁽¹⁾
Percentage of Employees Who Fulfilled the Minimum Number of Annual Training Hours	92.00	91.05	94.15	-
Target for Percentage of Employees Who Should Meet the Minimum Number of Annual Training Hours	90	90	90	90

(1) The 30 hours of training include the educational solutions available in the UniBB catalog, both face-to-face and via distance learning. Employees are advised to use part of these hours to carry out courses considered strategic for their area of activity during the year.

The culture of sustainability is disseminated through training on several fronts. One of these is the Sustainability Trail, available through UniBB. The Trail brings together all of the Corporate Social Responsibility (CSR) and Sustainable Development training contents in one environment. In 2018, employees took part in 297,000 hours of training. One of the other fronts refers to the CSR Certification, with an exam held twice a year for the employees enrolled in the Internal Knowledge Certification Program.

Investment in Corporate Talent Development and Retention Programs (R\$ million)	2016	2017	2018
Amounts Invested	97.4	102.2	101.9

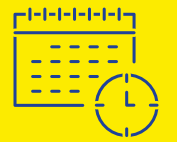
Professional Growth

Actions for professional growth contribute to the identification and retention of talent and, consequently, the effectiveness of the succession program and should always consider gender and race equality. The following actions stand out:

- Knowledge Certification Program, which certifies certain knowledge in the teams by supporting processes of professional growth and consolidating our corporate education system;
- Training Program for the Executive Board, Board of Directors and Supervisory Board, providing a catalog of courses covering corporate governance, the business environment, customer relations, management for results and innovation management, in addition to the Senior Management Trail;
- Workshop for First-time Managers, which offers qualifications and training for managers appointed as the first managers of the agencies; and



BB employees in São Paulo (SP)



297,000

hours of training received
by employees via the
Sustainability Trail

- Professional Growth Programs – for Overseas Executives and Managers, Solutions Managers, and Regional Superintendents, with actions to improve the skills required by the occupants of these roles. In 2018, within the scope of corporate programs for professional growth, we also offered : 404-3
- Professional Growth Program for Regional Retail and Business Superintendents, with 777 employees enrolled, of which 42 were approved and qualified. Of the female attendees, 40% of the 20 candidates evaluated obtained the qualification;
- The Professional Growth Program for Middle Management, with 13,429 employees enrolled, of which 611 candidates were qualified for the Talent Bank;
- Talent Identification Program – Clerks and Tellers, with the emission of 4,144 certificates for 2,680 employees;
- Talent Identification Program in Analytics, with enrollment of 3,718 employees, of which 129 were qualified; and
- The Professional Growth Program for First-time Managers and Specialized Management started in 2018, with 19,866 enrolled.

75,826

Career Development Plans developed

Knowledge Certification Program

This program was created in 2006 in order to recognize and certify the knowledge of employees in areas considered as strategic, with two events per year reaching an average of 45,000 employees enrolled in each event. The certifications obtained are valid for five years. In 2018 all of the 16 topics included computerized tests and a total number of 192,151 certifications were obtained. This represents an average of 2.3 certifications obtained per employee participating in the event.

Performance Reviews

Employee performance is appraised twice-yearly using Professional Performance Management Review by Skills and Results (Gestão de Desempenho Profissional por Competências e Resultados – GDP), which measures the employee’s contribution to the achievement of results in two dimensions: Skills and Targets.

As to the Skills dimension, employees are appraised from several different perspective (financial, customers, internal processes, learning and growth and socio-environmental) based on their professional skills. The Targets dimension assesses the results delivered and compliance with agreed deadlines. The performance review is used to provide information for variable remuneration programs and training actions, in addition to being adopted as an objective criterion for dismissal from a position due to poor performance.

Based on their career aspirations and identified areas for improvement, employees are guided through the process of developing a voluntary Career Development Plan (Plano de Desenvolvimento de Competências – PDC). In 2018, 75,826 of these plans were developed, 45.2% more than in the last cycle.

The results of the appraisals, which identify gaps in skills and training needs, provide inputs for the other Human Resources Management ecosystems: UniBB Scholarships, Performance-related Bonus Program, Recruitment and Internal Selection, Professional Growth and Automatic System of Competition for Transfer (Sistema Automático de Concorrência à Remoção – SACR).

102-48 • 404-3

Performance Review ⁽¹⁾	2016	2017 ⁽²⁾	2018
Number of Employees Eligible for Appraisal	107,114	97,354	95,047
Number of Employees Who Received Performance Reviews	106,772	97,023	95,000
Percentage of Employees Who Undertook Performance Reviews	99.68	99.66	99.95

(1) Fluctuations occur as the result of possible absences of longer than 90 days in each review cycle, as well as variations in the overall number of functional employees.

(2) Data from 2017 published in the last Annual Report did not include information from the second half of 2017.

NOTE: in the previous report, the number of employees appraised was higher than the number of employees eligible for appraisal because the data followed the definitions below:

Employees eligible for appraisal: corresponds to the total number of employees qualified to receive performance reviews through the GDP, i.e., employees who worked at least 90 days over the half-year period.

Employees who received performance reviews: total number of employees who were considered eligible for appraisal at some time during the cycle, even if at a later time (within the cycle) they became no longer eligible.

The Radar do Gestor (Manager's Radar) is a system for monitoring the performance of managers, offering information based on the consolidating results obtained from appraisal systems or corporate databases. Performance is monitored through the following dimensions: Business and Customers, Processes, People and Sustainability, which bring together a variable range of indicators depending upon the target group. In 2018, 99.98% of the target group of 4,342 general managers and retail network business managers were certified.

The Radar indicators consider various socio-environmental aspects in business and management practices, such as lending and investment operations, and employee training. The Sustainability indicator is used with all of the target audience and is composed of the Corporate CSR Culture, Eco-efficiency and Social Business axes, which encourage business practices that directly support the sustainable development of the country.

Performance-related Bonus Program (PDG)

The Performance-related Bonus Program (Programa de Desempenho Gratificado – PDG) is an bonus linked to the results and performance of the participants in management and results indicators, aligned with the strategic objectives. With 81,000 employees (corresponding to 83.6% of the total number of employees) participating in the program in the first half of 2018, the PDG gave bonuses to more than 22,000 employees of between 25% and 100% of their salary calculated for the period. From the second half of 2018 onwards, 25,000 employees were awarded bonuses and were paid with up to 50% in BB shares (BBAS3).

Remuneration

Challenge 11:

Improve the variable remuneration model for employees, including senior management, broadening the socio-environmental criteria and contemplating individual performance.

Management approach: 103-1 ▪ 103-2

Commitments of Agenda 30 BB 2019–2021

- Increase the percentage of employees covered by the systematic use of measurable targets agreed upon with the direct superior, with impacts on remuneration; and
- Increase the percentage of employees covered by the multidimensional performance review with impacts on remuneration.

See more in the GRI Appendix

Variable remuneration and bonus programs are designed to maximize employee engagement and results. The expansion of socio-environmental and individual performance criteria shows the employees the importance attributed to the theme, with repercussions in the remuneration and recognition programs. As a result, it is expected to bring sustainable positive impacts for shareholders.

All remuneration (salaries, profit sharing, and bonuses) strategies are undergoing continuous improvement, according to the scenario and strategy for the period. They are guaranteed by the Bylaws and the Specific Remuneration Policy for Directors, in addition to complying with federal legislation. As required by law, the entities representing the employees ratify the Collective Agreement on Profit Sharing.

The agreement sets out the eligibility criteria for the program and the definitions for its activation, distribution, and payment.

See more public commitments on the Sustainability website

The Profit Sharing Plan foresees the distribution of fixed and variable portions; the latter depends on the performance of the units in which the participants worked over the period set. The performance of the branches is measured through corporate tools, including the Work Agreement – a performance evaluation model based on the goals proposed in the Corporate Strategy. The variable remuneration of the employees working in the Strategic, Tactical and Operational Units is also linked to the Agreement and includes indicators related to the efficient use of resources (water, energy, and paper) and the increase of their participation in social and voluntary causes.

The remuneration of the employees corresponds to the sum of their personal payment and, when applicable, to the pay related to the exercise of their functions. Personal payment is calculated individually and becomes irreducible once engaged. It varies from one employee to another based on career, job/commission history, and start date in the job. Payment related to the exercise of functions is defined according to attributions, hierarchical level, complexity, location, grouping and other factors linked to functions/commissions and can, therefore, be extinguished or changed at any time.



Employees at the BB Headquarters building in Brasília (DF)



The last Collective Labor Agreement on Profit Sharing was signed in 2018 and is valid for two years. Therefore, there are no adjustments forecast for 2019.

Health, Safety and Wellbeing 403-1 ▪ 403-2

Management approach: 103-1 ▪ 103-2

The strategy to promote employee wellbeing encompasses actions in occupational health, safety quality work environment, demonstrating the practical application of socio-environmental responsibility. The Human Resources Management Policy promotes quality work environment, among other topics, prioritizing health and safety and considers the individual in their biological, psychological and social dimensions.

The strategic actions are carried out by the Specialized Safety Engineering and Occupational Medicine Services Network (Rede de Serviços Especializados em Engenharia de Segurança e em Medicina do Trabalho – Sesmt), which includes 143 professionals (engineers, occupational safety technicians, doctors, nurses, and nursing assistants) and teams in every state.

Units with less than 100 employees have an Accident Prevention Officer and those with over 100 employees form Internal Accident Prevention Commissions (Comissões Internas de Prevenção de Acidentes – CIPA). Both the Officers and the CIPAs involve professionals that are trained to act in the prevention of occupational accidents and diseases within the building where they are based. Therefore, 100% of employees are represented by health and safety committees in the workplace. There are also trained and deployed Evacuation Groups to act in emergencies.

In line with the process of continuous improvement, the Occupational Health and Safety (OHS) policy was published during the year as part of the Human Resources Management Policy and the OHS indicators (in the implementation phase) – which define health-related absenteeism targets – were reassessed and refined.

The state OHS teams make annual visits to the branches, as defined in the Environmental Risk Prevention Program, focusing on the prevention of chemical, physical and biological risks in the work environment. By performing this inspection it is possible to identify possible exposures to risks. Environmental variables such as noise, lighting, humidity, and temperature are also measured.

The Bank traditionally invests in training to prevent work-related and occupational health risks. In this regard, the Occupational Health and Safety Education Trail was created, composed of educational solutions covering occupational risks at work, labor and social security legislation, ergonomics, health, and quality of life. The Ergonomics and Postural Guidance course benefited 69,902 people from September 2015 to December 2018. In 2018 alone, 2,233 people took part. The Wellbeing Trail program, available via the UniBB Portal, is intended to make employees more aware of healthier lifestyles, based on 18 educational solutions that address issues such as nutrition and health, overweightness and obesity, cardiovascular risk, stress and sleep quality, time management, conflict management, resilience, organization and ergonomics (professional guidance).

In order to provide remuneration compatible with that of the main peers and other financial institutions, BB uses an internal and external salary balance study. The remuneration scale for the functions and positions that are part of the organizational structure are considered for the internal wage. In addition, the activities, responsibilities, extent of command and other factors linked to functions/positions/commissions are observed. For the external salary balance evaluation, the annual remuneration survey conducted by Mercer Human Resource Consulting for the banking segment, 2017 edition, is used as a parameter. 102-36

Actions were also promoted to minimize health risks/problems through the Occupational Health Medical Control Program (Programa de Controle Médico de Saúde Ocupacional – PCMSO), the Environmental Risk Prevention Program (ERPP), ergonomic analysis of workplaces (EAW), a influenza vaccination campaign, work-related illness research, and epidemiological study of absenteeism through illness.

	2016	2017	2018 ⁽¹⁾	2019 Target
Employees Vaccinated Against Influenza (%)	67.20	60.40	66.62	66.00

(1) The 2018 target of 61% was achieved and used as the basis for calculating the 2019 target. Vaccination is voluntary, and adherence depends on external factors.

The reformulation of the Quality Work Environment (Qualidade de Vida no Trabalho – QVT) program was approved in 2018, with plans to expand and diversify actions with an impact on physical and mental health. Four pillars were created: practices for improved quality of life; institutional actions (e.g., healthy eating contests, support for sports events and practices, stress management program); recognition of the best initiatives; and support for health and safety actions.

After the regulation of home office, introduced in the Brazilian Labor Laws (Consolidação das Leis do Trabalho – CLT), plans to expand the pilot program of voluntary home office are being considered. The prioritization of women, people with disabilities or those in professional rehabilitation after health leave is one of the

principles adopted by the program. In the first phase of the pilot program, 98% of those who participated approved the project, which provides gains in quality of life and reduces Greenhouse Gas (GHG) emissions.

The Occupational Health Medical Control Program (PCMSO) identifies the epidemiological profile of the employees through occupational examinations (on admission, periodic, return to work) and aims to elaborate actions to prevent health risks/problems.

The purpose of the Periodic Health Examination (PHE) is to detect a worker's illness early, following protocols for the most commonly-occurring diseases by age group and gender. 97,011 examinations took place in 2018, of which 56,840 were for men and 40,171 were for women. In addition to consultations with an occupational doctor according to age and gender, the professionals also undergo additional clinical exams.

In the Medical Checkup Program for First Managers, health care programs were expanded by adding cardiac, ophthalmologic and complementary examinations to the PHE protocol, benefiting approximately 4,500 managers.

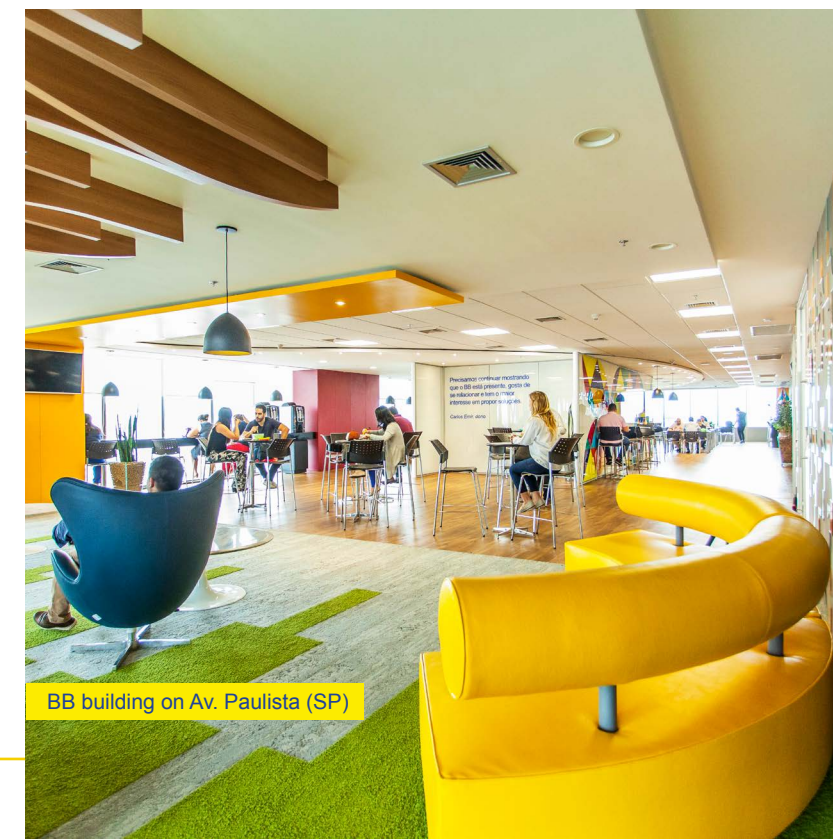
The results of the exams are used for planning health actions and improvements in the quality work environment, under the supervision of OHS professionals.

A 3.05% target was set for the Health-related Absenteeism Rate for 2019.

Absenteeism Rate ⁽¹⁾ (% of total work days)



	2016	2017	2018
Total Absenteeism Due to Health Reasons	3.30	2.95	2.98
Absenteeism Due to Occupational Health and Safety Issue	0.32	0.22	0.19
Absenteeism for Non-Occupational Health Issues	2.98	2.74	2.78

(1) The reduction in absenteeism due to occupational health and due to non-occupational health issues was affected by the reduction in the number of hours anticipated due to the redundancy plan that occurred at the end of 2016. Also, the decrease in the percentage related to occupational health reflects the prevention and quality of life at work activities developed by the Sesmt network and within the framework of the BB QVT program.



BB building on Av. Paulista (SP)

Benefit/Program

 <p>Ergonomics of the work environment</p>	 <p>Stress management</p>	 <p>Quality Environment Work Program (Qualidade de Vida no Trabalho – QVT)</p>	 <p>Foodcard</p>	 <p>Food/Meal Assistance</p>
 <p>Flexible working hours</p>	 <p>Childcare assistance</p>	 <p>Assistance for disabled children</p>	 <p>Paid maternity leave above the legally-required minimum value</p>	 <p>Paid paternity leave above the legally-required minimum value</p>
 <p>Assistance Program for Armed Robbery and Kidnapping Victims</p>	 <p>Leave to Care for Sick Family Member (LAPEF)</p>	 <p>Social Assistance Program – Advance payments</p>		

Press  to learn more



BB employee in São Paulo (SP)

Challenge 17:

Improve socio-environmental risk management in the supply chain, in lending, in financing, in own investments and in third-party asset management, while also considering controversial issues.

Management approach: 103-1 • 103-2

Commitments of Agenda 30 BB 2019–2021

- Incorporation of socio-environmental rating losses data in the lending pricing process;
- Review of the socio-environmental questionnaire, including analysis by sector and by customer, to assess exposure of lending/financing operations to socio-environmental risk and impacts on customer credit limits;
- Publication of the revised BB Sustainability Guidelines for Credit (Diretrizes BB de Sustentabilidade para o Crédito); and
- Publication of the revised BB Socio-environmental Guidelines for Controversial Issues (Diretrizes Socioambientais para Assuntos Polêmicos).

See more in the GRI Appendix

408-1 • 409-1 • 412-1

We adopt impartial and transparent selection, hiring, and assessment criteria that provides diversity and competition among suppliers. These prerogatives include the right for the suppliers' employees to exercise freedom of association and collective bargaining. The Code of Ethics also includes a specific section regarding relations with these stakeholders that stipulates compliance with labor, social security and tax legislation – including the rejection of child labor or forced labor. The Supplier Relations Policy also covers these aspects.

The observance of labor and social security obligations is a legal and contractual responsibility. Therefore, compliance with these provisions by suppliers is verified and evidence or complaints relating to potential violations and non-compliance are analyzed before payment is authorized. The contracts contain clauses and contractual obligations concerning human rights, through which the suppliers are bound to:

205-2 • 408-1 • 412-1 • 412-3 • 414-1

- Undertake their activities in compliance with current labor, social security and tax-related legislation;
- Not use illegal, degrading or forced labor or the exploitation of child labor, neither directly nor indirectly through suppliers of goods and services;

- Not employ minors of under 18 years of age to perform night-time, unhealthy or dangerous work, neither directly nor indirectly through suppliers of goods and services;
- Not employ minors of under 16 years of age to perform any work-related activity, neither directly nor indirectly through suppliers of goods and services, except when employed in an apprentice capacity and on the condition that they attend school;
- Not to adopt negative discriminatory practices, or those that restrict or impose limitations on access to or continuation in the employment position; and
- Not to use corrupt and/or unethical practices in order to obtain or offer any undue advantage, either directly or indirectly.

The company has an internal Ombudsman's office, a contract inspector and a service inspector, all of which are available to employees of contracted companies in case they need to register complaints related to their work contracts.

In light of the preventive and inhibitive measures adopted as part of the procurement and contracting processes and in contracts with suppliers – maintained in the corporate systems in 2018 – no operations or suppliers offering substantial risk of using forced or slave-like labor were identified, and no complaints involving the exploitation of degrading or slave-like labor were filed at the

Internal Ombudsman's office. Likewise, there were no reports of operations and/or suppliers whereby the rights to freedom of association and to freedom of collective negotiation were at risk.

If during the execution of the contract there is evidence that the supplier has breached the provisions or legislation relating to its execution, an administrative procedure is initiated foreseeing the application of administrative sanctions or, as a last resort, unilateral termination of the contract. In 2018, 49 incidents of non-compliance with labor legislation were confirmed in contracts with 2,689 suppliers. With a total of 18,184 contracts in effect this represents a non-compliance rate of 0.27%. Once administrative procedures were established, 6% of the cases of non-compliance resulted in the issue of warning notices, 20% of cases resulted in warning notices and a fine, and 12% of cases resulted in a fine, as per legal determination and as foreseen in the contract. A further 31% of cases resulted in the penalty of termination of the contract, 16% resulted in suspension and termination, and finally 6% of cases resulted in suspension. The remaining 9% of administrative procedures did not result in the imposition of penalties. [409-1](#) • [414-2](#)

Seeing as Banco do Brasil contracts services and not workers, the contracted companies assume full responsibility for compliance with all labor, tax-related and social security obligations, including obligations ensuing from accidents and injuries, indemnities and compensation, fines, insurance claims, and payments, among other obligations. The most frequent violations relate to the non-payment of wages, transport, meal or food allowances, full payment of severance pay, payment of the Government Severance Indemnity Fund for Employees (FGTS) and social security.

A segmented management program has been adopted to control and monitor the provision of services and the quality of products delivered. This follows a range of criteria, such as cost-benefit analysis, operational capacity, quality, good-standing, socio-environmental responsibility, safety and risk, and compliance with legal requirements, especially labor requirements and those associated with business continuity.

Suppliers are selected through bidding processes in fulfillment of the Brazilian Corporation Act and its new Bidding and Contracts Regulations. The legal aspects for choosing the most advantageous proposal include best technical proposal, lowest price, or best combination of technical proposal and price. The supply chain involves a wide range of sectors and activities, including the supply of goods (moveable property and equipment, for example), service provision (monitoring and surveillance services, consultancy, engineering, architecture, etc.) and leasing of real estate. [102-9](#)

Total payments made to suppliers during the year amounted to approximately **R\$6 billion**.

From this total, **R\$17.3 million** were paid to six suppliers based abroad, pertaining to seven contracts – representing **0.29%** of all payments made. [102-9](#)



In all purchasing processes, managers must formally voice their opinion or concerns as to the establishment of environmental criteria, or justify their inapplicability. The Internal Regulations include specific norms for sustainable contracting practices, which consider the Standards for Sustainable Purchasing and Disposal Practices, available on the Portal BB for consultation, in compliance with legal requirements and the social and environmental commitments assumed. **308-1**



This socio-environmental responsibility declaration establishes the supplier's contractual commitment to environmental preservation and social development practices, as well as their compliance with labor and social security legislations and anti-corruption efforts. Another condition for the agreement is the presentation of a declaration by the selected company attesting that no minors are employed among their staff. No suppliers with potential or real negative environmental impacts were identified.

308-1 • 308-2 • 408-1 • 414-1

In order to improve the due diligence process for documentation in contracting and payment, in 2019 we have set a target of adopting socio-environmental due diligence for the suppliers identified as representing the greatest risk *vis-à-vis* these aspects, expanding the supplier base for the coming years. The improvement of the socio-environmental due diligence process began in 2016, when we adhered to the Carbon Disclosure Program (CDP) through the Supply Chain Program. Thus, in 2018, 366 suppliers were invited to participate in an environmental assessment on climate change, and 352 on water management. Under the timetable that was set, we have achieved a response rate of 18% with regard to climate change, and 11% with respect to water use.

308-2 • 408-1 • 409-1 • 414-2

Adhesion to the Supply Chain Program **308-2**

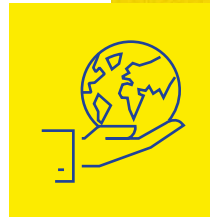
One of the gains that ensued from adhesion to the CDP's Supply Chain Program was the possibility of becoming acquainted with the management of suppliers *vis-à-vis* the environmental dimension of their businesses, specifically in relation to climate change and the use of water resources. The ongoing analysis of the results will enable the development of proactive action strategies for working with the suppliers.

Of the total number of respondents, 53.1% stated that the issue of climate change has been incorporated into their business strategies, while 40.6% reported that the issue is not part of their strategy, and 6.3% did not respond. As regards risk analysis in relation to their businesses, 37.5% stated they have integrated risk from environmental change into their multidisciplinary risk management strategy, and 14.1% have focused on the management of climate risk as part of a specific process. Of the total, 4.7% did not respond and 43.7% stated they have not established an analysis or measurement methodology.

With respect to emissions calculations, 39.1% stated they are systematically calculating emissions and 28.1% reported having established targets for emissions reduction.

As for the Water Resources topic, of the total of 39 respondents, eight have integrated water security into their business strategies and 20 have not analyzed water-related issues and have no plans to do so. Only 33.3% of the respondents indicated having evaluated water safety in their operations.

We understand that there is still a lot of work to be done to improve environmental risk management in order to influence the management of water resources in the value chain. In addition to what has already been done, strategy has also been adjusted so that more suppliers feel encouraged to report their data and think about their businesses in such a way as to contemplate environmental risks.



Information, Complaints and Reporting Channels 102-17

Management approach: 103-2

We make use of several channels to respond to the demands of stakeholders and handle specific issues, cases of noncompliance with the Code of Ethics and Standards of Conduct and reporting of unlawful acts of any nature, including corruption.

Customers count on two service channels: the BB Relationship Center (Central de Relacionamento BB – CRBB) and the Customer Service Department (Serviço de Atendimento ao Consumidor – SAC). The first is a telephone line dedicated to customer relations and fulfilling the demands of banking customers. It seeks to provide quality solutions, convenience, agility and security and contributes to attaining results, while supporting the network of branches in customer service and business.

The SAC is a multi-channel service (telephone, internet and mobile) with the purpose of providing for the demands of the consumer, including information, doubts, complaints, and suspension or cancellation of contracts and services. The SAC's scope covers demands that relate to consumer relations, regardless of whether the user is a customer or not. The SAC receives demands and seeks to resolve the issue during the first call (FCR – First Call Resolution), which happens in over 90% of cases.

If the customer's issue is not resolved via the primary service channels, customers can contact the External Ombudsman. In 2018, 99.20% of complainants sought the internal channels, such as the SAC and the Ombudsman, and only 0.80% sought service from the Central Bank .

The Unlawful Acts Reporting Channel (Canal de Denúncia de Ilícitos) was created to allow reporting of situations indicative of any kind of unlawful acts related to the bank's activities. The reports can be made anonymously or not, with a guarantee of protection for the complainant.

The Internal Ombudsman is aimed at employees, interns, apprentices and contractors, and receives reports and complaints about conflicts in the work environment, inappropriate behavior, noncompliance with internal rules and complaints regarding human resources management processes. Furthermore, it mediates conflict resolution and evaluates the occurrence of reprehensible behavior. Once a serious incident is identified, the case is forwarded for investigation, analysis and judgment by the Disciplinary Control, which ascertains involvement, attributes responsibility and defines the handling of the issue and the consequences for those involved.

Inquiries from investors regarding shares, dividend payments and accounting information are handled by the Fale com a URI (IR Contact) channel.

Relationship between: the Public (Claimants) vs. Customer Service Channels

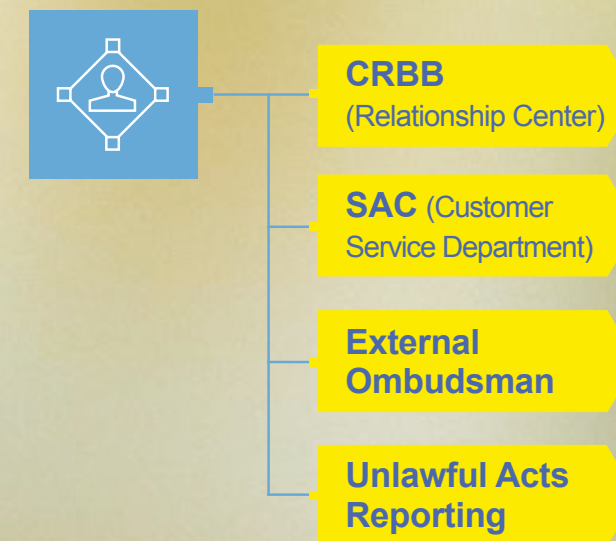
Employees



Society



Customers



Investors



Relationship between: Internal Publics (Employees) vs. Service Channels

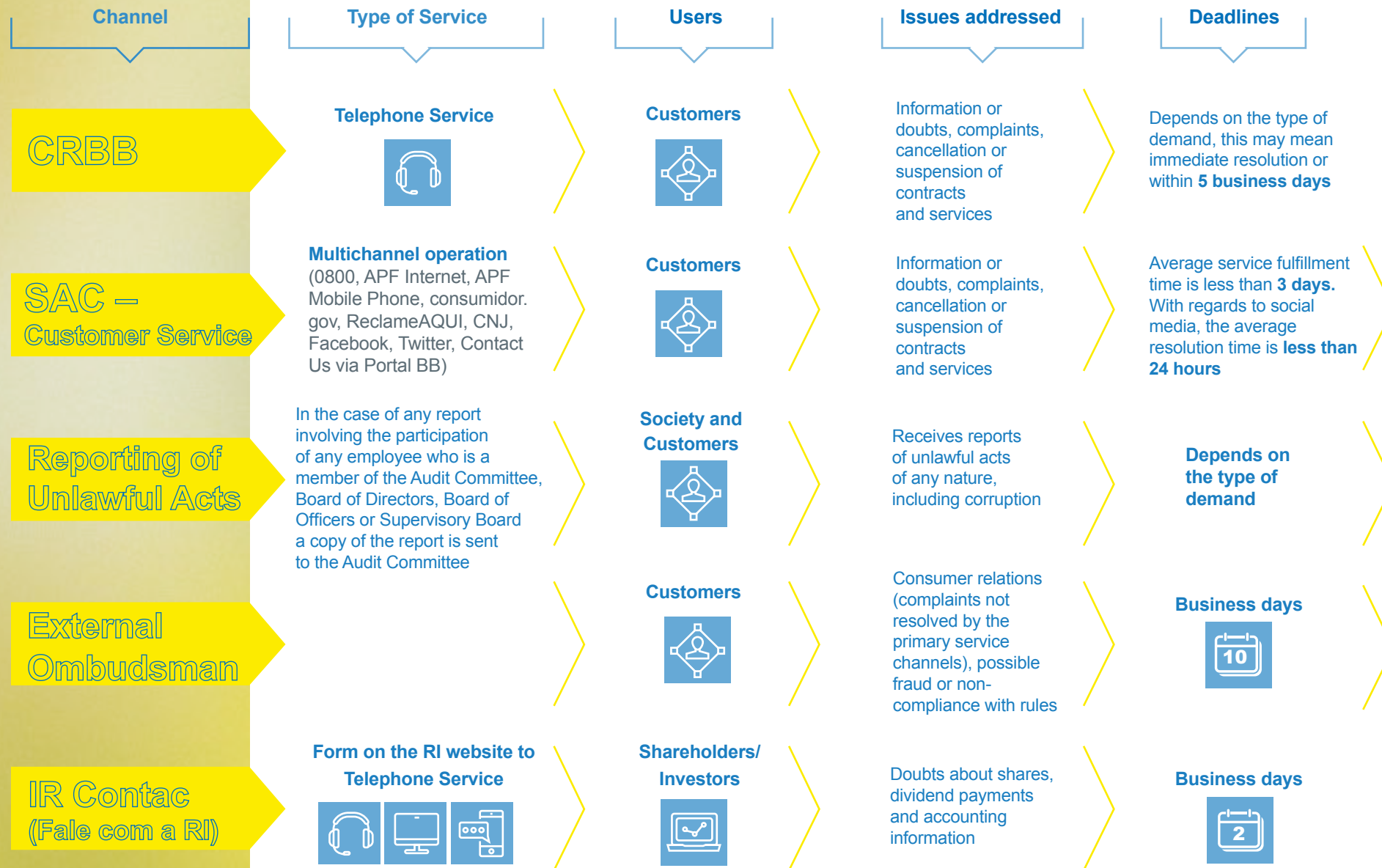


Results

3,937

Total number of complaints filed including reports, complaints, praise/suggestions and queries

Relationship between: External Publics vs. Service Channels



Results

- Average monthly calls in **2018: 376,000**, of which **92.7%** were resolved during the **first call (FCR)**;
- Average resolution time in **2018: 1.25 business days** (including complaints resolved during FCR);
- Other demands that were not immediately resolved had an average resolution time of **2.2 business days**;
- Regarding social media, approximately **23,500 customer service events** were resolved **per month**;

- **643** reports were received in 2018, classified as:
- **26.75%** – Fraud, fraudulent misrepresentation, larceny, document falsification, etc.
- **23.33%** – Other crimes
- **18.04%** – Cyber crime
- **16.17%** – Corruption
- **5.29%** – Sexual harassment, discrimination, injury, slander, defamation, crimes against honor, etc.
- **10.42%** – Other incidents

- **47,654** events received; and
- Average resolution time in **2018: 6.6 business days**.

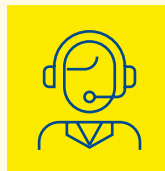


3,196,662

First Call Resolution – SAC

794,257

Events SAC



47,654

Events Ombudsman

32,450

Events Bacen

5,980

Events Well-founded



Central Bank Complaints Indicators

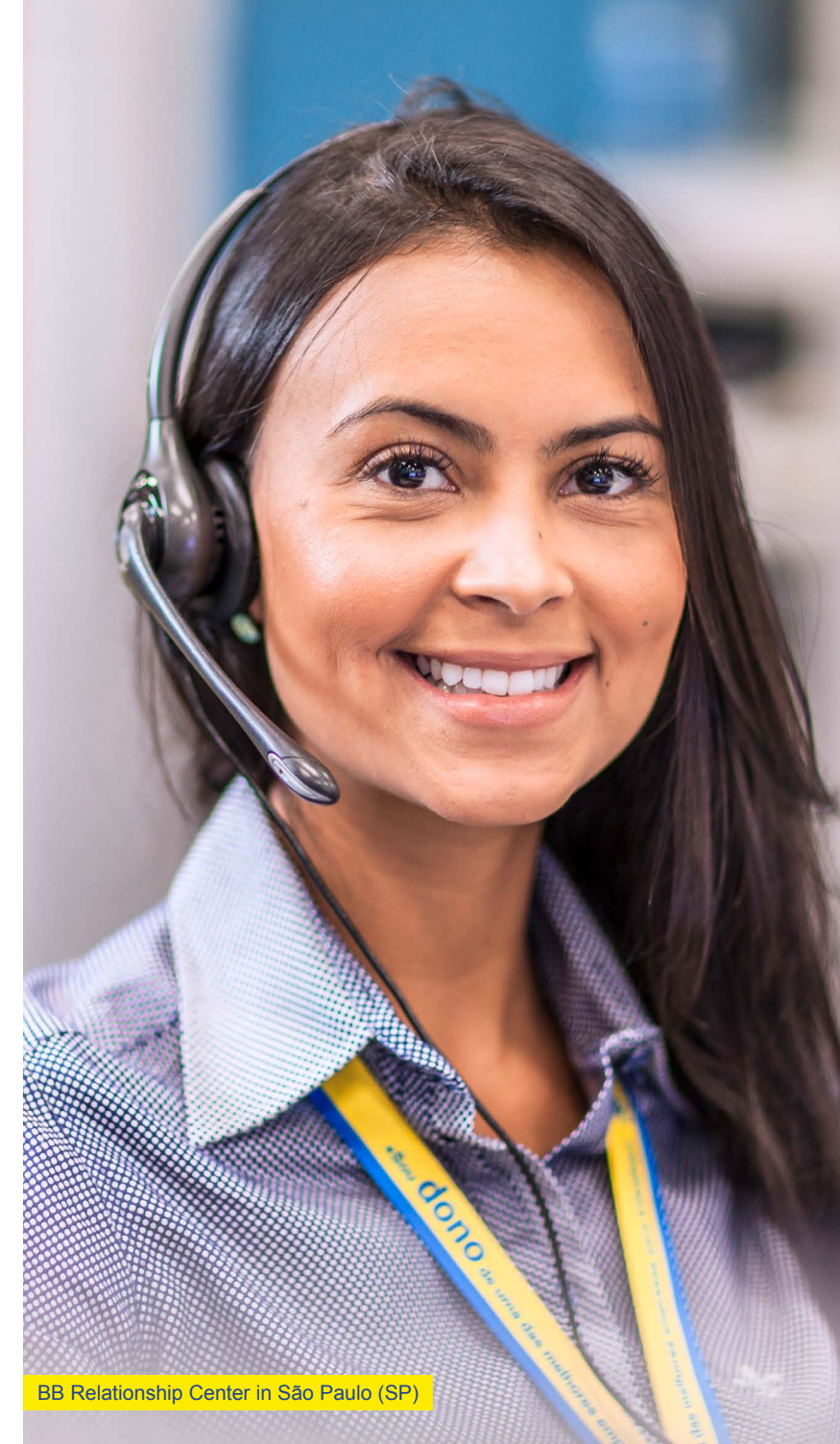
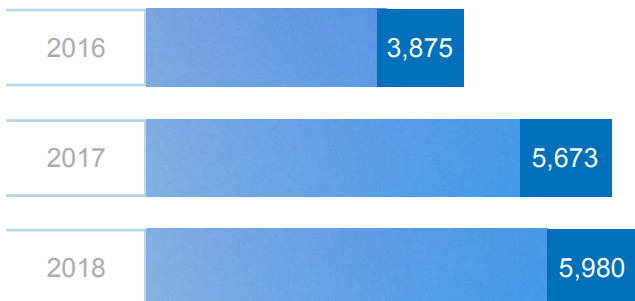
Every quarter the Central Bank creates a ranking of complaints to institutions with more than four million customers. In 2018, BB ranked third in the first two quarters and first in the last two quarters.

The goal is not to appear in the top four.

Complaints Received



Complaints Considered Well-founded



BB Relationship Center in São Paulo (SP)

Environmental Value Creation

102 Environmental Management

103 Eco-efficiency

107 Ecological Footprint Index

107 Certifications



Annual Highlights



-1.5%

The Rational Water Use Program (Purágua) enabled the company to individually monitor monthly water use at all of its branches, permitting a total consumption reduction of 1.5% when compared to 2017 and leading to savings of R\$1.1 million.



-1.8%

Initiatives to reduce electricity consumption included internal awareness-raising activities, replacement of fluorescent lamps with LED bulbs and modernization of air conditioners, avoiding expenses of R\$8 million. Electricity consumption was reduced by 1.8% compared to 2017. The 11 million kWh saved is enough to supply electricity to more than 5,800 inhabitants per year.



-4.7%

The digital transformation strategy and the commitment of employees contributed to reducing paper consumption by 259 tons, preventing approximately 5,500 trees from being cut down.



-75.7%

The Toner Cartridge Refill Program (Prorec) involved the purchase of 102,359 refilled cartridges (99% of the total in 2018). This meant avoiding expenses of R\$54.4 million, representing 75.7% of the total cost that would have been spent on these supplies if they had been purchased directly from the manufacturer.

Environmental Management

Management approach: 103-1 • 103-2 • 103-3

In line with the Socio-environmental Responsibility Policy, the Environmental Management System (EMS) follows the specifications of the Brazilian Standard ABNT NBR ISO 14.001, of 2015, regarding the definition of objectives, premises, requirements, responsibilities, programs, and initiatives for adopting guidelines related to the topic. This system covers all of the Brazilian branches and involves the monitoring and organization of actions to control environmental impacts. One of the units, the administrative headquarters in Brasília (DF), was certified this year in the ISO 14001 standard. Efforts are systematically coordinated to continuously improve performance, with a greater focus on eco-efficiency in order to minimize the consumption of natural resources, waste generation and Greenhouse Gas (GHG) emissions. The propositions include:

- Continuous improvement of the EMS;
- Recognition and consideration of stakeholders' expectations and priorities in environmental management;
- Dissemination of concepts and practices for efficient consumption of natural resources and pollution prevention, seeking engagement and to strengthen a culture of corporate Socio-environmental Responsibility; and
- Provide training for internal and external stakeholders in order to improve environmental management skills.

Main Environmental Programs and Initiatives

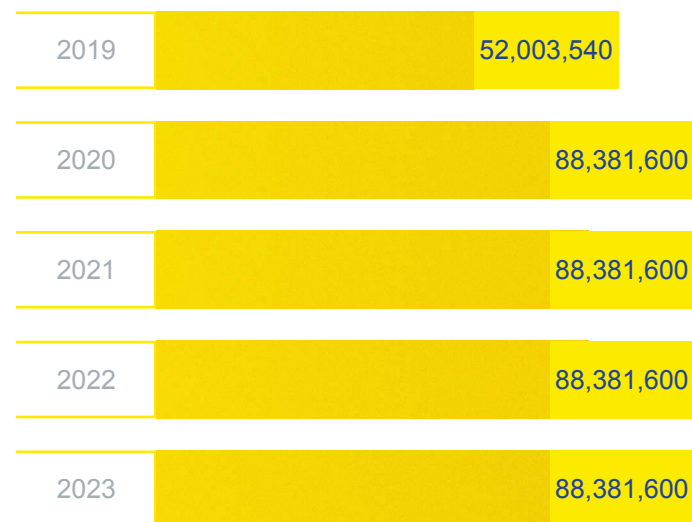
- Energy Conservation Program (Procen) – Promotes the responsible use of electricity at the facilities;
- Rational Water Use Program (Purágua) – Aims for intelligent water consumption by raising awareness, providing maintenance and installing optimum consumption equipment;
- Toner Cartridge Refill Program (Prorec) – Promotes the eco-efficient management of toner cartridges for printers through reverse logistics;
- Selective Waste Collection (Recycling) Program – Includes initiatives for the management of non-hazardous, recyclable and non-recyclable solid waste generated at all branches across the country. Recyclable waste (paper, plastic, metal, and glass) is sent primarily to more than 400 recycling cooperatives and waste collector's associations; organic and non-recyclable waste is disposed of by public collection;
- All supplies of paper purchased have Cerflor or FSC certification, i.e. its production respects quality and sustainability standards;
- The widely used video conferencing systems enable real-time audio and video communication, saving time and resources spent on travel, as well as reducing GHG emissions;
- A Greenhouse Gas (GHG) Emissions Inventory is published annually, which measures emissions of CO₂e (carbon dioxide equivalents), based on the methodology of the Brazilian GHG Protocol Program; and
- An Internal Environmental Verification Model was developed with the completion of a pilot program in the Federal District and will be extended to all units across the country.

In 2018 a partnership was signed with a private company in the electric sector, which marks the company's first involvement in the free energy contracting environment (ambiente de contratação livre – ACL).

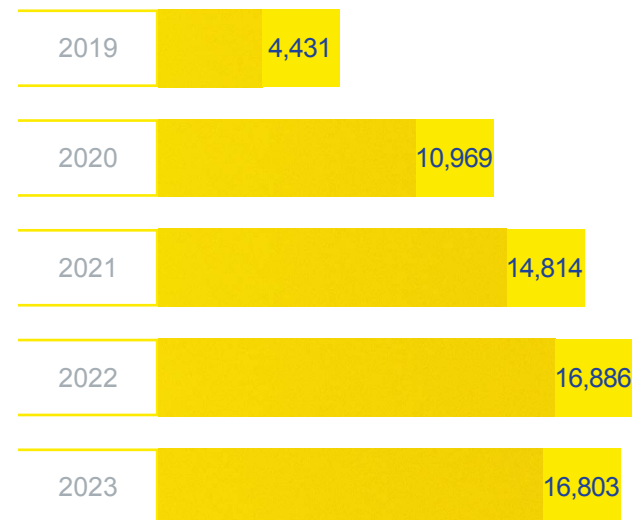
The migration to the free market encompassed the three towers of the headquarter buildings in Brasília and resulted in savings of R\$333,000 in three months, equivalent to 21% savings in relation to the same period of previous years. Twenty-five other BB branches will migrate to the Free Energy Market by 2020. By the end of the project, approximately 20% of the energy consumed by these branches will be purchased on the free market.

The following table shows the prediction for the amount of energy purchased and the annual economic impact until 2023.

Energy purchased (kWh)



Annual savings (R\$ thousand)



25

BB units will migrate to the Free Energy Market by 2020

Eco-efficiency

Eco-efficiency management is fundamental for its role in reducing consumption of natural resources, such as water and energy. As a result of our management it was possible to minimize the Ecological Footprint, i.e. environmental impacts, while also reducing supply costs. Following the same objectives, Greenhouse Gas (GHG) emissions and consumption of materials such as paper, toner cartridges and fuel were also reduced, with corresponding reductions in waste generation.

Energy and Water 302-1 • 302-4 • 303-1

Energy Consumption (comparative)	2016	2017	2018	Target for 2019
Energy Consumption (GWh)	704	609	598	-2% in relation to 2018 consumption
Total Expenditure (R\$ millions)	480	444	458	

Water Consumption (comparative)

Water Consumption ⁽¹⁾ (thousand m ³)	1,565	1,405	1,383	-1% in relation to volume consumed in 2018
Total Expenditure (millions)	32.2	33.0	31.9	

(1) Estimated value. Recycled water is not used at any of the branches. The water supply is provided by local utilities.



Interior gardens at the BB Headquarters in Brasília (DF)

A number of actions were carried out in 2018 to optimize electricity consumption and expenditure, including:

- Distributed Generation, with the first solar plant scheduled to begin operations in June 2019 in Januária (MG), this will offset the power supplied to 88 branches in Minas Gerais. An expansion study is being conducted for 100 more branches in the same state, with an estimated 45% reduction in energy costs;
- Continuation of the LED lamp replacement program: approximately 600,000 lamps were installed during the year, decreasing energy consumption at the facilities involved;
- Awareness Campaign for Water and Energy Consumption;
- Automated Electricity Management: the management of invoices and energy consumption at our branches leads us to foresee a reduction of over R\$6 million in costs on this input, as well as improving operational efficiency and consumption indicators; and
- The air conditioning system was modernized at about 300 branches.

Initiatives/Projects to Reduce Electricity Consumption	Estimated Electricity Consumption Avoided		Estimated Energy Purchase Costs Avoided (R\$ million)
	(GWh)	(GJ)	
Replacement of Fluorescent Lamps with LED	9.048	32,572.80	6.925
Modernization of the Air Conditioning System at About 300 Branches	1.064	3,830.40	0.814
Responsible Energy Use Campaign	0.532	1,915.20	0.407
Total	10.644	38,318.40	8.146

Although these actions contributed to reducing expenditure, 2018 also saw the largest electricity tariff rise ever, as well as the expansion of the tariff flag system due to droughts, which resulted in an increase in expenditure.

Regionalized energy efficiency parameters (kWh/m²) are used. The progress over the last few years can be seen in the table below:

Regional Energy Consumption Parameters

Region	2016	2017	2018
North	21	21	18
Northeast	20	20	16
Midwest	17	17	15
Southeast	16	16	13
South	14	14	11

Regionalized efficient consumption parameters are also applied in relation to water use, with this input supplied by public utilities. Management takes place through the Purágua Program, which establishes action plans for branches that exceed the water consumption targets set. This includes inspection of plumbing systems to detect the possible causes of high consumption.

Regionalized efficient water consumption indicators were adopted, with the following values recorded (liters/person/day):

Regional Water Consumption Parameters

Region	2016	2017	2018
North	64	64	64
Northeast	63	63	64
Midwest	58	58	58
Southeast	53	53	53
South	48	48	48

Paper 301-1 • 301-2

Through the BB Papel Zero (Zero Paper) initiative we intend to reduce paper consumption by 50% by 2020, based on the digital transformation of our processes and awareness-raising, engagement, and guidance of employees. As a result, in addition to optimizing processes through digitalization we will also reduce the impact on the environment caused by the production and disposal of this material. Financially, the reduction in spending on paper is accompanied by savings from other related inputs, such as cardboard boxes for storage, transportation envelopes, paper receipt reels, printer maintenance, toner cartridges, mailbags and space and cabinets for filing. The following awareness-raising and engagement actions were carried out in 2018 under the umbrella of BB Papel Zero:

- Workshops based on case studies of successful digitalization of processes and demonstrations of corporate solutions to support areas in transformation;
- Creation of consumption monitoring panel, demonstrating consumption per unit;
- Review of internal regulations in order to put an end to the obligation to print documents for storage.

As a result of these initiatives, the following milestones were achieved in the year:

- 13% reduction in A4 paper consumption compared to 2017;
- 9% reduction in paper receipt reel consumption by cash terminals and ATMs compared to 2017; and
- Prevention of the automated issuance of a single report from retail operations, generating estimated savings of R\$500,000 per year, including a reduction of approximately 2.5 million sheets of A4 paper and the costs associated with printing, packaging, handling and transport.



50%

Predicted paper consumption savings by 2020

Since 2015, the Integrated Solid Waste Management Plan (Plano de Gerenciamento Integrado de Resíduos Sólidos – PGRS) has been in place to foster and connect internal initiatives in order to meet the parameters of the National Solid Waste Policy (Política Nacional de Resíduos Sólidos – PNRS). In 2018, the process of discarding unusable goods was expanded to cover more branches. The following initiatives stand out:

- Creation of environmental ambience service teams, which include activities related to the process of disposal of unserviceable goods and compliance with procedures set forth in the normative instructions, as well as initiatives to raise awareness, disseminate knowledge and provide training;
- Improvements to the internal application for reuse of idle goods, with a more user-friendly layout and features that allow managers to assess options for the repair or reuse of assets or acquisition of new items for their branch. In 2018, the application was used 27,988 times;
- Improvement of the furniture maintenance process with the increase of spending limits per branch from R\$1,000 per semester to R\$4,000 per month. This measure streamlines the maintenance process and extends the working life of the furniture, which reduces procurement expenses; and
- Deployment of a second cycle of disposal of unserviceable assets through two specialized companies, starting from April. This resulted in greater efficiency in the process since the hired companies carry out all stages disposal (collection, transportation, storage, separation and treatment of the waste) and permits the traceability of the collected material. In this process, 159,364 unserviceable assets were disposed

of in an environmentally-friendly manner and were recycled, representing 2,928 tons of waste. Of this volume, 2,914 tons was sent for recycling, 13.6 tons of batteries were sent for chemical processing and 0.4 tons of lamps were decontaminated. None of the waste from unserviceable assets was sent to landfill.

There is also constant concern with regards to the correct disposal of the waste produced by our facilities. Therefore, the Selective Waste Collection Program contains initiatives for the management of non-hazardous, recyclable and non-recyclable solid waste. Recyclable waste (paper, plastic, metal, and glass) is sent primarily to recycling cooperatives and waste collectors' associations; organic and non-recyclable waste is disposed of by public collection. [See more information in the GRI disclosure – 306-2](#)

Region	2016	2017	2018	2019 Target
Branches where Selective Waste Collection Has Been Implemented ⁽¹⁾	1,628	1,704	1,848 ⁽²⁾	Expand the selective collection program to 100 more branches

(1) In order for selective waste collection to be implemented there need to be recycling cooperatives, waste collectors' associations or public selective waste collection (recycling) programs in the municipality.
 (2) The target is to implement selective waste collection at 100 new units each year. In 2018, the target was surpassed by 44%, representing 144 new units with the program implemented and a total of 1,848 branches.



Electronic waste disposal location at the BB Headquarters in Brasília (DF)

Greenhouse Gases (GHG)

We are founding members of the Business for the Climate initiative (Empresas pelo Clima – EPC) and the Brazilian GHG Protocol Program. Both were founded to consider and propose actions to combat climate change. We participate in the Thematic Climate Change Board (Câmara Temática de Mudanças do Clima – CT Clima), coordinated by the Brazilian Business Council for Sustainable Development (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável – Cebds), and Brasil, Bolsa, Balcão's (B3) Brazilian Carbon Efficiency Index (ICO2).

In 2018, the bank sought to broaden the scope and reliability of the GHG Emissions Inventory by hiring a company specialized in environmental audits to provide external verification of the document, in accordance with the ISO 14.064 standard and the GHG Protocol methodology. The Brazilian GHG Protocol Program's Gold Seal was received this year in recognition of the quality and reliability of the inventory.



2,718

units reached the established IPE target in the 1st semester

Ecological Footprint Index

In order to increase the coverage of the Selective Waste Collection Program, intensify the reduction of GHG emissions and rationalize the consumption of water, energy, and paper, we adopted the Ecological Footprint Index (Índice Pegada Ecológica – IPE), a mechanism that assessed all branches for the following aspects:



Water/Electricity: assessed from the cumulative average of the branch's monthly consumption records, with a consumption target of equal to or below the established regional standard.



Paper: linear reduction target of 2% of consumption compared to the previous year.



Selective waste collection: assessed from the monthly records of the volume of waste selectively discarded (paper, plastic, metal, and glass) and sent for recycling.

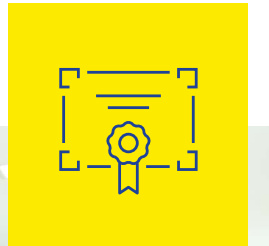
In the first half of the year, 50.1% (2,718 branches) of the units assessed achieved the target set for the IPE. In the second half of the year, 46.1% (2,488 branches) achieved the indicator target. This result was achieved as the result of communication, guidance, and monitoring of the branches' performance.

Certifications

At the end of 2018, we maintained the following certifications, which attest to our commitment to environmental preservation:

Leadership in Energy and Environment Design (LEED), certification related to sustainable construction and awarded by the United States Green Building Council, for the headquarters in Brasília (DF).

ISO 14.001 Environmental Management System in operation at the company headquarters in Brasília. The EMS is verified by internal and external audits that certify the requirements of the standard and prove the effectiveness of environmental actions related to consumption of water and electricity, selective waste collection and services and the involvement of the 6,000 people working within that area.



BB Headquarters building in Brasília (DF)



GRI Appendix

102-6: Markets Served

More information on the branch network broken down by region can be found in the Management Discussion and Analysis – MD&A 4Q/2018 (Table 138). The breakdown of the loans portfolio by

economic sector can be found in Explanatory Note No. 10 – item c (Loan Operations) of the Consolidated Financial Statements for 2018. Our customer base can be found in the Structural Data table of the Historical Data for the 4th quarter of 2018.

102-8: Information on Employees and Other Workers

Permanent Employees by Region (unit)	2016	2017	2018
North	4,689	4,440	4,259
Northeast	16,719	16,637	16,116
Midwest	16,349	16,748	16,808
Southeast	44,924	43,752	42,586
South	17,899	17,549	17,096
External	42	35	24
Total	100,622	99,161	96,889

Employees by Employment Type and Gender (unit)	2016	2017	2018
Full Time – Male	59,073	58,117	56,646
Full Time – Female	41,549	41,044	40,243
Total	100,622	99,161	96,889

The information refers to the number of employees on the last day of the year, obtained from the corporate employee system databases. The numbers represent the total workforce (i.e. real workforce or actual workforce). This concept **excludes** the following situations: lay-offs, absence (health leave, personal leave, etc.), contractors under special regimes, statutory officers and those absent from payrolls.

Total Number of Outsourced Employees, by Region ^{(1) (2)}	2017	2018
North	1,875	1,629
Northeast	6,303	6,524
Midwest	4,952	4,608
Southeast	15,601	14,063
South	6,708	5,110
Total	34,811	31,934

(1) The number of outsourced workers is limited to ongoing service contracts (such as fire brigade contracts, catering services, surveillance, cleaning, etc.) and does not include data on workers employed in one-off contracts or contracts without outsourced workers.

(2) Banco do Brasil hires through its public bidding notices, which are based on commercial and technical proposals and job position selection does not include gender specification.

In 2018, the number of outsourced workers decreased due to organizational restructuring and investment in services automation.

102-13: Membership of Associations

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

- Brazilian Federation of Banks (Federação Brasileira de Bancos – FEBRABAN)
- Brazilian Association of Credit Card Companies and Services (Associação Brasileira das Empresas de Cartões de Crédito e Serviços – Abecs)
- Brazilian Association of Real Estate Credit and Savings Entities (Associação Brasileira das Entidades de Crédito Imobiliário e Poupança – Abecip)
- National Confederation of Institutions to Support and Assist Children and Adolescents with Cancer (Confederação Nacional das Instituições de Apoio e Assistência às Crianças e Adolescentes com Câncer – Coniacc)

- Brazilian Association of Development Financial Institutions (Associação Brasileira de Instituições Financeiras de Desenvolvimento – ABDE)
- Brazilian Association of Financial and Capital Market Entities (Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais – Anbima)
- Association of Capital Market Investors (Associação de Investidores no Mercado de Capitais – AMEC)
- Brazilian Committee for the Global Compact – coordinated by the United Nations (UN)
- Brazilian Business Council for Sustainable Development (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável – CEBDS)
- Brazilian Association of Consortium Administrators (Associação Brasileira de Administradores de Consórcios – Abac)

102-21: Consulting Stakeholders on Economic, Environmental, and Social Topics

Our stakeholders actively participate in the construction of our social-environmental responsibility management model. In 2016, we broadly consulted our stakeholders, with the participation of 7,145 stakeholders, including 7,117 online consultations and 28 interviews.

This significant participation helped to prioritize sustainability challenges and define actions for our Sustainability Plan – Agenda 30 BB. These crucial contributions also served as a starting point for the materiality review, which was performed in 2018.

We report our social-environmental performance to the Board of Directors (CA) annually. The content of this report is based on our yearly results in the sustainability market indexes such as the Dow Jones Sustainability Index (DJSI). It is also based on our

accountability reporting of the actions developed in our Sustainability Plan – Agenda 30 BB. These actions help us to meet the challenges prioritized by the various stakeholders.

102-29: Identifying and Managing Economic, Environmental, and Social Impacts | Management approach: 103-2 | 103-3

We manage our socio-environmental impacts, risks and opportunities through the contributions received from our stakeholders in the collective construction process for our Sustainability Plan – Agenda 30 BB.

In 2016, a number of stakeholder engagement events were held to define the materiality and update the Plan, which resulted in priority sustainability challenges for our management.

Based on these interactions, the main economic, social and environmental topics were reassessed in 2018 from the perspective of our new Corporate Strategy, sector studies and analysis of market indices, and best peer practices in the financial sector.

Subsequently, our Executive Managers met at the 35th Sustainability Forum to validate the sustainability challenges and prioritize the actions to be addressed by the new Agenda 30 BB for the next three years.

Reports on the initiatives' progress are presented to the Board of Officers every six months and annually to the Board of Directors.

Management approach: 103-2 | 103-3

The Board of Directors' main functions include defining our guidelines, approving our Corporate Strategy – which guides decisions for five years and establishes actions and targets for economic, social and environmental performance – and monitoring our economic and financial performance on a monthly basis.

Upon receiving the matters for deliberation, the Board of Directors discusses them and makes decisions. After approval, the topics are referred to as the area responsible for their compliance. In many cases, in making the decision the Board determines that periodic reports on the matters deliberated should be submitted to them to keep them informed of progress. If the Board detects a need for due diligence, it determines the area responsible, which starts the process. Accounts of our socio-environmental performance are also provided annually.

102-42: Identifying and Selecting Stakeholders | 102-43: Approach to Stakeholder Engagement | 102-44: Key Topics and Concerns Raised | 103-3: Evaluation of the Management Approach

Our stakeholders are regularly involved at different points in the advisory and decision-making process, notably during preparation of the BB Corporate Strategy and the BB Sustainability Strategy.

BB Corporate Strategy

During the Strategic Planning 2019–2023 process the principles of active stakeholder participation, perspective of the holding and customer experience emphasis were preserved. We also sought to ensure the Bank of Brazil's Corporate Strategy's (ECBB) alignment with the other

documents in our strategic architecture so that the strategic objectives are deployed in market business plans, branch/unit planning and initiatives and actions in all areas of our organization.

The process of formulating the BB Corporate Strategy (ECBB) 2019–2023 involved the following: face-to-face interviews with management (Board of Directors members and its advisory committees, the Board of Officers and the Executive Board); workshops with employees from different positions and units, Directors, Board of Officers and Board of Directors members to discuss scenarios, construction of the SWOT matrix and proposals for goals and strategic mapping; an online survey of 26,000 employees to identify strengths and areas for improvement; an online survey of Board of Officer's members and Directors, for uncertainty analysis and prioritization; analysis and discussion with market analysts about our performance and future prospects; and working sessions with strategic unit representatives to formulate indicators and long-term targets.

The Strategic Planning 2019–2023 process considered our main stakeholders' perceptions and expectations. Internal stakeholders (employees and executives, Directors and Officers, as well as representatives from related entities) were interviewed for an institutional survey addressing trends, uncertainties, and scenarios for the financial industry. They also participated in planning workshops, where they could actively collaborate in discussions, proposals and strategic decisions. To capture customer perceptions and expectation, satisfaction surveys were used for several customer segments. Market studies of consumer banking behavior trends were also considered. To improve the strategic discussions, market analysts were invited to discuss issues related to our performance and prospects with management.

BB Sustainability Strategy and Annual Report

The process of prioritizing sustainability challenges to update the Sustainability Action Plan and guide the content of the Annual Report involved establishing a stakeholder's map with four prioritization levels, considering nature, business, and our activities. In 2016, all categories were invited to participate in a virtual consultation process, with priority and very important stakeholders participating in an in-depth interview. Each group's contributions were consolidated according to their influence and impact; with relevance attributed according to priority in the stakeholders map.

Our Sustainability Plan is reviewed every two years to keep up to date and in line with stakeholder demands. Several stakeholder engagement events were held in 2016 to define materiality and update the Plan for the 2017-2019 period. The method used involved virtual consultation and in-depth interviews to prioritize sustainability challenges. This broadened the participation of stakeholders and provided an opportunity for employees, customers, shareholders/investors and suppliers from all over Brazil to participate.

In 2018, we updated our Sustainability Plan – Agenda 30 BB 2019–2021 once again, based on the information and results obtained in 2016. The challenges were reviewed in light of the Corporate Strategy 2019-2023, industry studies and nationally and internationally accredited indicators (ISE and DJSI, respectively).

To integrate management into reporting, the sustainability challenges stipulated in our Sustainability Plan – Agenda 30 BB correspond to the material topics that provide the content for the Annual Report.

To this end, the 35th BB Sustainability Forum was attended by Executive Managers, to evaluate the 21 mapped sustainability challenges and validate the new materiality matrix, which prioritizes actions and indicators to improve sustainability management. Subsequently we held the 7th Sustainability Workshop – attended by Company directors, general managers and executives – to discuss the theme “Megatrends with an emphasis on Sustainable Finance” and to evaluate sustainability challenges and the materiality matrix.

At this planning stage, the Directors, General Managers and Executive Managers of the strategic units evaluated the actions and indicators related to each challenge. They also defined targets with respective responsibilities and deadlines for completion. As a result, in February 2019 the Board of Officers approved the Sustainability Plan – Agenda 30 BB for 2019–2021, which includes 50 actions. The actions were included in Work Agreements (WA) with the areas responsible for their development, as well as being one of the indicators that measure unit management performance in relation to the targets set. This evaluation model impacts the variable remuneration of employees, through Profit Sharing (PLR) payment.

This cycle ends when we report to stakeholders on the actions performed in relation to the material challenges through the Annual Report.

102-46: Defining Report Content and Topic Boundaries | 102-47: List of Material Topics | 102-49 Changes in Reporting

The materiality review, which takes place every two years, guides management and reporting by updating the Sustainability Plan – Agenda 30 BB and by defining the most relevant topics to be addressed in our Annual Report. This is a way to revisit the organization’s sustainability drivers and bring industry inputs to its business strategy, using studies developed by renowned national and international institutions and benchmarking studies that consider the best practices developed by global financial sector peers.

The materiality review process contemplates the results from the 2016 cycle, when more than seven thousand stakeholders were consulted to evaluate and prioritize the 25 mapped sustainability challenges. In this context, and after internal analysis, it was decided that the challenges resulting from the 2016 process remained relevant and up-to-date, with opportunities to advance in the management of the issues by performing new actions.

Therefore, we seek to refine and update our materiality considering mainly the context of sustainability. For this cycle, the process also met GRI and IIRC guidelines and was developed based on the following steps:

- **Identification and review of the challenges:** evaluation of sustainability trends and demands;
- **Analysis process:** materiality process evaluation carried out in 2016 and the sustainability challenges listed in this process; analysis of internal, sectoral and peer documents; and analysis and alignment with the Banco do Brasil Corporate Strategy 2019–2023;

- **Validation:** validation and prioritization of the challenges and actions proposed for Agenda 30 BB 2019–2021 by our Executive Managers at the 35th Sustainability Forum;

- **Planning and action:** holding of the VII Sustainability Workshop with the presence of senior management and ELBB representatives, in which the results of the Materiality Matrix were presented with the purpose of later defining indicators and targets to promote the achievement of the challenges foreseen for the next three years; and approval of the actions, targets and indicators established for our sustainability challenges by our senior management; and

- **Accountability:** six-monthly report to the Board of Officers; annual report to the Board of Directors; and annual reporting to stakeholders through the Annual Report.

Materiality Process for the Year 2016 as a Starting Point

In 2016, we conducted a broad stakeholder consultation process with the participation of 7,145 stakeholders, of which 7,117 participated in an online survey and 28 were interviewed. This significant participation allowed the capture of important contributions in the process. An evaluation of the relevance of some of these categories took place in 2014, so that perceptions could be effectively contemplated. In the 2016 cycle, we reviewed and updated our stakeholders map. This update resulted in a list of priority; very important; important; and secondary importance stakeholders (see [Our Stakeholders](#) table).

In 2016, we also chose to align our materiality with the Sustainable Development Goals (SDGs), which improved the correlation of our actions with those foreseen by the United Nations (UN). This considers the long-term vision for our business strategy and the greater relevance in environmental, social, governance (ESG) and economic issues in the process.

The process, carried out in 2016, resulted in 25 challenges that made up the Agenda 30 BB 2017-2019 at the time. Of these, 13 were considered material and therefore prioritized. However, to improve management, we created an action plan for practically all the challenges.

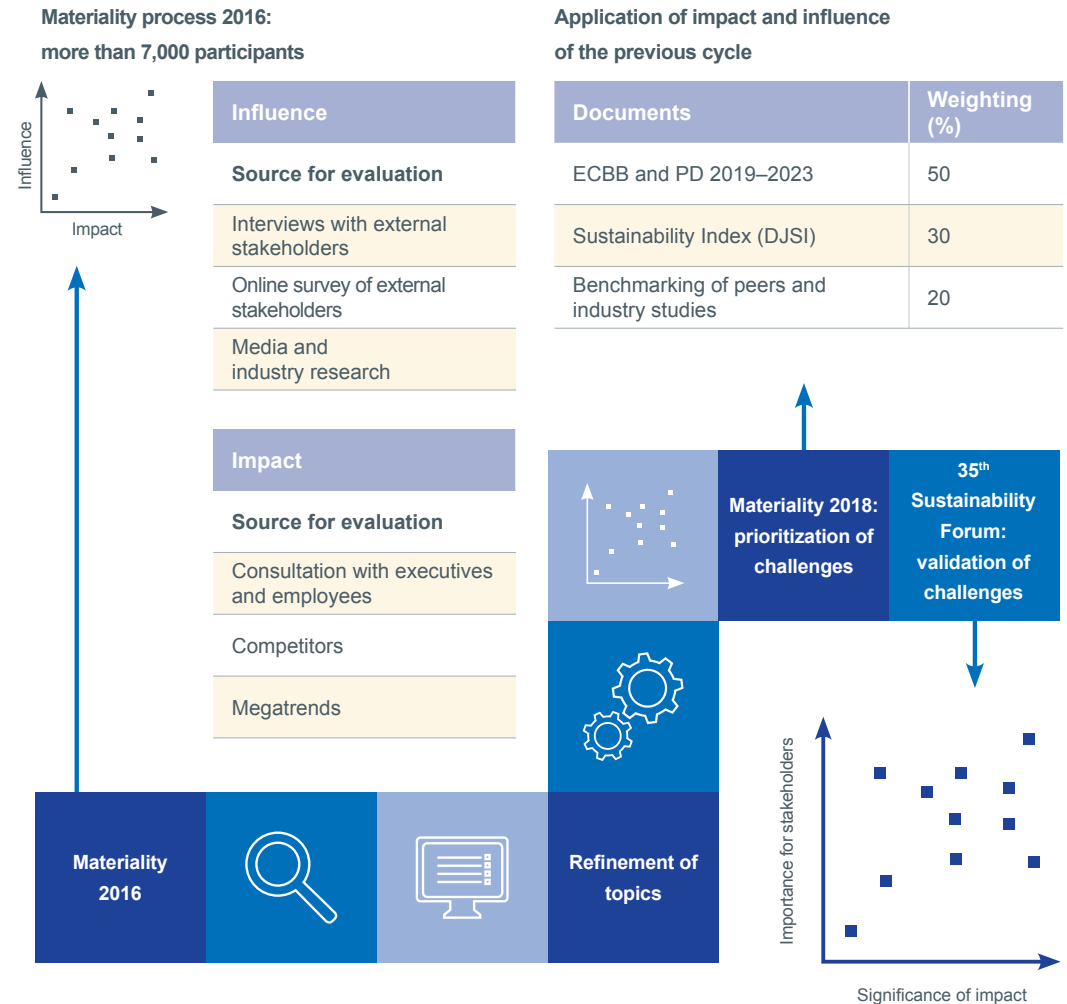
The Materiality Process – 2018 Cycle

In 2018, we made use of the challenges defined and prioritized in the process of the last cycle (2016) as the starting point for the review of this cycle. With this, the current materiality review results are supported by the wide consultation with stakeholders that we carry out, bringing the drivers and the demands of these stakeholders to the current process. We have also maintained the alignment of our sustainability challenges with the SDGs and distributed the challenges across the five pillars of the Global Agenda 2030: Prosperity, Partnership, People, Planet and Peace.

The stages of this cycle also consider the guidelines for defining material topics proposed by GRI in its general guidelines, fully complying with the principles that assist and guide the content of sustainability reports. In addition, the process considered the following documents and studies:

- a) Banco do Brasil Corporate Strategy (ECBB) 2019-2023 and its respective goals and indicators, with the aim of considering and aligning the process with the corporate strategic drivers;
- b) Peer best practice market research;
- c) Research of industry studies; and
- d) Consultation of the industry driving forces and criteria score of the Dow Jones Sustainability Index (DJSI).

The following figure summarizes the steps for identifying, prioritizing and validating our challenges in 2018. The prioritization and validation results lead to the contiguous graph, which considers the impact's significance and the importance of each mapped challenge, which is a fundamental criterion for the materiality review process.



As a surveys result, it was found that the challenges identified in the 2016 materiality process remained relevant. It was necessary to refine and better define the challenges based on the criteria of topic similarity and wording, since in the previous process and while putting the challenges to use it was perceived that the subjects were similar.

During the development phase of the industry studies and benchmarking, it was proposed to adjust the previous Challenge 6 (social business) and 7 (productive development, entrepreneurship, and social and financial inclusion). The two were grouped together as they address similar issues, aiming to promote social businesses and social and financial inclusion initiatives. The union resulted in a new Challenge 6: “ Strengthen the Banco do Brasil initiatives that promote productive development, entrepreneurship and social and financial inclusion, including social business.”

At this stage, adjustments were also proposed in the previous Challenge 19 (social-environmental risks in financing and controversial subjects), 20 (social-environmental risks in own investments and third-party asset management) and 22 (sustainability guidelines for credit and controversial issues). These were also grouped together – since they address sustainability and social-environmental risk related to business. The union resulted in the new Challenge 17: “ Improve socio-environmental risk management in the supply chain, in lending, in financing, in own investments, and in third-party asset management, while also considering controversial issues.”

Prioritization Stage

Our Corporate Strategy (ECBB 2019-2023) was used as a way of demonstrating the importance of correlating our sustainability challenges with the Strategic Objectives and the ECBB’s own indicators. Meanwhile, benchmarking studies and industry studies considered the need to give importance to sector trends and the best practices of industry peers.

When considering the weighting of the DJSI topics we take into account the importance of our listing in this index’s World portfolio, with a view to enhancing our sustainable performance.

As a result of this weighting it was noted that the DJSI criteria weightings ranged from 0 to 10 points, which shows the total weighting of the questionnaire in the materiality score.

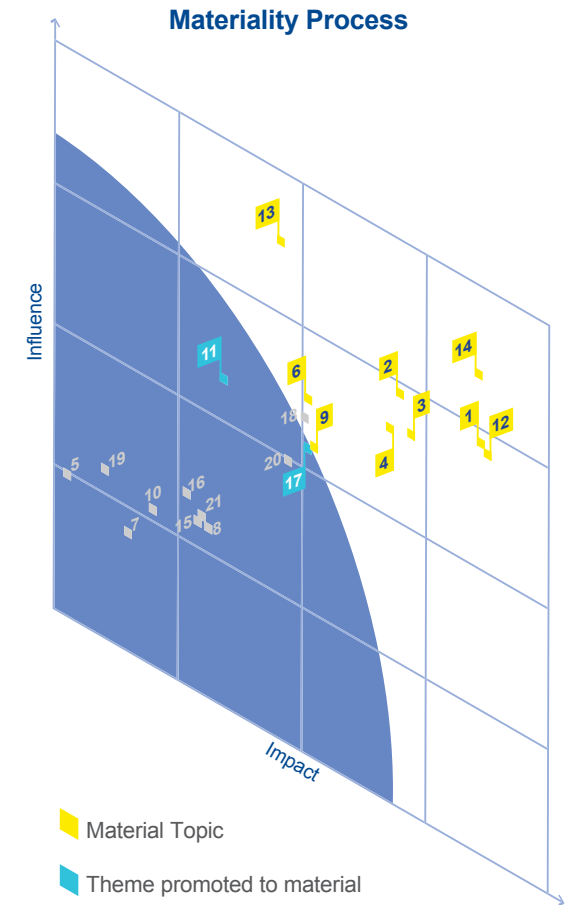
Prioritization Stage: Basis of Calculations

Each challenge was analyzed in terms of its impact and influence. For each of these factors, we considered the 2016 cycle materiality, the ECBB, the DJSI, and the industry studies and benchmarking.

The materiality result was calculated during the review process for this cycle, based on the scores given to the challenges in the previous process. The challenges that saw their status elevated to material topic in the 2016 cycle had their scores matched with the challenge with the lowest score from this cycle process, as a way to match all the challenges on the same basis and allow them to enter the discussion on the same footing. At the end of each analysis, the results for each approach were normalized to standardized the scores for all challenges at a baseline of 10.

The ECBB, the DJSI, and the industry benchmarking and studies considered the average frequency with which the ECBB indicators and topics in each of these documents were identified in the challenges in 2018. We used a multiplier factor to consolidate the 2016 materiality process results with the new documents analyzed for the 2018 cycle, considering the weighting (percentage) of each of the documents and their correlation with our challenges. After this adjustment, the factor value defined was applied to the impact value and the influence value for each challenge.

The result of this analysis was segregated into two possible approaches, and the quartile was the approach chosen to define the priority, very important and important challenges, as shown in the following matrix.



Agenda 30 BB's Challenges in Sustainability 102-47

Material challenge
 Challenge promoted to material status

Prosperity	Partnership	People	Planet	Peace
<p>Challenge 1: align Banco do Brasil's governance with best practices in order to strengthen the role of senior management in the sustainability strategy.</p>	<p>Challenge 6: strengthen the Banco do Brasil initiatives that promote productive development, entrepreneurship and social and financial inclusion, including social business.</p>	<p>Challenge 9: ensure greater proportionality of gender and racial representation in all hierarchical levels of Banco do Brasil.</p>	<p>Challenge 14: develop financial solutions and business models that promote the transition to a green and inclusive economy.</p>	<p>Challenge 18: develop socio-environmental due diligence process (including human rights and labor practices) to assess impacts of Banco do Brasil's operations and business relations.</p>
<p>Challenge 2: identify and manage non-financial and emerging medium and long-term risks that could have significant impacts on Banco do Brasil's business.</p>	<p>Challenge 7: strengthen sustainability management in Entities Linked to Banco do Brasil.</p>	<p>Challenge 10: strengthen sustainability education and awareness for the internal public and society.</p>	<p>Challenge 15: improve governance and management of risks and opportunities relating to climate issues.</p>	<p>Challenge 19: improve Banco do Brasil's sustainability performance management and reporting processes.</p>
<p>Challenge 3: identify innovations in the financial sector (business models and technologies) and anticipate trends to guarantee Banco do Brasil's continuity and longevity.</p>	<p>Challenge 8: improve Banco do Brasil's guiding role in financial education.</p>	<p>Challenge 11: improve the variable remuneration model for employees, including senior management, broadening the socio-environmental criteria and contemplating individual performance.</p>	<p>Challenge 16: improve the Environmental Management System (SEM) and eco-efficiency practices in order to reduce Banco do Brasil's ecological footprint.</p>	<p>Challenge 20: improve integration between Private Social Investment and business strategy.</p>

Agenda 30 BB's Challenges in Sustainability 102-47

Material challenge
 Challenge promoted to material status

Prosperity	Partnership	People	Planet	Peace
<p>Challenge 4: improve customer relationship management and increase satisfaction and retention rates.</p>		<p>Challenge 12: strengthen Banco do Brasil's actions in relation to human capital, including health, safety and wellbeing management, development and retention of talent.</p>	<p>Challenge 17: improve socioenvironmental risk management in the supply chain, in lending, in financing, in own investments, and in third-party asset management, while also considering controversial issues.</p>	<p>Challenge 21: guarantee transparency in communication and in sales of products and services.</p>
<p>Challenge 5: improve Banco do Brasil's tax strategy management, with a focus on governance, tax risks and transparency.</p>		<p>Challenge 13: strengthen the work of Banco do Brasil in relation to ethics and practices to combat corruption, unlawful acts and money laundering.</p>		

In addition to the matrix, at the end of the analysis it was possible to observe the most important challenges for each SDG pillar in the 2018 and 2016 cycle:

Most Relevant Challenges by Pillar, in 2018 and 2016 102-47

Pillar	#	BB's Challenges in 2018	#	BB's Challenges in 2016
Prosperity	1	Align Banco do Brasil's governance with best practices in order to strengthen the role of senior management in sustainability strategy.	4	Improve customer relationship management and increase satisfaction and retention rates.
Partnership	6	Strengthen the Banco do Brasil initiatives that promote productive development, entrepreneurship and social and financial inclusion, including social business.	6	Strengthen Banco do Brasil's role in social business through comprehensive, efficient, innovative solutions, in alignment with public policies.
People	12	Strengthen Banco do Brasil's actions in relation to human capital, including health, safety and wellbeing management, development and retention of talent.	15	Strengthen Banco do Brasil's actions in relation to ethics and combating corruption.
Planet	14	Develop financial solutions and business models that promote the transition to a green and inclusive economy.	16	Develop financial solutions and business models that promote the transition to a green and inclusive economy.
Peace	18	Develop socio-environmental due diligence process (including human rights and labor practices) to assess impacts of Banco do Brasil's operations and business relations.	21	Develop socio-environmental due diligence process (including human rights and labor practices) to assess impacts of Banco do Brasil's operations and business relations.

Validation Stage of Material Challenges – BB Sustainability Forum

The 35th Sustainability Forum was one of the validation stages of our materiality review. At the Forum, sustainability challenges were reviewed by our Executive Managers, which permitted promotions to “material” status or downgrades to “non-material” status. Of the 21 challenges listed, 11 were considered material: 1, 2, 3, 4, 6, 9, 11 (new), 12, 13, 14 and 17 (new).

This entire process contributes to our alignment with the best practices of our market peers. Our internal management allows actions to anticipate and manage risks and opportunities, enabling us to protect our ability to prosper in the medium and long term in a scenario of competitive business and structural changes.

Material Challenges in Descending Order	Material Requirements (GRI Standards 2016)
Challenge 14: Develop financial solutions and business models that promote the transition to a green and inclusive economy.	201-2 203-2 305-5 FS7 FS8
Challenge 12: Strengthen Banco do Brasil's actions in relation to human capital, including health, safety and wellbeing management, development and retention of talent.	102-41 401-1 402-1 403-1 403-2 404-1 404-3 410-1 412-1
Challenge 1: Align Banco do Brasil's governance with best practices in order to strengthen the role of senior management in sustainability strategy.	102-14 102-18 102-19 102-21 102-27 102-28 102-29 102-38
Challenge 4: Improve customer relationship management and increase satisfaction and retention rates.	416-1 417-2 102-43 102-44 417-3 418-1 419-1
Challenge 2: Identify and manage non-financial and emerging medium and long-term risks that could have significant impacts on Banco do Brasil's business.	102-15 102-11 201-2 305-1 305-2 305-3 305-4 305-5 FS6 FS9

Material Challenges in Descending Order	Material Requirements (GRI Standards 2016)
Challenge 3: identify innovations in the financial sector (business models and technologies) and anticipate trends to guarantee Banco do Brasil's continuity and longevity.	418-1
Challenge 13: strengthen the work of Banco do Brasil in relation to ethics and practices to combat corruption, unlawful acts and money laundering.	102-16 102-17 205-1 205-2 205-3
Challenge 6: strengthen the Banco do Brasil initiatives that promote productive development, entrepreneurship and social and financial inclusion, including social business.	416-1 417-3 419-1 203-2 FS13 FS14
Challenge 9: ensure greater proportionality of gender and racial representation in all hierarchical levels of Banco do Brasil.	102-8 405-1 405-2 406-1
Challenge 11: improve the variable remuneration model for employees, including senior management, broadening the socio-environmental criteria and contemplating individual performance.	102-35 102-36 102-37 202-1
Challenge 17: improve socioenvironmental risk management in the supply chain, in lending, in financing, in own investments, and in third-party asset management, while also considering controversial issues.	FS1 FS2 FS3 FS4 FS5 FS9 FS12 FS10 FS11 308-1 308-2 412-1 412-2 412-3 408-1 409-1 414-1 414-2

102: General Disclosures 2016	Requirements
Organizational Profile	102-1 102-2 102-3 102-4 102-5 102-6 102-7 102-9 102-10 102-12 102-13
Stakeholder Engagement	102-40 102-42
Reporting Practice	102-45 102-46 102-47 102-48 102-49 102-50 102-51 102-52 102-53 102-54 102-55 102-56
103: Management Approach 2016	Requirements
Management Approach	103-1 103-2 103-3
Requirements not Material but still Reported (GRI Standards 2016)	
201-1 301-1 301-2 302-1 302-3 302-4 303-1 306-2	

103-2: The Management Approach and its Components

Sustainability Plan – AGENDA 30 BB 2017–2019 Actions Performed in 2018

Action	Deadline	Reporting
Prosperity Pillar		
Challenge 2: identify and manage non-financial and emerging medium and long-term risks that could have significant impacts on Banco do Brasil's business.		
7. Develop sector studies comparing risk and return of high impact and green economy activities to provide to the customer/product management areas.	06/30/18	Action completed on time. We developed a comparative study of risk and return from high impact and green economy activities, using the indicator "Spread Consumption by Unpaid Debt".
Partnership Pillar		
Challenge 6: strengthen Banco do Brasil's role in social business through comprehensive, efficient, innovative solutions and in alignment with public policies.		
12. Review processes related to social business, with emphasis on digitization, to gain efficiency and comprehensiveness.	06/30/18	Action completed on time. We review processes and implement improvements with an emphasis on digitization regarding public policies and financial education actions. With regard to agribusiness credit, we made Pronaf loan proposals available in web format and through banking correspondents, in addition to simplifying Pronaf Custeio operations, reducing the number of sheets of paper used from 792,000 to 66,000 in 2018.

13. Structure a model for fundraising, management and investment in social businesses with major social and environmental impacts.	12/31/18	Ação concluída no prazo. We have established a partnership with the Inter-American Development Bank (IDB) in order to providing financing to the municipalities of Brazil under the Municipal Efficiency Program (Programa Eficiência Municipal). In 2018, we also launched BB Equidade funds (BB Ações Equidade and Ações Equidade Private), for the Private and Retail segments, in order to invest in companies that are signatories of the Women's Empowerment Principals (Wep).
15. Develop and implement training actions in social business, with emphasis on the use of digital media, for potential social business and ISP customers and the internal public.	12/31/18	Action completed on time. We have updated two courses at our Corporate University focusing on social business, with 5,001 training modules completed in the year. For our customers, we created an intelligent virtual consultant – Agrobot in 2018, which combines BB's expertise with external sources in order to help farmers, including Pronaf recipients, make the best decisions about their business.
People Pillar		
Challenge 11: ensure greater racial and gender representation in all hierarchical levels at Banco do Brasil.		
26. Develop and implement human rights training for employees in order to create opportunities in relation to gender, race, and color issues.	06/30/18	Action completed on time. We offer various educational solutions relating to human rights, as well as updating the Ethical Trail with the inclusion of new courses.

<p>27. Strengthen gender equity at BB through the development of a corporate action plan, with definition of indicators and targets for each organizational unit.</p>	<p>Annual – ongoing</p>	<p>Action permanently ongoing. We launched the Women’s Leadership Program with the objective of reaffirming the commitments and pacts assumed externally, promoting the development of leaders and increasing the participation of female employees in the Professional Growth Programs (recruitment and selection). We have also included the Gender Equity Indicator in the Units’ Work Agreements.</p>
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Challenge 14: strengthen Banco do Brasil’s actions in relation to human capital, including health, safety and wellbeing management, development and retention of talent.

<p>38. Develop action plan and implement measures to improve employees’ health and well-being levels (develop a work stress prevention model, promote quality of life at work and employee satisfaction).</p>	<p>12/31/18</p>	<p>Action completed on time. We developed a study and action plan in order to identify the causes of absenteeism from the results of Periodic Health Examinations (EPS). We held discussions with managers and teams and proposed actions to improve health and well-being. In addition, we have a QVT (Quality of Life at Work) Program intended to providing funds for local actions focused on occupational health and safety at work.</p>
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Challenge 15: strengthen Banco do Brasil’s actions in relation to ethics and the fight against corruption.

<p>42. Reassess and improve communication plans and training related to ethics, with emphasis on Human Rights and combating corruption, for BB and its Linked Entities.</p>	<p>06/30/18</p>	<p>Action completed on time. We have improved several courses available via the BB Corporate University that deal with ethics, human rights and anti-corruption issues.</p>
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Planet Pillar

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

<p>44. Develop training on “green and inclusive economy” for employees, with emphasis on business opportunities by market segment.</p>	<p>12/31/18</p>	<p>Action completed on time. We offer the “SDGs green Economy and Ecoefficiency” training module via the Portal UniBB. In 2018, 11,259 employees completed the training. We also updated the contents of the Synapse Climate Change course, which trained 4,190 employees in the year.</p>
<p>46. Together with customer and product managers, prospect and evaluate the feasibility of proposing financial solutions and business models that promote the transition to a specific green and inclusive economy for Banco do Brasil’s various business segments (Wholesale, Retail Business, Retail Personal, Agribusiness, Government and Private).</p>	<p>Annual – ongoing</p>	<p>Action permanently ongoing. We have intensified the use of alternative channels, such as ATMs and Mobile banking, and we can highlight the following actions: a) offer of credit to non-account holding savers through ATM and mobile channels; b) option for the customer to cancel the printing of CDC lines contracts (Automatic Credit, Payroll and Prepayment of IR); c) credit card requests for non-account holders via mobile – BB already approved 44,600 proposals and each card contracted by mobile generates savings of 48 sheets of paper/year, i.e. savings of 2,142,768 sheets of paper; d) sending a digital credit card bill – in 2018 there was a reduction of 4.8 million in printed bills. We launched the Agro Energia Program in 2018 to support the production of clean and renewable energy in agribusiness activities – 100% of these financings alter the energy matrix, contributing to a reduction in consumption in the grid (National System) and to “avoided GHG emissions” from BB financing.</p>

Challenge 19: improve socio-environmental risk management by including socio-environmental criteria in the financing, also considering controversial issues.

<p>65. Define technical specifications and seek the development of an IT system to support socio-environmental risk management.</p>	<p>12/31/18 – construction of the losses base for socio-environmental risk.</p>	<p>Action completed on time. In 2018 we created the consolidated losses base for socio-environmental risk, which represents an improvement in Banco do Brasil’s management process for this risk and meets the requirements of the regulator and banking self-regulation.</p>
<p>66. Update the BB Sustainability Guidelines for Credit annually, with two per sector and one per topic, and make them public.</p>	<p>Annual – ongoing</p>	<p>Action permanently ongoing. We updated the document “BB Sustainability Guidelines for Credit” for the Oil & Gas and Mining sectors, based on the contributions gathered from the Stakeholders Panel, with customers, employees, sustainability specialists, representatives of civil society and government.</p>

Peace Pillar

Challenge 24: improve integration between Social Private Investment business strategy.

<p>79. Apply the methodology established by BB and FBB for evaluation of Private Social Investment using the recipient bases obtained in Marco Zero.</p>	<p>12/31/18</p>	<p>Action completed on time. As part of the projects supported by the BB Foundation, 177 internal evaluations of Marco Zero were carried out in 2017. The AABB Community Integration Program projects are being submitted to Marco N assessments for sampling during the 4 years of implementation foreseen by the Program. In 2018, 47 of the Program’s projects were measured, as Marco Um, with a total of 7,459 students enrolled.</p>
<p>82. Apply the methodology established by BB and FBB for evaluation of Private Social Investment using the recipient bases obtained in Marco Zero.</p>	<p>12/31/18</p>	<p>Action completed on time. We concluded that it is possible to define and implement a fundraising system for the Banco do Brasil Foundation with the ELBB and Wholesale and Private segment customers. As such, we performed several actions to establish a funding model with these investor groups.</p>

Agenda 30 BB 2019–2021 (Commitments)

Action	Indicator and Deadline
Prosperity Pillar	
Challenge 1: align Banco do Brasil's governance with best practices in order to strengthen the role of senior management in the sustainability strategy.	
1 – Implement criteria to improve the effectiveness of the Board of Directors.	<p>Indicator: proposition of the Board of Directors periodic independent appraisal. Deadline: 12/31/19.</p> <p>Indicator: study to review the Board of Directors composition to verify the possibility of increasing the percentage of independent members. Deadline: 12/31/20.</p>
Challenge 2: identify and manage non-financial and emerging medium and long-term risks that could have significant impacts on Banco do Brasil's business.	
2 – Identify and manage non-financial and emerging medium and long-term risks that could have significant impacts on Banco do Brasil's business.	<p>Indicator: presentation a study of emerging long-term risks with impacts on BB's business to the Sustainability Forum. Deadline: 06/30/19.</p>
Challenge 3: identify innovations in the financial sector (business models and technologies) and anticipate trends to guarantee Banco do Brasil's continuity and longevity.	
3 – Structure a relationship model with startups.	<p>Indicator: present a proposal for a relationship model with startups. Deadline: 12/31/19.</p>
4 – Implement a platform to enable interaction between investors and sustainable projects, using a crowdfunding or startups model.	<p>Indicator: present an analytical feasibility study for the implementation of a platform to enable interaction between investors and sustainable projects using a crowdfunding or startups model to the Sustainability Forum. Deadline: 06/30/20.</p>

Challenge 4: improve customer relationship management and increase satisfaction and retention rates.

5 – Implement initiatives to increase BB's customer satisfaction index, in order to achieve the target set.	<p>Indicator: present a report of initiatives implemented for the Individual Retail segment (PF Varejo). Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).</p> <p>Indicator: present a report of initiatives implemented for the Individual Private segment (PF Private). Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).</p> <p>Indicator: present a report of initiatives implemented for the Public Sector segment. Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).</p> <p>Indicator: present a report of initiatives implemented for the Corporate Wholesale segment (PJ Atacado). Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).</p> <p>Indicator: present a report of initiatives implemented for the Micro and Small Entrepreneurs segment (MPE). Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).</p>
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Partnership Pillar

Challenge 6: strengthen the Banco do Brasil initiatives that promote productive development, entrepreneurship and social and financial inclusion, including social business.

8 – Finance natural resource use efficiency projects through Guided Productive Microcredit (MPO).	<p>Indicator: presentation of a feasibility study for the financing of natural resource use efficiency projects through the MPO. Deadline: 12/31/19.</p>
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People Pillar

Challenge 9: ensure greater proportionality of gender and racial representation in all hierarchical levels of Banco do Brasil.

12 – Increase the percentage of women in all hierarchical levels, in order to strengthen gender equality at BB.

Indicator: percentage of women in management positions.
Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).

Challenge 11: improve the variable remuneration model for employees, including senior management, broadening the socio-environmental criteria and contemplating individual performance.

14 – Increase the percentage of employees whose remuneration is affected by individual performance reviews.

Indicator: percentage of employees covered by the systematic use of measurable targets agreed upon with the direct superior, with impacts on remuneration.
Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).
Indicator: percentage of employees covered by the multidimensional performance review with impacts on remuneration.
Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).

Challenge 12: strengthen Banco do Brasil's actions in relation to human capital, including health, safety and wellbeing management, development and retention of talent.

17 – Improve employee engagement survey coverage.

Indicator: increase in the percentage of engaged employees.
Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).
Indicator: increase in the engagement survey coverage.
Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).

18 – Implement external independent verification process for health, safety and well-being.

Indicator: hiring of external independent verification.
Deadline: 06/30/20.
Indicator: present a report on the verification process issued by an independent third party.
Deadline: 12/31/20.

Challenge 13: strengthen the work of Banco do Brasil in relation to ethics and practices to combat corruption, unlawful acts and money laundering.

20 – Implement a solution to provide to suppliers on the Code of Ethics and Standards of Conduct for suppliers.

Indicator: provide specific content about the Code of Ethics and Standards of Conduct to share with suppliers.
Deadline: 12/31/19.

Planet Pillar

Challenge 14: develop financial solutions and business models that promote the transition to a green and inclusive economy.

23 – Implement financial solutions that promote the transition to a green and inclusive economy.

Indicator: presentation of a feasibility study for the implementation of (a) new financial solution(s) that promote(s) the transition to a green and inclusive economy.
Deadline: 12/31/19.
Indicator: implementation of (a) new proposed financial solution(s).
Deadline: 06/30/20.

24 – Implement differentiated business conditions for products/services aimed at the transition to a green economy.

Indicator: assessment of attributes or offer of differentiated business conditions for products/services aimed at the transition to a green economy.
Deadline: 12/31/19.
Indicator: implementation of attributes or differentiated business conditions for products/services aimed at the transition to a green economy.
Deadline: 06/30/21.

Challenge 17: improve socio-environmental risk management in the supply chain, in lending, in financing, in own investments.

<p>39 – Develop routines and procedures to identify, classify, assess, monitor, mitigate and control socio-environmental risk in operations, considering the provisions of CMN No. 4,327, article 8; and SARB No. 14, articles 3, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18.</p>	<p>Indicator: incorporation of socio-environmental rating losses data in the lending pricing process. Deadline: 12/31/19.</p> <p>Indicator: review of the socio-environmental questionnaire, including analysis by sector and by customer, to assess exposure of credit/financing operations to socio-environmental risk and impacts on customer credit limits. Deadline: 12/31/19.</p>
<p>40 – Update the BB Sustainability Guidelines for Credit and the conditions for financing contained in the Social-environmental Guidelines for Controversial Issues.</p>	<p>Indicator 1: publication of the revised BB Sustainability Guidelines for Credit (Diretrizes BB de Sustentabilidade). Deadline: annual – ongoing (12/31/19, 12/31/20 and 12/31/21).</p> <p>Indicator 2: publication of the revised Social-environmental Guidelines for Controversial Issues (Diretrizes Socioambientais para Assuntos Polêmicos). Deadline: 06/30/20.</p>

201-1: Direct Economic Value Generated and Distributed 102-48

Direct Economic Value Generated and Distributed	2016 ⁽¹⁾	2017 ⁽¹⁾	2018
Direct Economic Value Generated – Revenue (R\$ billion)	44.3	45.8	48.0
Direct Economic Value Distributed (R\$ billion)	37.0	36.4	39.1
Personnel (Employee Salaries and Benefits)	21.3	19.5	20.0
Remuneration of Third-Party Capital	1.4	1.6	1.4
Interest on Own Capital and Dividends	2.4	3.3	5.4
Taxes and Duties	11.9	12.0	12.3
Economic Value Retained (R\$ billion)	7.3	9.3	8.8
Retained Earnings	5.6	7.7	7.4
Minority Interest on Retained Earnings	1.7	1.6	1.4

(1) We corrected the data presented in the 2016 and 2017 columns.

205-1: Operations Assessed for Risks Related to Corruption

There was no new assessment of the risks of corruption in processes because it is assessed every two years, as described in our Integrity Program. The latest risk assessment was completed in 2017 and can be found in the 2017 Annual Report, page 109.

In 2018, a new methodology for assessing integrity risk was approved by the Board of Directors, which will be put in practice by the end of 2019 to assess our processes for risks related to corruption.

205-2: Communication and Training About Anti-Corruption Policies and Procedures

Total Number and Percentage of Employees Who Participated in at Least 1 Course on Combating Corruption, Broken Down by Functional Category and Region

Region	Functional Category	Trained in 2018	Percentage Trained in 2018	Trained in Relation to Total Employees	Percentage Trained in Relation to Total Employees
Midwest	Senior Management	14	10.1	120	87.0
Midwest	Consulting	1,215	26.1	4,645	99.8
Midwest	Management	1,245	27.5	4,523	99.9
Midwest	Operational	2,369	49.3	4,764	99.1
Midwest	Technician	381	13.4	2,845	99.8
Overseas	Senior Management	1	20.0	5	100.0
Overseas	Management	4	17.4	22	95.6
Northeast	Senior Management	0	0	7	100.0
Northeast	Consulting	116	32.2	359	99.7
Northeast	Management	1,775	32.0	5,541	99.8
Northeast	Operational	4,602	45.5	10,023	99.1
Northeast	Technician	19	25.0	74	97.4
North	Senior Management	0	0	2	100.0
North	Consulting	30	27.0	111	100.0
North	Management	504	30.6	1,645	100.0
North	Operational	1,080	43.8	2,447	99.3
North	Technician	5	26.3	19	100.0
Southeast	Senior Management	10	22.2	39	86.7
Southeast	Consulting	710	33.9	2,089	99.9
Southeast	Management	6,212	41.8	14,875	100.0
Southeast	Operational	11,068	45.3	24,336	99.7
Southeast	Technician	311	29.2	1,064	100.0
South	Senior Management	0	0	4	80.0
South	Consulting	141	28.1	501	100.0

301-1: Materials Used by Weight or Volume |

301-2: Recycled Input Materials Used

Non-renewable Materials			
Cartridge and Toner Refill Program (Prorec – in units)	2016	2017	2018
Total Cartridges Consumed	121,849	107,712	103,582
Refilled Cartridges	119,218	105,112	102,359
Percentage of Cartridges Refilled	98	98	99

The toner cartridges that we use do not come from recycling. We purchase refilled original toner cartridges from equipment manufacturers (OEM) and remanufacturers. Regardless of the material obtained our aim is sustainable disposal, with solid waste management prioritized for our suppliers and users. The increase of electronic transactions and the rationalization of the availability of printers at our facilities helped to reduce toner cartridge consumption.

Renewable Materials			
Use of Paper	2016	2017	2018
Total Paper Consumed (ton)	6,082	5,454	5,195
Recycled Paper (ton)	408	386	348
Percentage of Recycled Paper	7	7	7

The reduction in paper consumption in 2018 is a result of the “Zero Paper” campaign. The campaign promoted internal awareness of the use of paper-based products, with several sectors have switching from paper documents and products to digital solutions. Another contribution to the results was the increase in electronic transactions, such as mobile and intranet solutions.

302-1: Energy Consumption Within the Organization | 302-3: Energy Intensity | 302-4: Reduction of Energy Consumption

Energy Intensity ⁽¹⁾	2016	2017	2018
Electricity Intensity (total electricity consumption/employee/year) – MWh/employee/year	7.00	6.14	6.18
Total Electricity Consumption ⁽²⁾			
Total Electricity Consumption (MWh) ⁽³⁾	704,551	609,037	598,393
Total Electricity Consumption (GJ)	2,536,384	2,192,533	2,154,215
Employee Base			
Number of Employees ⁽⁴⁾	100,622	99,161	96,889
Fuel (liters) ⁽¹⁾			
Total Consumption of Diesel Fuel For Vehicles	58,129	63,833	78,189
Total Consumption of Diesel Generator Set	392,722	340,870	251,545
Total Petrol Consumption	2,200,062	2,097,684	1,837,013
Total Ethanol Consumption	518,281	419,792	579,270

(1) The energy intensity figure increased over the period due to the reduction in staff numbers.

(2) In 2018, 80.70% of electricity consumed by BB came from renewable sources: http://ons.org.br/Paginas/resultados-da-operacao/historico-da-operacao/geracao_energia.aspx.

(3) Energy management is in a transition process. A contracted company is recording the necessary information.

(4) Considered the actual labor force, according to official data.

The increase in vehicular diesel consumption is due to the increase in our agribusiness financing. This involves visits to inspect farms, usually on rural and unpaved roads, which generally require the use of four-wheel drive, diesel-powered vehicles.

Regarding the consumption of the diesel generator set, the most significant reduction was in our branch network due to the program of sustainable deactivation and disposal of generator sets, carried out in the second half of 2018.

306-2: Waste by Type and Disposal Method

Weight of non-hazardous waste. broken down by type of disposal	2016	2017	2018
Reuse – Donation (unit)	0	17,837	0
Reuse – Internal (unit)	0	114,000	64,610
Recycling (ton)	1.3	1,494	2,914
On-Site Storage (Ton)	1,542	2,534	202.4
Public Collection (mixed or non-recyclable waste generated by the units participating in the selective waste collection program) (ton)	549.3	529.8	443.2

Weight of Hazardous Waste, Broken Down by Type of Destination (Bulbs and Batteries) ⁽¹⁾	2016	2017	2018
Other (Chemical Reaction and Decontamination) – ton	0	18.6	14.1

(1) The data on lamps and batteries refer to items collected and destined for recycling through ggods recycling contracts.

The reduction of hazardous waste is due to the reopening of the no-break batteries collection programs. This takes place through supply contracts, through which the supplier collects the old devices and delivers new ones. The numbers were provided by the contracted companies during the year 2018.

Non-Hazardous Waste (ton)	2016	2017	2018
Plastic	252.1	221.8	208.3
Metal	63.6	34.8	28.3
Glass	46.7	27.5	17.5
Paper	2,067.3	2,390.4	1,763.6

401-1: New Employee Hires and Employee Turnover

Turnover by Gender	2016	2017	2018
Number of Employees	100,622	99,161	96,889
Female	41,549	41,044	40,243
Male	59,073	58,117	56,646
Layoffs in the Period	10,474	1,587	2,156
Female	4,470	474	746
Male	6,004	1,113	1,410
Turnover Rate (%)	10.4	1.6	2.2
Female	4.4	0.5	0.8
Male	6.0	1.1	1.4

The turnover rate reflects the average observed in the period and the adoption of the Staff Adjustment Program (Programa de Adequação de Quadros – PAQ) in the first quarter.

Turnover by Age Group

	2016	2017	2018
Layoffs in the Period	10,474	1,587	2,156
Up to 30 Years	318	214	188
From 30 to 50 Years	2,186	814	1,130
Over 50 Years	7,970	559	838
Turnover Rate (%)	10.4	1.6	2.2
Up to 30 Years	0.3	0.2	0.2
From 30 to 50 Years	2.2	0.8	1.2
Over 50 Years	7.9	0.5	0.9

The higher turnover rate for the age groups close to or above 50 years of age is due to the availability of the pension supplement through the Banco de Brasil Employees' Pension Fund (Previ) from age 50 onwards.

Turnover by Region

	2016	2017	2018
Layoffs in the Period	10,474	1,587	2,156
South	1,570	243	352
Southeast	4,649	670	936
Midwest	1,833	305	360
North	344	76	113
Northeast	2,078	293	395
Turnover Rate (%)	10.4	1.6	2.2
South	1.6	0.2	0.4
Southeast	4.6	0.7	1.0
Midwest	1.8	0.3	0.4
North	0.3	0.1	0.1
Northeast	2.1	0.3	0.4

The regional percentage of labor concentration reflects directly in the availability index since no specific actions were taken (hiring or firing). Most of the layoffs are connected to retirement conditions through Social Security (INSS) and/or complementary pension schemes.

New Hires by Gender	2016	2017	2018
New Hires in the Period	1,424	287	167
Female	509	98	72
Male	915	189	95
Hiring Rate (%)	1.4	0.3	0.2
Female	0.5	0.1	0.1
Male	0.9	0.2	0.1

All our hirings occur by means of a public service exam, without any distinction by gender or age to fill vacancies.

New Hires by Age Group	2016	2017	2018
New Hires in the Period	1,424	287	167
Up to 30 Years	889	166	46
From 30 to 50 Years	516	117	117
Over 50 Years	19	4	4
Hiring Rate (%)	1.4	0.3	0.2
Up to 30 Years	0.9	0.2	0.1
From 30 to 50 Years	0.5	0.1	0.1
Over 50 Years	0	0	0

Hiring by Region	2016	2017	2018
Hiring in the Period	1,424	287	167
South	124	6	5
Southeast	282	15	9
Midwest	311	101	119
North	146	11	19
Northeast	561	154	15
Hiring Rate (%)	1.4	0.3	0.2
South	0.1	0	0
Southeast	0.3	0	0
Midwest	0.3	0.1	0.1
North	0.2	0	0
Northeast	0.6	0.2	0

The vacancies made available are in line with the need for personnel in each region, according to the distribution of the staff.

402-1: Minimum Notice Periods Regarding Operational Changes

Our operational changes are not specified in collective agreements.

403-2: Hazard Identification, Risk Assessment, and Incident Investigation Types of Injury and Rates Of Injury, Occupational Diseases, Lost Days, and Absenteeism, and Number of Work-Related Fatalities

Employees (own employees)		2016		2017		2018	
		Men	Women	Men	Women	Men	Women
(No. of injuries/No. of employees)	Total	0.01		0.00		0.00	
		0.00	0.01	0.00	0.01	0.00	0.01
	North	0.01	0.01	0.01	0.00	0.01	0.01
	Northeast	0.01	0.00	0.00	0.00	0.00	0.00
	Midwest	0.00	0.01	0.00	0.00	0.00	0.00
	Southeast	0.01	0.01	0.00	0.01	0.00	0.01
	South	0.00	0.01	0.00	0.00	0.00	0.00
Occupational Disease Rate (frequency of illness/No. of employees)	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

Employees (own employees)		2016		2017		2018	
		Men	Women	Men	Women	Men	Women
Lost Days Rate – % (days lost/days planned)	Total	0.4		0.4		0.2	
		0.3	0.5	0.3	0.5	0.2	0.2
	North	0.5	0.6	0.4	0.6	0.5	0.5
	Northeast	0.4	0.6	0.3	0.5	0.5	0.5
	Midwest	0.4	0.6	0.3	0.6	0.2	0.4
	Southeast	0.3	0.5	0.3	0.4	0.1	0.1
	South	0.3	0.4	0.2	0.4	0.1	0.1
Lost Days ⁽¹⁾	Total	828,760		739,258		735,187	
		414,363	414,397	357,463	381,795	359,521	375,666
	North	25,777	22,161	21,759	21,322	22,288	19,609
	Northeast	91,072	67,729	74,907	57,388	79,112	57,259
	Midwest	74,652	75,204	66,811	72,161	66,316	75,530
	Southeast	166,245	186,805	144,546	173,193	145,039	168,523
	South	56,617	62,498	49,440	57,731	46,766	54,745
Absenteeism Rate – % (days lost ⁽¹⁾ /days planned)	Total	3.3		2.9		3.0	
		2.8	4.0	2.4	3.7	2.5	3.7
	North	3.7	4.7	3.3	4.6	3.5	4.4
	Northeast	3.3	4.6	2.7	3.9	3.0	4.0
	Midwest	2.9	5.0	2.5	4.6	2.4	4.7
	Southeast	2.7	3.7	2.4	3.4	2.5	3.4
	South	2.2	3.3	1.9	3.1	1.9	3.0
Deaths related to Work ⁽²⁾ (units)	Total	1		1		3	
		1	0	1	0	2	1
	North	0	0	0	0	0	0
	Northeast	0	0	0	0	1	0
	Midwest	0	0	0	0	0	0
	Southeast	1	0	1	0	0	0
	South	0	0	0	0	1	1

(1) Days lost to sick-leave with occupational and non-occupational causes.

(2) Of the three reported deaths, two resulted from traffic accidents which occurred during the workers' home-to-work commute, and one death was due to a typical accident that occurred during working hours.

The health-related absenteeism rate was slightly higher in relation to the previous year and lower than in 2016, remaining within the average of the last three years but below the target set.

Injury rate: considers injuries from common accidents, such as accidents at work and during the commute (home-work-home), regardless of severity, sick-leave or death.

Occupational illness rate: computes all cases of work-related illnesses that have been investigated and recognized as originating from work. The statistic includes all occupational illness cases, regardless of the severity or need for sick-leave.

Days lost rate, Days lost and Absenteeism Rate: refers to total absenteeism due to health reasons, which includes leave due to non-work related illnesses as well as work-related absences.

The number of accidents at work with injuries and the number of occupational illnesses is low when compared to the number of employees, which is why the injury and occupational illness rates rounded up to the second decimal place are approximate to zero.

The lost days rate with occupational causes decreased in 2018 as a result of the significant fall in the number of lost days from occupational injuries and illnesses.

Lost days counts absences due to health reasons with occupational and non-occupational causes.

Absenteeism excludes paid absences such as holidays, study leaves, maternity leaves, paternity leaves and days off.

404-1: Average Hours of Training per Year per Employee

Consolidated Training Indicators	2016	2017	2018
Employees (final capacity)	100,622	99,161	96,889
Trained	99,999	98,984	96,730
Trainings	2,275,615	2,937,065	4,942,310
Hours	7,271,306	7,933,426	11,258,757
Percentage Trained	99.4	99.8	99.8
Trainings per Employee	22.62	29.62	51.01
Hours per Employee	72.26	80.01	116.20

The increase in the amount of training activities and number of training hours in 2018 is due to the availability of new training initiatives and educational programs, as well as new technological innovation releases from UniBB. Among them, we can highlight the new virtual learning environments, which were integrated and gamified; the update of the Digital Transformation Trail; the new Strategy and Planning Trail; Relaciona-e Program and Game DesEnvolver – Digital Transformation Journey.

Training by Gender and Role	2016				2017				2018			
	Men		Women		Men		Women		Men		Women	
	Management	Non-Management	Management	Non-Management	Management	Non-Management	Management	Non-Management	Management	Non-Management	Management	Non-Management
Employees (final capacity)	21,469	37,604	11,521	30,028	20,879	37,238	11,324	29,720	21,065	35,581	11,574	28,669
Trained	21,441	37,238	11,517	29,803	20,848	37,175	11,318	29,643	21,056	35,510	11,564	28,600
Trainings	497,886	833,163	270,073	674,493	624,316	1,082,289	336,953	893,507	820,134	1,871,009	493,326	1,757,841
Hours	1,633,626	2,697,812	855,433	2,804,435	1,975,267	2,785,139	954,984	2,218,036	2,659,443	3,847,342	1,251,381	3,500,591
Percentage Trained	99.9	99.0	100.0	99.3	99.8	99.8	99.9	99.7	100.0	99.8	99.9	99.8
Trainings per Employee	23.2	22.2	23.4	22.5	29.9	29.06	29.76	30.06	38.93	52.58	42.62	61.32
Hours per Employee	76.1	71.7	74.3	69.4	94.6	74.79	84.33	74.63	126.2	108.13	108.12	122.10

Note	Senior management			Management			Consulting Advisory			Operational			Technician		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Employees (final capacity)	240	238	202	32,750	31,966	32,437	7,270	7,835	7,717	56,122	54,979	52,278	4,240	4,143	4,255
Trained	228	225	201	32,730	31,942	32,419	7,242	7,818	7,706	55,572	54,861	52,153	4,227	4,138	4,251
Trainings	1,925	2,367	2,623	766,034	958,933	1,310,837	136,398	182,205	238,838	1,297,105	1,698,277	3,280,702	74,153	95,283	109,310
Hours	10,094	12,595	14,202	2,478,965	2,917,710	3,896,622	424,873	527,911	494,358	4,120,437	4,208,391	6,647,357	236,937	266,819	206,218
Percentage Trained	95.0	94.5	99.5	99.9	99.9	99.9	99.6	99.8	99.9	99.0	99.8	99.8	99.7	99.9	99.9
Trainings per Employee	8.02	9.95	12.99	23.39	30.00	40.41	18.76	23.26	30.95	23.11	30.89	62.75	17.49	23.00	25.69
Hours per Employee	42.06	52.92	70.31	75.69	91.28	120.13	58.44	67.38	64.06	73.42	76.55	127.15	55.88	64.40	48.46

404-3: Percentage of Employees Receiving Regular Performance and Career Development Reviews

Employees Who Participated in the GDP Performance Review by Functional Level and Gender ⁽¹⁾

	2018			
	Female	%	Male	%
Management	11,189	11.8	20,909	22.0
Technician	1,200	1.3	2,877	3.0
Operational	8,432	8.9	7,533	7.9
Consulting	3,024	3.2	4,494	4.7
Others	14,953	15.7	20,389	21.5
Total	38,798	40.8	56,202	59.2

(1) The percentages calculated are related to the number of employees that are eligible for assessment. The total number of employees eligible for assessment is less than the total number of employees due to health or maternity leave.

Development Plan

		2016	2017	2018
Employees Who Have Prepared a Career Development Plan	1 st semester	43,229	62,882	97,320
	2 nd semester	40,647	52,237	96,088
Percentage of Employees Who Developed the Career Development Plan ⁽¹⁾	1 st semester	40.2	63.4	93.2
	2 nd semester	37.7	53.1	93.2

(1) The percentages were calculated based on the number of employees eligible to prepare the Skills Development Plan.

There has been an increase in the number of employees who have undertaken a performance review due to the connection of the review to the Performance-related Bonus Program.

405-1: Diversity of Governance Bodies and Employees

Diversity in Governance (%) ⁽¹⁾	2016	2017	2018
By Gender			
Female	3.4	4.8	8.6
Male	96.6	95.2	91.4
By Age Group			
Up to 30 Years	0.00	0.00	0.00
From 30 to 50 Years	61.0	58.0	60.3
Over 50 Years	39.0	42.0	39.7
By Minority Groups			
Indigenous	0.00	0.00	0.00
Black	1.7	1.6	3.5
Mixed-Race	6.8	4.8	5.2

(1) Considered as members of the Board of Directors, the Executive Board, the Supervisory Board, and the Audit and Remuneration Committees.

General Indicators of Employee Diversity (%)	2016	2017	2018
By Gender			
Female	41.3	41.4	41.5
Male	58.7	58.6	58.5
By Age Group			
Up to 30 Years	11.2	11.2	6.1
From 30 to 50 Years	75.3	73.4	76.3
Over 50 Years	13.5	15.4	17.6
By Minority Groups			
Indigenous	0.2	0.2	0.2
Black	2.8	2.8	2.9
Mixed-Race	19.6	19.8	20.0

Employee Diversity Function (%)	Management		Technician		Operational		Consulting		Others	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
By gender (in relation to the total workforce of each functional category)										
Female	35.2	35.5	30.0	29.9	53.0	46.3	40.3	41.0	43.2	-
Male	64.8	64.5	70.0	70.1	47.0	53.7	59.7	59.0	56.8	-
By Age Group (in relation to the total workforce of each functional category)										
Up to 30 years	5.6	3.0	7.7	4.4	13.7	8.8	4.5	2.4	11.2	-
From 30 to 50 years	82.3	82.7	76.7	78.6	73.2	70.7	84.7	85.3	73.4	-
Over 50 years	12.1	14.3	15.6	17.0	13.1	20.5	10.8	12.3	15.4	-
By Minority Groups (in relation to the total workforce of each functional category)										
Indigenous	0.1	0.1	0.1	0.1	0.3	0.2	0.2	0.2	0.2	-
Black	2.6	2.6	3.0	2.9	2.8	3.1	2.4	2.5	3.1	-
Mixed-race	18.4	18.8	21.0	21.5	16.6	21.0	17.6	17.7	22.6	-

405-2: Ratio of Basic Salary and Remuneration of Women to Men

Ratio of Women/Men Base Salary	2016	2017	2018
Executive	1	1	1
Management	1	1	1
Technician	1	1	1
Operational	1	1	1
Consulting	1	1	1
Others	1	1	1

Remuneration information by gender and functional level only covers our operations in Brazil. Regarding the base salary or reference value for each existing function, there is no difference between men and women, which resulted in a ratio of 1 between the genders.

406-1: Incidents of Discrimination and Corrective Actions Taken

	2016	2017	2018
Total Number of Incidents of Discrimination Known to BB	7	27	23
Incidents Being Investigated	0	0	0
Incidents Investigated	7	27	23
Incidents Not Yet Investigated	0	0	0
Incidents Judged To Be Well-Founded	0	0	0
Incidents Judged To Be Unfounded (Not Subject to Action)	7	27	23

There was not much variation in the incidents investigated between 2017 and 2018. We reject any discriminatory conduct and have intensified training and communication actions, as well as disciplinary treatment for proven cases. Our aim is to achieve zero discrimination in our institution.

During the year 2018, no judicial or administrative proceedings were identified originating from discrimination based on race, color, gender, religion, political opinion, country of origin or social background.

408-1: Operations and Suppliers at Significant Risk For Incidents of Child Labor | 409-1: Operations and Suppliers at Significant Risk For Incidents of Forced or Compulsory Labor | 412-1: Operations That Have Been Subject to Human Rights Reviews or Impact Assessments

Own Operation

There is no risk of child labor or forced or compulsory labor in our operations.

Customers

BB Operations/ Customers	2016	2017	2018
Number of Operations/ Customers With a Registration Record Related to the Occurrence of Slave Labor	27	54	66

The record blocks the credit limit study (analysis and renewal) and acceptance of operations in our operating systems, putting into practice the constant prohibition in our Specific Credit Policy.

412-2: Employee Training on Human Rights Policies or Procedures

Human Rights are the main guiding principles for the development of UniBB educational solutions and they are a cross-cutting theme that recurrently appears in the courses that we offer to employees. Training directly related to the subject of Human Rights addresses diverse perspectives, such as accessibility, diversity, gender equity and People with Disabilities, in the context of relationship with customers, with co-workers, sustainability and corporate education.

	2016	2017	2018
Total Number of Hours in the Period Devoted to Training on Human Rights Policies/Procedures Relevant to Operations	166,645	178,997	185,360
Percentage of Employees Trained in the Period on Human Rights Policies/Procedures Relevant to Operations	60	67	51
Percentage of All Employees Already Trained	-	-	98.2

The percentage of employees trained in 2018 is lower than in the other years because many courses have already been carried out in previous years. This can be demonstrated by the total percentage of employees who have already completed training related to the Human Rights topic, of the order of 98.2%.

416-1: Assessment of the health and Safety Impacts of Product and Service Categories

In all architectural and engineering interventions we are guided by internal regulations and current legislation, including from the Fire Department, environmental agencies and historical heritage. We comply with legal regulations in 100% of cases.

417-2: Incidents of Non-Compliance Concerning Product and Service Information and Labeling

We did not identify any cases of non-compliance with regulations and voluntary codes relating to incidents of non-compliance with information and labeling of products and services during 2018.

417-3: Incidents of Non-Compliance Concerning Marketing Communications

We did not identify any cases of non-compliance with regulations and voluntary codes relating to marketing communications, including advertising, promotion and sponsorship during the year 2018.

419-1: Non-compliance with Laws and Regulations in the Social and Economic Area

In 2018, we recorded R\$5 million in penalties for non-compliance with laws and regulations regarding the provision and use of products and services and charges related to queueing times.

Other fines for non-compliance with laws and regulations can be consulted in Reference Form Sections 4.3 and 4.4.

FS9: Coverage and Frequency of Audits to Assess Implementation of Environmental and Social Policies and Risk Assessment Procedures

Our Internal Audit evaluates the risk management actions and the adequacy of the internal controls with the verification of quality, sufficiency, compliance and effectiveness. To this end, it prepares Strategic and Annual planning of its activities on an annual basis, in accordance with the requirements of the Ministry of Transparency - Comptroller General of the Union (CGU). This planning includes conducting audits in conclusive cycles, at least every year and at most every three, during which adherence to socio-environmental

policies and the socio-environmental commitments that we assume, such as the Equator Principles, are evaluated.

The Specific Socio-environmental Responsibility Policy is part of the set of documents that make up our governance architecture and which are evaluated by the Internal Audit, within the scope of the Corporate Governance and Management process.

The socio-environmental risk management will be evaluated again by the Internal Audit in 2019, within the Risk Management process scope. The audit work on the subject is carried out by our internal auditors, with reference to:

- **CMN Resolution No. 4,327/14:** Guidelines to be observed by financial institutions in the establishment and implementation of the Social-Environmental Responsibility Policy (PRSA);
- **Conama Resolution No. 237/97:** Provides for the review and complementation of procedures and criteria used for environmental licensing;
- **Resolution 4,557/17 – Integrated Risk Management:** Addresses the socio-environmental risk management structure requirements; and
- Internal standards.

The need for improvements in the processes evaluated by the Internal Audit is addressed through the issuance of recommendations, with indication of the manager responsible and implementation deadlines compatible with the associated risk level.

The recommendations issued are monitored by the Internal Audit until they are implemented. From then on, the corrective actions adopted by the managers are evaluated and, if they are sufficient, the recommendation is certified by the Audit.

FS10: Percentage and Number of Companies Held in the Organization's Portfolio with which the Organization has Interacted on Environmental or Social Issues

We require enterprises classified in categories A or B to evaluate the relevant social and environmental risks and impacts, as well as the constitution of an Environmental and Social Management System that includes, among other issues, respect for human rights and labor issues, with preventive and mitigation actions. The categories include:

Category A: projects that require an Environmental Impact Assessment (EIA) and which have significant potential for adverse and significant socio-environmental risks and impacts that may be multiple, irreversible or unprecedented, with emphasis on those related to at least one of the following: indigenous peoples, critical habitats, cultural heritage or large-scale resettlement.

Category B: projects for which the environmental licensing process envisages the preparation of the EIA or equivalent document and which have the potential for adverse social and environmental risks and/or impacts that are limited, generally local, broadly reversible and readily controllable through measures mitigative and not classified in category A.

In 2018, we hired three Project Finance operations under the Equator Principles (projects whose total capital cost is equal to or greater than US\$10 million).

Project Finance Contracted Under the Equator Principles In 2018

Industry	Category A	Category B	Category C
Mining			
Infrastructure			
Oil and Gas			
Energy		3	
Others (Industry)			
Subtotal			
Region			
Americas		3	
Europe, Middle East and Africa			
Asia			
Subtotal			
Country Designation			
Designated Country			
Undesignated Country		3	
Subtotal			
Independent Consultancy			
Yes		3	
No			
Subtotal			
Total		3	

In 2018, there was no contracting of bridge loans or Project Finance Advisory services under the Equator Principles.

102-48

Equator Principles	2016	2017 ⁽¹⁾	2018
Quantity	3	4	3

(1) Information from 2017, published in the last Annual Report, was fixed.

The values quoted above characterize the large scale projects that, by definition, provide a combination of favorable conditions related to economic and strategic aspects for study, planning, feasibility and implementation.

When applicable, we request environmental licensing to all customers, in accordance with current legislation. In relation to the social and environmental questionnaires, in 2018, 4,754 were applied in the credit analysis and 27 in the analysis of investment projects.

Regarding the Equator Principles, considering the operations contracted in 2018, as well as those in the driving phase, we interact in 2018 with 48 clients, requesting 100% environmental licensing, if applicable. Considering the clients for whom questionnaires were applied, as well as those operating under the Equator Principles, the percentage is 0.2%. Projects were not denied in the year based on the application of the Equator Principles.

In addition to the Equator Principles, we have adopted socio-environmental criteria in the credit limit study evaluation for companies and investment projects. Currently, these procedures are applied according to criteria that consider the size and potential impact of the activity performed and investment projects with a value financed by us of equal to or greater than R\$2.5 million.

When applicable we request environmental licensing from all customers, in accordance with current legislation.

FS13: Access Points in Low-Populated Areas or Economically Disadvantaged Areas, by Type

We ended 2018 with 55,500 service points, including our own network and shared and correspondent networks, with a presence in 99.6% of Brazilian municipalities.

State	Number of Service Points (Own Network + Third-Party Posts)	Population Density (inhabitants/km ²)	(Number of Service Points/Inhabitants) X 10,000	Variation in Number of Service Points
Acre	208	0.005	2.39	6
Santa Catarina	2,299	0.073	3.24	(71)
Espírito Santo	1,108	0.087	2.78	41
Roraima	227	2,330	3.93	14
Amazonas	841	2,587	2.06	73
Mato Grosso	932	3,702	2.70	(46)
Tocantins	587	5,584	3.77	23
Amapá	233	5,586	2.80	25
Pará	1,223	6,704	1.43	(15)
Mato Grosso do Sul	946	7,597	3.44	52
Rondônia	394	7,601	2.24	(10)
Piauí	1,091	12,799	3.34	32
Goiás	2,004	19,933	2.89	62
Maranhão	1,426	21,086	2.02	115
Bahia	3,896	27,048	2.63	215
Minas Gerais	5,709	36,008	2.71	160
Rio Grande do Sul	3,443	40,188	3.03	(10)
Paraná	3,223	56,799	2.83	(65)
Ceará	2,350	60,611	2.58	213
Rio Grande do Norte	1,208	66,424	3.47	18
Paraíba	1,241	71,142	3.10	(3)
Pernambuco	2,005	96,359	2.11	(5)
Sergipe	517	104,432	2.26	7
Alagoas	896	121,572	2.69	25
São Paulo	11,490	181,681	2.52	36
Rio de Janeiro	4,130	382,620	2.40	15
Distrito Federal	1,882	523,861	6.32	(22)

The figures presented reinforce the strategies we adopted for the year 2018, with the Digital Business Model and Specialized Agencies expansion.

FS14: Initiatives to Improve Access to Financial Services for Disadvantaged People

The physical adaptation of our facilities (main floor) guarantees accessibility for people with limited mobility, the visually impaired and wheelchair users. We closed 2018 with 99.8% of floors adapted. We also purchased special furniture for Persons with Disabilities and obese people, with 3,030 facilities improved by the end of 2018. Among the items purchased are counters, cash registers and accessible desks, wheelchairs, tactile map holders and furniture adapted for obese people.

GRI Content Index 102-55

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. This service was performed on the Portuguese version of the report.



GRI 101: Foundation 2016						
GRI 102: General disclosures 2016	Standard	Page or link	Omission	External assurance	UNGC	SDG
Perfil da organização						
	102-1: Name of the organization	6		Yes		
	102-2: Activities, brands, products, and services	More information available in article 4 of the Bylaws and in Section 7 of the Reference Form .		Yes		
	102-3: Location of headquarters	Sector of Autarquias Norte, Quadra 5, Lot B, Banco do Brasil Building, Brasília, Distrito Federal, Brazil.		Yes		
	102-4: Location of operations	More information available in Section 7.6 of the Reference Form .		Yes		
	102-5: Ownership and legal form	6		Yes		
	102-6: Markets served	6 and 108		Yes		
	102-7: Scale of the organization	Large company. More information on pages 7, 8 and 9 and Section 7 of the Reference Form .		Yes		
	102-8: Information on employees and other workers	82 and 108		Yes	6	8

GRI 101: Foundation 2016						
GRI 102: General disclosures 2016	Standard	Page or link	Omission	External assurance	UNGC	SDG
Organizational profile						
	102-9: Supply chain	95		Yes		
	102-10: Significant changes to the organization and its supply chain	There was no change in the structure of significant suppliers or in the agreement entered into with them that could have any impact on the Bank's operations. More information available in Explanatory Note 2 – Corporate Restructuring, in the document Financial Statements .		No		
	102-11: Precautionary principle or approach	54 and 55		No		
	102-12: External initiatives	Our public commitments and sustainability initiatives are available on the Sustainability website.		Yes		
	102-13: Membership of associations	109		Yes		
Strategy						
	102-14: Statement from senior decision-maker	5		No		
	102-15: Key impacts, risks, and opportunities	15 , 18 and 48		No		
Ethics and integrity						
	102-16: Values, principles, standards, and norms of behavior	6 More information available on the Portal BB on the Who We Are and Ethics and Integrity pages.		Yes	10	16
	102-17: Mechanisms for advice and concerns about ethics	41 , 42 and 97		Yes	10	16

GRI 102: General disclosures 2016	Standard	Page or link	Omission	External assurance	UNGC	SDG
Governance structure						
	102-18: Governance structure	37 , 38 and 39		Yes		
	102-19: Delegating authority	36 and 39 and Bylaws : article 21, item X; Article 29, subsection X.		No		
	102-21: Consulting stakeholders on economic, environmental, and social topics	15 and 109		No		16
	102-27: Collective knowledge of highest governance body	35 More information available in section 12.12 of the Reference Form .		No		4
	102-28: Evaluating the highest governance body's performance	36		No		
	102-29: Identifying and managing economic, environmental, and social impacts	15 and 109		No		16
	102-35: Remuneration policies	36 More information available in section 13 of the Reference Form .		No		
	102-36: Process for determining remuneration	35 and 91		No		
	102-37: Stakeholders' involvement in remuneration	35		No		16
	102-38: Annual total compensation ratio	The ratio of the President's total annual compensation to the average annual total remuneration for all employees (excluding the most well-paid individual) in Brazil was 23.73.		No		
Stakeholder engagement						
	102-40: List of stakeholder groups	18		Yes		
	102-41: Collective bargaining agreements	The percentage of employees covered by collective bargaining agreements is 100%.		No	3	8
	102-42: Identifying and selecting stakeholders	18 and 110		Yes		
	102-43: Approach to stakeholder engagement	18 and 110		Yes		
	102-44: Key topics and concerns raised	18 , 19 and 110		Yes		

GRI 102: General disclosures 2016	Standard	Page or link	Omission	External assurance	UNGC	SDG
Reporting practice						
	102-45: Entities included in the consolidated financial statements	Information available in Explanatory Note 3 – Presentation of Financial Statements (page 43), in the Statement of Financial Statements .		Yes		
	102-46: Defining report content and topic boundaries	111		Yes		
	102-47: List of material topics	111 , 114 , 115 , 116 e 117		Yes		
	102-48: Restatements of information	201-1: p. 123 203-2: p. 29 404-3: p. 89 FS10: p. 134 Short-term Liquidity Indicator: p. 51 .		No		
	102-49: Changes in reporting	111 , 112 , 113 , 114 and 115		No		
	102-50: Reporting period	Our Report is published annually and covers the period from January 1 to December 31, 2018.		No		
	102-51: Date of most recent report	The previous report was published in 2018.		No		
	102-52: Reporting cycle	Our Report is published annually.		No		
	102-53: Contact point for questions regarding the report	Doubts about financial information: ri@bb.com.br and sustainability: sustentabilidade@bb.com.br .		No		
	102-54: Claims of reporting in accordance with the GRI Standards	This report was elaborated in accordance with GRI Standards: Core.		Yes		
	102-55: GRI content index	137		Yes		
	102-56: External assurance	151		Yes		

Material topics	Standard	Page or link	Omission	External assurance	UNGC	SDG
Economic performance						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	26 and 58		Yes		
	103-2: The management approach and its components	26 , 35 , 58 , 97 and 109		Yes	1, 8	1, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 201: Economic performance 2016	201-1: Direct economic value generated and distributed	123		No		2, 7, 8, 9
	201-2: Financial implications and other risks and opportunities due to climate change	55 and 56		Yes	7	13
Market presence						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	90		Yes		
	103-2: The management approach and its components	35 , 36 , 90 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 202: Market presence 2016	202-1: Ratios of standard entry level wage by gender compared to local minimum wage	The ratio of the lowest salary paid by BB to the local minimum wage in 2018 was 2.99. The salary floor is applied, regardless of gender, to all employees who start their career with us.		Yes	6	1, 5, 8
Indirect economic impacts						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	26 and 28		Yes		
	103-2: The management approach and its components	26 , 28 , 35 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 203: Indirect economic impacts 2016	203-2: Significant indirect economic impacts	26 , 29 and 30		No		1, 2, 3, 8, 10, 17

Material topics	Standard	Page or link	Omission	External assurance	UNGC	SDG
Anti-corruption						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	41		Yes		
	103-2: The management approach and its components	35 , 36 , 41 , 97 and 109		Yes	1, 8	1, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 205: Anti-corruption 2016	205-1: Operations assessed for risks related to corruption	45 , 46 and 123		Yes	10	16
	205-2: Communication and training about anti-corruption policies and procedures	42 , 44 , 45 , 94 and 124		No	10	16
	205-3: Confirmed incidents of corruption and actions taken	42 and 46		Yes	10	16
Materials						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	Not material topic		No		
	103-2: The management approach and its components	Not material topic		No	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	Not material topic		No		
GRI 301: Materials 2016	301-1: Materials used by weight or volume	105 and 124		Yes	7, 8	8, 12
	301-2: Recycled input materials used	105 and 124		No	8	8, 12
Energy						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	Not material topic		No		
	103-2: The management approach and its components	Not material topic		No	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	Not material topic		No		
GRI 302: Energy 2016	302-1: Energy consumption within the organization	103 and 125		Yes	7, 8	7, 8, 12, 13
	302-3: Energy intensity	125		No	8	7, 8, 12, 13
	302-4: Reduction of energy consumption	103 and 125		No	8, 9	7, 8, 12, 13

Material topics	Standard	Page or link	Omission	External assurance	UNGC	SDG
Water						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	Not material topic		No		
	103-2: The management approach and its components	Not material topic		No	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	Not material topic		No		
GRI 303: Water 2016	303-1: Water withdrawal by source	103		Yes	7, 8	6
Emissions						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	102		No		
	103-2: The management approach and its components	102		No	1, 8	
	103-3: Evaluation of the management approach	102		No		
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	Information not available – the data will be released in the online version of the 2018 Annual Report in May 2019.		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
Effluents and waste						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	Not material topic		No		
	103-2: The management approach and its components	Not material topic		No	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	Not material topic		No		
GRI 306: Effluents and waste 2016	306-2: Waste by type and disposal method	106 and 125		Yes	8	3, 6, 12

Material topics	Standard	Page or link	Omission	External assurance	UNGC	SDG
Supplier environmental assessment						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	54		Yes		
	103-2: The management approach and its components	35 , 36 , 54 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 308: Supplier environmental assessment 2016	308-1: New suppliers that were screened using environmental criteria	96		Yes	8	
	308-2: Negative environmental impacts in the supply chain and actions taken	96		No	8	
Employment						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	82		Yes		
	103-2: The management approach and its components	35 , 36 , 82 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 401: Employment 2016	401-1: New employee hires and employee turnover	126		No	6	5, 8
Labor/Management relations						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	82		Yes		
	103-2: The management approach and its components	35 , 36 , 82 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 402: Labor/Management relations 2016	402-1: Minimum notice periods regarding operational changes	127		Yes	3	8
Occupational health and safety						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	82 and 91		Yes		
	103-2: The management approach and its components	35 , 82 , 91 , 97 and 109 Our public commitments, and health and safety initiatives are available on our website .		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		

Material topics	Standard	Page or link	Omission	External assurance	UNGC	SDG
Occupational health and safety						
GRI 403: Occupational health and safety 2016	403-1: Workers representation in formal joint management-worker health and safety committees	91		No		8
	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	91 and 127		Yes		3, 8
Training and education						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	82 and 85		Yes		
	103-2: The management approach and its components	35 , 82 , 85 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 404: Training and education 2016	404-1: Average hours of training per year per employee	88 and 129		No	6	4, 5, 8
	404-3: Percentage of employees receiving regular performance and career development reviews	88 and 130		No	6	5, 8
Diversity and equal opportunity						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	83		Yes		
	103-2: The management approach and its components	35 , 36 , 83 , 97 and 109 Our public commitments, and diversity and equal opportunities initiatives are available on our website .		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 405: Diversity and equal opportunity 2016	405-1: Diversity of governance bodies and employees	83 and 131		Yes	6	5, 8
	405-2: Ratio of basic salary and remuneration of women to men	132		No	6	5, 8, 10
Non-Discrimination						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	83		Yes		
	103-2: The management approach and its components	35 , 36 , 83 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 406: Non-Discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	133		Yes	6	5, 8, 16

Material topics	Standard	Page or link	Omission	External assurance	UNGC	SDG
Child labor						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	54		Yes		
	103-2: The management approach and its components	35 , 36 , 54 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 408: Child labor 2016	408-1: Operations and suppliers at significant risk for incidents of child labor	94 , 96 and 133		No	5	8, 16
Forced or compulsory labor						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	54		Yes		
	103-2: The management approach and its components	35 , 36 , 54 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 409: Forced or compulsory labor 2016	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	94 , 95 , 96 and 133		No	4	8
Security practices						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	82		Yes		
	103-2: The management approach and its components	35 , 36 , 82 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 410: Security practices 2016	410-1: Security personnel trained in human rights policies or procedures	We require, under contract, that 100% of the employees of companies contracted in the security area have a training course in surveillance with material homologated by the Federal Police Department, which includes aspects of human rights and human relations.		No	1	16

Material topics	Standard	Page or link	Omission	External assurance	UNGC	SDG
Human rights assessment						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	82 and 94		Yes		
	103-2: The management approach and its components	35 , 82 , 94 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 412: Human rights assessment 2016	412-1: Operations that have been subject to human rights reviews or impact assessments	55 , 94 and 133		Yes	1	
	412-2: Employee training on human rights policies or procedures	133		Yes	1	
	412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	54 and 94 More information is available in the online version of the 2018 Annual Report – Human Rights article, and section 8 of the Reference Form .		No	2	
Supplier social assessment						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	94		Yes		
	103-2: The management approach and its components	35 , 36 , 94 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 414: Supplier social assessment 2016	414-1: New suppliers that were screened using social criteria	94 and 96		No	2	5, 8, 16
	414-2: Negative social impacts in the supply chain and actions taken	95 and 96		No	2	5, 8, 16
Customer health and safety						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	28 and 76		Yes		
	103-2: The management approach and its components	28 , 35 , 76 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 416: Customer health and safety 2016	416-1: Assessment of the health and safety impacts of product and service categories	133		Yes		

Material topics	Standard	Page or link	Omission	External assurance	UNGC	SDG
Marketing and labeling						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	28 and 76		Yes		
	103-2: The management approach and its components	28 , 35 , 76 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 417: Marketing and labeling 2016	417-2: Incidents of non-compliance concerning product and service information and labeling	134		No		16
	417-3: Incidents of non-compliance concerning marketing communications	134		Yes		
Customer privacy						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	63 and 76		Yes		
	103-2: The management approach and its components	35 , 63 , 76 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 418: Customer privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	53		Yes		16
Socioeconomic compliance						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	28 and 76		Yes		
	103-2: The management approach and its components	28 , 35 , 76 , 97 and 109		Yes	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	109 and 110		Yes		
GRI 419: Socioeconomic compliance 2016	419-1: Non-compliance with laws and regulations in the social and economic area	134		Yes		16

Sector Supplement – Financial Services						
Product Portfolio			Omission	External assurance	UNGC	SDG
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	26 , 27 and 58		No		
	103-2: The management approach and its components	26 , 35 , 58 , 97 and 109		No		
	103-3: Evaluation of the management approach	109 , 110		Yes		
	FS6: Percentage of the portfolio for business lines by specific region, size (e.g. Micro/SME/Large) and by sector	69 More information available in Explanatory Note 10 – Credit Transactions in the Financial Statements document .		Yes		1, 8 and 9
	FS7: Monetary Value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	66 , 67 , 69 and 73		Yes		1, 8, 9, 10 and 11
	FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	66 , 67 , 69 and 73		Yes		
Audit						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	54 , 55 , 58 and 134		No		
	103-2: The management approach and its components	35 , 54 , 58 , 97 , 109 and 134		No		
	103-3: Evaluation of the management approach	109 , 110 e 134		No		
	FS9: Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures (former FS9)	134		Yes		10

Sector Supplement – Financial Services

Active Ownership			Omission	External assurance	UNGC	SDG
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	54 , 55		No		
	103-2: The management approach and its components	35 , 36 , 54 , 97 and 109		No		
	103-3: Evaluation of the management approach	109 , 110		No		
	FS10: Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	54 and 134		Yes		10
	FS11: Percentage of assets subject to positive and negative environmental or social screening	66		Yes		10
Local Communities						
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	28		No		
	103-2: The management approach and its components	28 , 35 , 36 , 97 and 109		No		
	103-3: Evaluation of the management approach	109 , 110		No		
	FS13: Access points in low-populated or economically disadvantaged areas by type	135		No		8 and 10
	FS14: Initiatives to improve access to financial services for disadvantaged people	136		No		8 and 10



Banco do Brasil S.A.

Report of limited assurance of independent auditors year 2018 102-56

KPMG Auditores Independentes

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Independent Auditors' Limited Assurance Report

To

The Board of Directors, Shareholders and Management of

Banco do Brasil S.A.

Brasília - DF

Introduction

We have been engaged by Banco do Brasil S.A. (Banco do Brasil) 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, 2018.

Responsibilities of Banco do Brasil's Management

Management of 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 the Annual Report, based on the limited assurance engagement carried out in accordance with Technical Communication (CT) 07/2012, issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other Than Audits and Reviews", 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 the work is performed for the purpose of obtaining limited security that the information related in the Annual Report, taken as a whole, is free from material misstatements.



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 extensive 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 on 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 here not considered 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 2018 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 08, 2019

KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF
Original report in Portuguese signed by

João Paulo Dal Poz Alouche
Accountant CRC 1SP245785/O-2

KPMG Auditores Independentes
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Independence Statement

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

Brasília, Apr 08, 2019

In connection with our work related to the issuance of the Independent Auditors on the sustainability information disclosed in the Annual Report of Banco of Brasil S.A., related to the year ended December 31st 2018 we declare that KPMG Auditores Independentes is independent in relation to 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

João Paulo Dal Poz Alouche
Accountant CRC 1SP245785/O-2