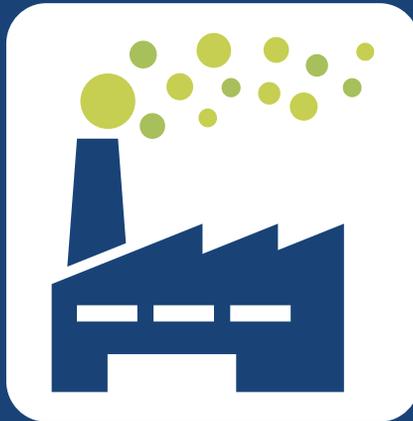


The Brazilian Financial System and the Green Economy

MEASURING FINANCIAL RESOURCE ALLOCATION TOWARDS
A GREEN ECONOMY BY THE BRAZILIAN FINANCIAL SYSTEM



FUNDAÇÃO GETULIO VARGAS CENTER FOR SUSTAINABILITY
STUDIES (GVces / FGV-EAESP)

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ALIGNING WITH SUSTAINABLE DEVELOPMENT

OCTOBER 2015

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EXECUTIVE SUMMARY

In 2014, FEBRABAN and the Fundação Getúlio Vargas Center for Sustainability Studies (GVCes) analyzed the possible ways of leveraging the transition to a Green Economy in Brazil through the Brazilian Financial Sector.

The outcome of this partnership was the publication, in April 2015, of a report addressing, among other issues, the volume of funds allocated by the financial industry to the Green Economy as of December 31, 2013. Based on a more in-depth look at this analysis, this paper aims to put forward a methodology for identifying the resources in the Brazilian Financial System (BFS) towards a Green Economy (GE) – as defined by UNEP. The scope of the analysis was extended to include amounts allocated to sectors with the potential to cause environmental impact, namely those sectors with potential positive and/or negative impacts, and where in both cases socioenvironmental risk management is essential, whether for reducing negative impacts to minimum, or boosting positive aspects.

The study was validated by a working group consisting of representatives of the financial industry in Brazil, which met periodically at FEBRABAN. Under the proposed methodology, the financial industry is creating conditions for measuring, controlling, assessing and managing their portfolio segmented by sector of activity. Moreover, this also makes it possible to analyze market potential and alignments with their business strategy, in addition to comparing the amounts of funds intermediated by the banking sector for the Green Economy as a whole and its evolution in relation to the individual performance of the banks' loan portfolios. Finally, this compilation enables the development of risk mitigation strategies, in addition to identifying new business opportunities for financial institutions.

The allocation of financing in response to the principles of the Green Economy has to coexist with the concepts of prudence and resilience underpinning the decisions taken by financial agents and regulators. Having said that, the Brazilian Central Bank has begun to regulate banking activities from a socioenvironmental perspective, which includes evaluating and calculating capital reserves. In April 2014, it published Resolution 4327 covering the guidelines for the implementation of socioenvironmental responsibility policies by the institutions of the BFS. The purpose of the Resolution is to clearly establish a governance with respect to social and environmental issues, strengthen risk management and the expansion and quality of loan portfolios. Therefore, the compilation carried out by this study of the amount of resources intended towards the Green Economy, as well as the conditions that make this possible, can also contribute to achieving the purpose of the Resolution.

Methodology for advancing with the mapping of the amounts of funds aligned with GE concepts, via the BFS: The methodology is part and parcel of a socioenvironmental context reflected in Resolution 4.327/14. Thereafter, quantifying the resources channeled to the GE takes place on two levels. Level A, the most comprehensive a far-reaching, encompasses financing for activities with the potential to cause environmental damages, as defined by the CONAMA – Brazil's Council for the Environment, instituted by the Law 6.938/81 and which defines those sectors of the economy. Level B embraces resources allocated for the GE – according to the definition by UNEP – and specific thematic socioenvironmental products. The codes of the National Classification of Economic Activities (CNAE) were used as the basis for gathering the information from the assessed banks. The CNAE is an instrument for identifying, from an economic standpoint, the manufacturing units in Brazil registered within the spheres of Brazilian government, standardized nationwide, in accordance with international standards as defined by the United Nations.

RESULTS:

- **LEVEL A:** The amounts of financial resources disbursed in sectors with the potential to cause environmental impact, and which require special monitoring by the banks, amounted to R\$ 408 billion in 2013, and R\$ 365 billion in 2014. The outstanding balances of the credit operations, in turn, accounted for 33.5% and 33.2% of total corporate balance of credit operations in 2013 and 2014, respectively.
- **LEVEL B:** The amounts of funds channeled to sectors of the Green Economy stood at R\$ 110 billion in 2013 and R\$ 107 billion in 2014. The outstanding balances of the credit operations, in turn, accounted for 8.8% and 9.6% of total corporate balance of credit operations in 2013 and 2014, respectively.

The enhancement of this methodology will not have run its course with the publication of this report: This is an on-going process on the path to the standardization and monitoring of the resources allocated to the GE. There is a need to standardize and automate the manner in which these resources are measured, so as to ensure better comparability among the institutions, which will lead to more effective analysis of the different levels put forward in the methodology presented.

Quantification works in favor of adding new dimensions to strategies for mitigating risks and/or identifying new business opportunities for financial institutions: The standardization and potential for automation in collecting and managing the information about the amounts of funds being channeled to the GE is the starting point for a series of historical data consisting of information that is both objective and comparable – and this will enable comparative analysis, from the Brazilian industry's point of view in relation to the international market.

From an operational aspect: actions the institutions can adopt for the next cycle:

- Standardize the understanding of the control areas, by means of preparatory workshops for the data collection;
- Implement automated data gathering processes;
- Implement assurance processes to ensure the data are standardized and comparable.

From the strategic aspect: identifying opportunities and breakthroughs involving the GE for the forthcoming cycles:

- Update the study on an annual basis so as to create a data base with a per-sector history;
- Identify difficulties facing sources of financing for the GE and propose action on a per-sector basis;
- Propose the creation of new GE-related CNAEs;
- Map opportunities for seeking dialogue with regulatory bodies so as to encourage/study the creation of public policies to facilitate the transition to the GE.

PRESENTATION

In 2014, as part of the UNEP Inquiry into the Design of a Sustainable Financial System, FEBRABAN established an agenda for analyzing possible ways forward for leveraging the transition to the Green Economy (GE) in Brazil through the Brazilian Financial System (BFS).

According to UNEP, the concept of GE¹ represents an economy with improvements in humanity's well-being and social equality, while at the same time significantly reducing environmental risks and environmental shortage. It represents a low-carbon economy, with the efficient use of funds and social inclusion.

Within this process, in April 2015 the report "The Brazilian Financial System and the Green Economy: aligning with sustainable development" was released with the purpose of identifying within the Brazilian scenario those aspects relevant to the purposes of the Inquiry. This report was backed up by three supplementary studies. Study 1 introduced the institutional context in which the BFS finds itself and how that context connects with the transition to sustainable development. The purpose of study 2 was to map the resources of the BFS channeled to the GE and the conditions that facilitate them, presenting the volume of funds allocated by the BFS within the GE through loans and financing, investments, and insurance on December 31, 2013. Study 3 analyzed the relationship between finance and sustainability in two sectors and two themes: agribusiness, renewable energy, biodiversity and cities.

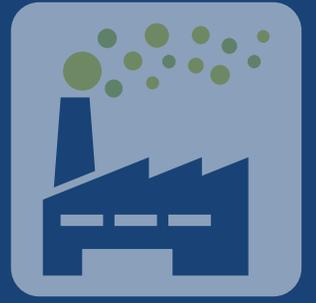
The purpose of this study was to go into further depth in the analysis carried out by study 2 mentioned above, suggesting advances in the methodology while deepening the scope of the analysis. Thus, the methodology developed for identifying BFS funds for the GE in the first edition of this study was revised and updated. It is worth pointing out that the methodology developed for this second edition was aligned with and validated by a working group of representatives of the financial industry in Brazil through periodic meetings at FEBRABAN. With respect to the results, in addition to the total funds channeled to the GE, the analysis in this report looked at the amounts allocated to sectors with the potential to cause environmental impact, which are sectors with potential positive and/or negative impacts, and where in both cases socioenvironmental risk management is fundamental, whether to keep the negative impacts to a minimum or to boost the positive impacts. Furthermore, in order to initiate a process for registering inventories of the BFS funds which enable the transition to a GE in Brazil, this report shows the total amounts disbursed for that purpose at the end of 2013 and 2014.

The document is organized in the following manner: a synthesis is presented of the results of the previous edition of this study, stressing the main recommendations proposed in 2014, which had already advanced in 2015, and aspects of the methodology used during that cycle. Thereafter, the socioenvironmental context faced by the BFS during 2014 is introduced, along with the strategic value of the socioenvironmental risk mitigation practices adopted by financial institutions. In third place, the methodology developed for this study is presented, enabling the identification of the amounts of funds aligned with sustainable development in Brazil, according to the GE classification proposed by UNEP. Chapter four presents the quantitative results from applying the methodology employed. Lastly, the study's conclusions are presented, providing a set of recommendations for the BFS to move forward in creating a data base of the resources allocated by it consistent with the principles of the GE.

¹ <http://www.unep.org/newscentre/Default.aspx?DocumentID=2758&ArticleID=10698>







SYNTHESIS OF THE PREVIOUS EDITION OF THIS REPORT:

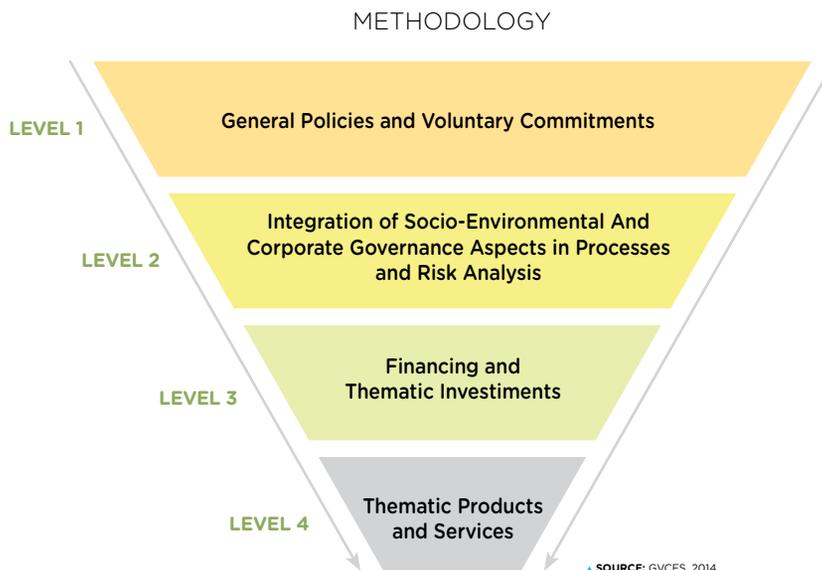
CURRENT STAGE OF THE BRAZILIAN FINANCIAL SYSTEM AND THE GREEN ECONOMY (2014)

As previously described, during 2014, GVces carried out a study - The Brazilian Financial System and the Green Economy². Study 2 - The Current Stage of the Brazilian Financial System and the Green Economy - and put forward a methodology for identifying BFS funds allocated towards the GE.

The data was collected using questionnaires sent to the institutions and analysis of secondary data. The full study is available at www.gvces.com.br³ and/or www.febraban.org.br.

The methodology took into account different levels of analysis, moving from the more comprehensive to the more specific - as per Figure 1. The scope of the data survey consisted of transactions involving i) financings and loans, ii) investments and iii) insurance. For each of these categories, the base methodology below was adapted to their respective peculiarities.

FIGURE 1. METHODOLOGY FOR QUANTIFYING BFS RESOURCES FOR THE GE FROM THE PREVIOUS EDITION OF THIS STUDY.



² (GVces, 2015)

³ <http://gvces.com.br/o-sistema-financeiro-nacional-e-a-economia-verde-alinhamento-ao-desenvolvimento-sustentavel?locale=pt-br>

As a result of the initial survey, strategic and tactical recommendations were made at a global and domestic level.

In response to the proposals at the global level, FEBRABAN, within the scope of the consultative council of the Inquiry within the UNEP, is participating in the discussions regarding the allocation of capital for socioenvironmental risks. In addition, it is present in the international dialogue for advancing a global agenda on economic instruments that encourage innovative sectors engaged in sustainable development. Also, at the national level, FEBRABAN is coordinating a process within the BFS to standardize and monitor the funds allocated to the GE. The methodology and analysis presented in this report are the result of FEBRABAN's coordination efforts on this issue.

Furthermore, in the meantime, FEBRABAN has created a cross-sector commission representing the Brazilian Association of Financial and Capital markets Entities (Anbima), the National Confederation of General Insurance, Pension Plan and Life Insurance, Supplementary Health Insurance and Savings Bond Companies (CNSEG) and the Brazilian Association of Closed Supplementary Pension Fund Companies (ABRAPP). The purpose of the commission is to encourage dialogue among class associations on sustainable development-related issues.

The next chapter introduces the context, especially from the regulatory standpoint, in which the financial industry finds itself and which has permeated both the process of developing the methodology with the financial institutions, and the attainment of the results. Explanations are given of the aspects that justify the purpose put forward by this study – quantifying the resources allocated to the GE using a methodology jointly developed with the financial industry – and its added value for the banks' environmental risk management activities.

CONTEXT

It is well known that fostering sustainable development is directly linked to greater understanding and management of the risks and opportunities associated with environmental and social issues by economic agents. The financial industry is a key element in this context, as the transition to the GE will have to mobilize a huge amount of resources. In addition, it is an industry fundamental to monetary stability and brings with it the potential for triggering systemic crises. Thus the allocation of capital in line with GE principles needs to coexist alongside the concepts of prudence and resilience that are the guiding stars for agents and regulators to take decisions.

In several countries, the central banks are taking on an active role in regulating or encouraging the incorporation of sustainability in their countries' financial systems. China, for example, has made significant progress in its financial system legislation through the Green Credit Policy that confines business loans to businesses indicated by the Ministry for Environmental Protection⁴. In Bangladesh, the Central Bank has produced a credit risk manual covering socioenvironmental issues (Environmental Risk Management Guidelines for Banks and Financial Institutions in Bangladesh⁵). We are increasingly seeing a convergence between the allocation of resources from the economy and the principles of sustainability, bearing in mind socioenvironmental aspects as sources of risks to be regulated.

The Central Bank of Brazil (Central Bank) has also been regulating the institutions within the BFS on this issue. From 2008 to 2014, the institution began regulating banking activities from a socioenvironmental perspective, including evaluating and calculating capital reserves and the implementation of socioenvironmental responsibility policies by the institutions of the BFS. These practices can also benefit the channeling of resources to the GE.

In an effort to strengthen the industry's resilience in the face of the challenges imposed by sustainable development, in April 2014 the Central Bank issued Resolution 4.327/14, a milestone for the BFS. This resolution sets out the guidelines that must be obeyed when financial institutions and other institutions authorized to function by the Central Bank set up and implement their socioenvironmental responsibility policy (PRSA). It also aims to provide guidance on actions for

⁴ Green Credit Guidelines - <http://www.cbrc.gov.cn/>

⁵ https://www.bb.org.bd/aboutus/draftguinotification/guideline/esrm_bankfi_draftv.pdf

mitigating the risks associated with socioenvironmental aspects, in addition to ratifying the Central Bank’s mission of ensuring the solidity and promoting the efficiency of the BFS, while regulating how the system operates. The requirements of the new regulations aim to encompass all business transactions and it has the following structure:

FIGURA 2. STRUCTURE OF RESOLUTION 4.327/14
RESOLUTION 4.327/14



▲ SOURCE: RESULTANTE CONSULTORIA ESTRATÉGICA

The Resolution states that in addition to setting up a PRSA, the institutions are required to establish a structured action plan for implementing the guidelines it contains. This plan must have an appropriate governance structure for monitoring the management of the socioenvironmental risk in their (direct and indirect) transactions, abiding by the principles of relevance and proportionality in order to preserve the characteristics and strategic positioning of each institution.

Resolution 4.327/14 reflects the Central Bank’s position which also seeks to encourage the institutions to mitigate risks, primarily reputation, legal and financial risks. Risk analysis is a fundamental part of the business of financial institutions, and socioenvironmental risks are now being incorporated into this process. The Resolution does not include a new category of risk (socioenvironmental), but includes potential socioenvironmental risks in the current typology extensively adopted by Brazilian financial institutions, such as:

- **Credit Risk:** The possibility of financial losses arising from socioenvironmental events that cause damage to clients, jeopardizing their capacity to repay their obligations to financial institutions.
- **Legal Risks:** The existence of a legal framework capable of holding jointly liable financial institutions that (directly or indirectly) finance clients or projects that breach compliance with prevailing socioenvironmental legislation or that cause material environmental damage.
- **Reputational Risks:** The possibility of the institution’s image becoming associated with socioenvironmental irregularities.

The Resolution’s relevance and importance goes well beyond the universe of the financial institutions, since all economic sectors have relationships with the financial industry and are directly affected by the requirements, criteria and new procedures adopted, whether through granting credit, demands for investments, or any financial transaction whatsoever. This has become a regulatory instrument that induces and encourages the adoption of best socioenvironmental practices of economics on a much wider scale.

Prior to the regulatory obligation of the financial industry to establish PRSAs and implement socioenvironmental risk management practices under Resolution 4.327/14, the majority of Brazilian banks already had transversal sustainability policies. Moreover, part of the financial institutions already used instruments to mitigate socioenvironmental risks. Such facts show leadership by Brazilian financial institutions on this issue, being main players in sustainability-linked agreements for the industry over the last decade – as can be seen from their having embraced the Equator Principles, one of the industry’s voluntary sustainability treaties, through to SARB 14, FEBRABAN’s self-regulation, which complements Resolution 4.327/14.

Within this context it is important to emphasize the strategic value of socioenvironmental management and the definition of methodologies that enable the BFS to identify and quantify the amounts of funds allocated to the transition to the GE, which is the objective of this report. Such actions can have a positive impact on the competitive position of the industry insofar as they contribute to more efficient management of socioenvironmental risks and the identification of new business opportunities. This study facilitates the measurement, control, evaluation and management of comparable data on the amounts of resources allocated by the banking sector for the transition to the GE, and the progress in terms of the individual performance of banks' portfolios, in addition to portfolio data per sector of business, analysis of market potential, and alignment with the business strategy.

Building a consistent and systematic data base of socioenvironmental variables involving their projects assists with analysis that contribute to mitigating those risks and to identifying opportunities:

> Risk mitigation: Systematic monitoring by the institution (by creating a data base containing the volume of resources allocated to sectors with the potential to cause an environmental impact), together with the adoption of criteria and procedures for mitigating the socioenvironmental risks (associated with those sectors), enables the organization to comply with Resolution 4.327/14.

> Opportunities: Monitoring by the institutions of their clients' socioenvironmental practices enables them to identify and move early into new business opportunities. For example, opportunities involving thematic operations from BNDES that include projects and sectors with socioenvironmental criteria (se **Exhibit 1**); channeling of resources to projects with a socioenvironmental bias, not to mention financing for adaptation to the new environmental requirements, such as reducing greenhouse gas emissions⁶.

Thus the new regulatory framework dealing with socioenvironmental issues for the financial industry and which will require the latter to adopt a new attitude to socioenvironmental risk management (Resolution 4.327/14) goes hand-in-hand with the need to measure and identify the resources being channeled to the GE. The next chapter presents a methodology for advancing in the mapping of amounts aligned with the concepts of the GE through the BFS.

METHODOLOGY

The methodology proposed seeks to measure the resources channeled by the BFS to the GE in Brazil. Using standardized methodology to identify and book the resources allocated to the GE, the institutions can move forward in identifying and mitigating socioenvironmental risks, in addition to the potential for generating business for financial institutions.

It should be stressed that the methodology discussed herein is based on that adopted in the first edition of this report⁷, but with the inclusion of detailed information that enable greater depth and clarity in the classification of the resources vis-à-vis their socioenvironmental criteria. This process was monitored by a working group consisting of the institutions participating in the study under the aegis of FEBRABAN. In addition, given the absence of a uniform and comparable standard for registering information about GE financing among the financial institutions studied, with discrepancies in the manners in which the figures are accounted for, plus the need for a conceptual alignment surrounding the issue, a joint effort was required to build and review the data, reflected in the activities of the working group that was constituted.

The financial institutions studied were: Banco do Brasil, BICBANCO, BNDES, Bradesco, BTG, Caixa Econômica Federal, HSBC, Itaú Unibanco, Santander and Votorantim. The study was put together by analyzing primary information obtained from the responses to the questionnaire sent to the

⁶ By way of example Law 12.187/2009 institutes the National Policy on Climate Change - local acronym, PNMC

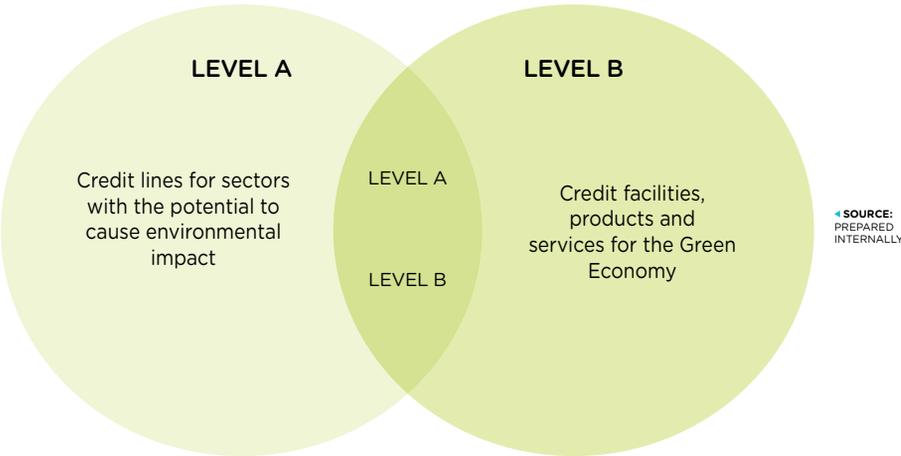
⁷ <http://gvces.com.br/o-sistema-financeiro-nacional-e-a-economia-verde-alinhamento-ao-desenvolvimento-sustentavel?locale=pt-br>

institutions, and by analyzing secondary information from reading public documents and reports. Enquiries were also made to the institutions - involving the socioenvironmental risk, internal controls, planning and finance areas - for the purpose of going into detail regarding the proposed methodology and to ensure access and consistency in collecting the figures.

The methodology sought to identify the different levels at which the BFS operates on the path to the transition to the GE. As Figure 3 shows, the methodology developed can be found in the context of the socioenvironmental responsibility policies stipulated by Resolution 4.327/14. Thereafter, the resources intended for the GE, and the conditions that make this possible, can be quantified on two levels. Level A, much wider-reaching, encompasses financing activities with the potential to cause environmental impacts, where socioenvironmental risk management is fundamental, whether to reduce negative impacts to a minimum, or boost positive impacts. Level B represents resources intended for the GE - according to the definition used by UNEP - and specific products with socioenvironmental add-ins of financial institutions. The intersection highlighted in the figure represents resources allocated at both levels in sectors that have the potential to cause environmental impacts and GE-related features. In this case, they represent specific products linked to sectors at both levels and methodological solutions are proposed for accounting for them.

The main advantage of this methodology over the one presented in the previous edition of this report lies in using the National Classification of Economic Activities (Brazilian acronym, CNAE) as the basis for collecting information from the banks studied. The CNAE is an instrument for identifying, from the economic point of view, Brazil's manufacturing units on files and records within the three spheres of Brazilian government, standardizing these on a nationwide basis. The most recent update to the CNAE by the Brazilian Federal Revenue Service, a Ministry of Finance entity, came into effect on January 1, 2015.

FIGURE 3. METHODOLOGY PROPOSED
SOCIOENVIRONMENTAL RISK ANALYSIS POLICIES AND PRACTICE



All the financial institutions studied work with CNAEs or data bases that enable them to make comparisons, although not necessarily for all sectors and/or operations. The decision to use the CNAE code was taken after extensive consultations with the participating institutions, so as to initiate a process for standardizing data gathering within financial system. In addition, use of the codes diminishes subjectivity regarding the classification of issues involving the GE. Lastly, similar codes used in the international context were also identified, making future standardization possible within the global scope, such as the MSCI Global Industry Classification Standards (GICS)⁸, for example, which used a mapping method similar to the one done using the CNAEs (see **Exhibit 2**).

The scopes corresponding to the two proposed analysis levels are described below. The frontiers are detailed and the accounting methods and parameters explained.

LEVEL A

A-Level analysis is represented by the amounts contracted, disbursed and the balance of operations in 2013 and 2014 representing sectors with the potential to cause environmental impacts.

To classify these sectors the methodology is based on CONAMA (National Council for the Environment) Resolution 237/97. This resolution governs the environmental permit aspects stipulated in the National Policy for the Environment, and CONAMA is the body with the technical capability and legitimacy for defining sectors with the potential to cause environmental impacts. Thus, the resources allocated for the sectors described in Figure 1 are part of the scope of Level 1.

Having allocated these sectors as pertaining to Level A, the CNAE codes corresponding to the activities covered by each industry were identified, under which the institutions reported their information. See the list of CNAE codes used in **Exhibit 3**.

BOX 1. SECTORS WITH THE POTENTIAL TO CAUSE ENVIRONMENTAL IMPACTS, AS PER CONAMA RESOLUTION 237/97

SECTORS WITH THE POTENTIAL TO CAUSE ENVIRONMENTAL IMPACTS:

Extraction and treatment of mineral ore, the non-metallic mining products industry, metallurgy, the mechanics industry, the electrical, electronic and communications materials industry, the transportation material industry, the timber industry, the paper and pulp industry, the rubber industry, the leather and hides industry, the chemical industry, the plastic materials industry, the textile, clothing, footwear and woven goods industry, the food and beverage products industry, the tobacco industry, civil construction, utilities, transportation, terminals and deposits, tourism, farming and livestock and the use of natural resources

▲ SOURCE: PREPARED INTERNALLY

LEVEL B

B-Level analysis is represented by the amounts contracted, disbursed and the balance of operations in 2013 and 2014 representing sectors of the GE - according to UNEP's classification .

Box 2 shows the definition of GE adopted by UNEP and the sectors representing it.

BOX 2. DEFINITION OF GE ACCORDING TO UNEP AND REPRESENTATIVE SECTORS

GREEN ECONOMY: Results in improvement in well-being and social equity, while significantly reducing environmental risks and the scarcity of resources. Put simply, the GE can be thought of as low emissions, resource efficiency and social inclusion.

SECTORS INCLUDED: Renewable Energy, Energy Efficiency, Sustainable Construction, Sustainable Transport, Sustainable Tourism, Water, Fishing, Forests, Sustainable Agriculture, and Waste. In addition, to ensure an inclusive economy, several sectors with a social bias are also included, such as education, health, inclusive production and local and regional development.

▲ SOURCE: PREPARED INTERNALLY

Level B also includes the amounts of thematic products - specific to GE-related activities - contracted, disbursed and the balance of operations in the period from 2013 to 2014. These are financial products of the institutions studied that are directly linked to the GE, in other words, they were developed to assist in the transition to the GE and their resources are properly monitored. See list of products in **Exhibit 1**.

The CNAE codes referring to Level B sectors were also identified, structuring the data gathering by the financial institutions. See the list of CNAE codes used for Level B in **Exhibit 4**.

This level contains some peculiarities. Such as:

- In the case of sustainable agriculture and energy efficiency, as there are no associated CNAE codes, only those amounts linked to thematic products with specific purposes will be taken into account.
- The sustainable construction industry, with no underlying CNAE code or specific product, was not taken into consideration.
- The total amounts related to sectors linked to the CNAE codes listed were added to the amounts of specific thematic products, only where there was clearly no double counting.

It is important to stress that the enhancement of this methodology is not exhausted with the publication of this report, since it involves a continuous process intended for standardizing and monitoring the resources allocated to those sectors of the economy.

The next chapter addresses the results of applying the methodology discussed above, stressing the assumptions made and the progress and the difficulties in the process of gathering information with the financial institutions studied.

RESULTS

This section will present the main results from quantifying the resources allocated to the GE in 2013 and 2014. The results are presented in aggregate form in order to create an inventory of the resources available to the GE within the BFS while preserving the identity of the institutions studied. Given the material changes to the methodology proposed in this study in relation to the previous edition, it is not possible to do a comparison between the two reports of the results presented.

It was not the intention of the study to analyze the reasons that led to variances in the amounts surveyed (reduction or increase in the financial resources linked to the GE), but rather to measure them. Nevertheless, it should be pointed out that any analysis of the variance in the amount of resources needs to take into account the impact of the economic context on banking activities.

The financial institutions reported their figures on the questionnaires sent, according to the following definitions:

- > **Amounts Contracted:** Amounts committed by the financial institution to be released to the client.
- > **Amounts Disbursed:** Flux of the Amounts actually released by the financial institution in a given period (flux or crop year).
- > **Balance:** The balance of the portfolio showing the institution's exposure to risk on the client at that given moment.

However, this report will present only the results for amounts disbursed, as this method effectively reflects the resources already allocated to the GE. The remaining results can be found in **Exhibits 5** and **6**.

Two assumptions were agreed within the scope of the FEBRABAN working group to assist the financial institutions in reporting the information. These assumptions are explained in detail below:

- 1. The financial institutions must only report financing and credit transactions where the destination of the proceeds has been previously identified by the financial institution in compliance with SARB 14:** SARB Framework No. 14 was jointly developed by the financial industry and FEBRABAN for the purpose of establishing how the industry is to position itself regarding socioenvironmental risk and to provide support for the banks on this topic, being a self-regulation document. It envisages guidelines and procedures that seek to assist financial institutions in adapting to the new regulatory requirements for socioenvironmental practices in their businesses and in their relations with stakeholders. The guidelines include the socioenvironmental procedures adopted for specific purpose credit operations. The amounts to be reported can include transactions involving individuals and/or businesses.
- 2. Given that several working capital transactions have the features of longer term credit operations and are for specific purposes, working capital transactions, provided they have tenors exceeding 12 months and specific purposes in line with SARB 14 were included.**

The adoption of CNAE codes, which provided guidance on how the financial institutions were to report the information, reduced the subjectivity in interpreting which of these codes would be the activities covered by the GE. At the same time, since it is an innovative process, several challenges involving the reported data were detected, namely:

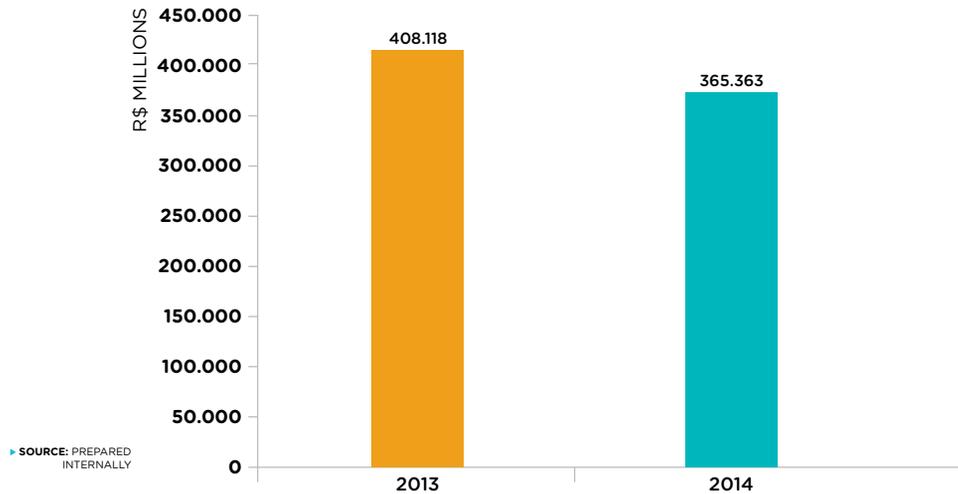
1. Several financial institutions have no centralized and automated data bases.
2. Difficulties in arriving at the balance of operations, and the amounts contracted and disbursed for all modalities.
3. Difficulty in distinguishing between certain working capital products versus financing transactions.
4. Difficulty in identifying and excluding amounts disbursed to GE sectors under old contracts.
5. There are institutions that do not use the CNAE base for managing their resources.
6. Non-existence of CNAE codes for some sectors of the GE that were identified through specific thematic products.
7. In the case of themes with CNAE codes and specific products, double counting may occur.

The results are shown classified into levels A and B, as the methodology proposes. Those sectors with the greatest allocations of funds are also presented.

LEVEL A

The amounts of financial resources disbursed in sectors with the potential to cause environmental impacts were estimated at around R\$408 billion in 2013 and R\$365 billion in 2014. The amounts disbursed in sectors with the potential to cause environmental impacts declined by around 10.5% from 2013 to 2014, as per Figure 4. The amounts contracted and the balances are shown in the exhibits.

FIGURE 4. AMOUNTS DISBURSED TO SECTORS WITH THE POTENTIAL TO CAUSE ENVIRONMENTAL IMPACTS



On analyzing these amounts from a sector perspective, it is worth pointing out that those key sectors with the potential to cause environmental impacts maintained their relevance in the two years under analysis, with the exception of the building construction industry which moved from third to eleventh position. The eight sectors received disbursements equivalent to 54.5% and 49.0% in 2013 and 2014, respectively, and accounted for around 50% of the total disbursements in each year. Table 1 shows the amounts disbursed to Level A sectors.

TABLE 1. AMOUNTS DISBURSED TO SECTORS WITH THE POTENTIAL TO CAUSE ENVIRONMENTAL IMPACTS (DIVIDED BY SECTOR)

CNAE N°	AMOUNT DISBURSED IN 2013*	AMOUNT DISBURSED IN 2014*
Electricity, Gas and Other Utilities	R\$ 45.121	R\$ 28.799
Manufacture of Food Products	R\$ 44.532	R\$ 43.982
Building Construction	R\$ 34.728	R\$ 11.381
Agriculture, Livestock Farming and related Services	R\$ 25.136	R\$ 24.344
Manufacture of Coking Coal, Petroleum by-products and Biofuels	R\$ 20.738	R\$ 20.639
Manufacture of Automotive vehicles, Trailers and Chassis	R\$ 19.564	R\$ 19.458
Metallurgy	R\$ 18.627	R\$ 18.382
Warehousing and Ancillary Transport Activities	R\$ 14.196	R\$ 12.209
Manufacture of Chemical Products	R\$ 13.627	R\$ 15.749
Manufacture of Pulp, Paper and Paper Products	R\$ 12.741	R\$ 14.145
Metallic Mineral Extraction	R\$ 12.230	R\$ 9.654
Manufacture of Machinery and Equipment	R\$ 12.032	R\$ 12.790
Infrastructure Works	R\$ 9.746	R\$ 10.439
Manufacture of Non-Metallic Mineral Products	R\$ 9.503	R\$ 8.550
Manufacture of Electrical Machines, Devices and Materials	R\$ 9.358	R\$ 7.550
Others	R\$ 106.238	R\$ 107.290
Total	R\$ 408.118	R\$ 365.363

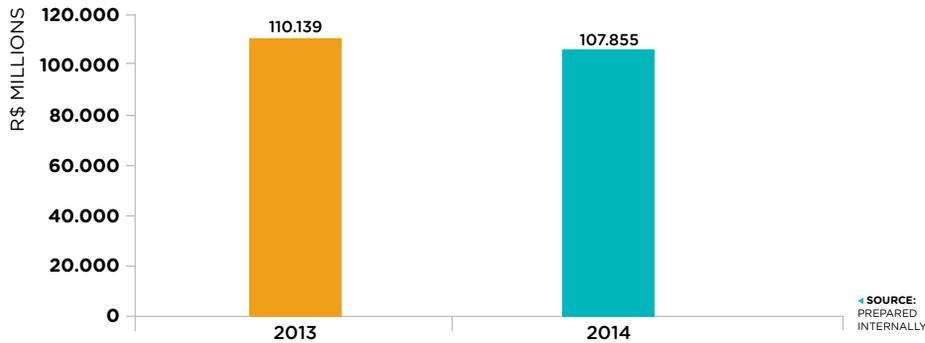
Source: Prepared Internally

* R\$ MILLIONS

LEVEL B

The financial resources disbursed in GE sectors amounted to R\$110 billion in 2013 and R\$107 billion in 2014, as shown in Figure 5. Note the slight decline in amounts disbursed in relation to 2013, of around 2%.

FIGURE 5. AMOUNTS DISBURSED TO SECTORS OF THE GE



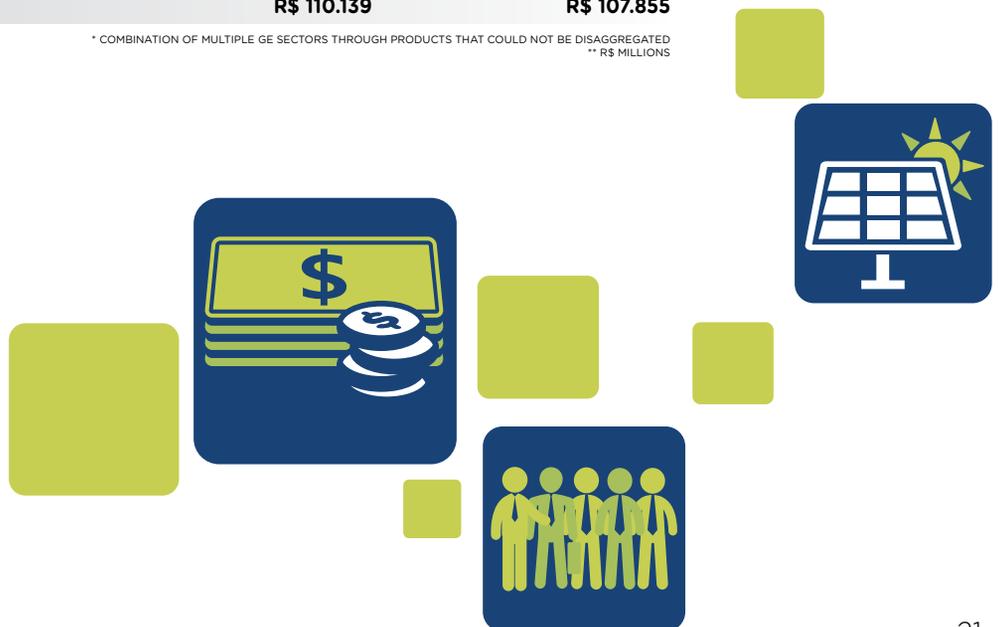
On analyzing these amounts by sector, one can detect that there was no major change between 2013 and 2014 in terms of the relevance of the four main sectors financed. These sectors are (1) sustainable transport, (2) sustainable agriculture, (3) renewable energy and (4) water – as shown in Table 2, although the renewable energy has shown a sharp decline in the amounts of resources allocated.

TABLE 2. AMOUNTS DISBURSED TO SECTORS OF THE GREEN ECONOMY (DIVIDED BY SECTOR)

UNEP GREEN ECONOMY TOPICS	AMOUNT DISBURSED IN 2013**	AMOUNT DISBURSED IN 2014**
Sustainable Transport	R\$ 46.937	R\$ 53.472
Renewable Energies	R\$ 26.860	R\$ 11.124
Sustainable Agriculture	R\$ 16.502	R\$ 23.177
Water	R\$ 7.489	R\$ 6.354
Waste Efficiency	R\$ 2.667	R\$ 2.777
Forests	R\$ 1.298	R\$ 1.722
Energy Efficiency	R\$ 1.201	R\$ 2.732
Cities	R\$ 646	R\$ 80
Sustainable Fishing	R\$ 114	R\$ 105
Sustainable Tourism	R\$ 31	R\$ 40
Others*	R\$ 6.394	R\$ 6.273
Total	R\$ 110.139	R\$ 107.855

* SOURCE: PREPARED INTERNALLY

* COMBINATION OF MULTIPLE GE SECTORS THROUGH PRODUCTS THAT COULD NOT BE DISAGGREGATED
** R\$ MILLIONS



EXTENT OF THE RESOURCES ALLOCATED

In order to analyze the extent of the amounts of funds disbursed, a comparison was made between the balance of credit operations in the respective economic sectors, and the total balance of corporate credit operations. The balances of the credit operations with the potential to cause environmental impacts accounted for 33.5% and 33.2% of the total balance of corporate credit operations in 2013 and 2014, respectively. The balances of credit operations to sectors of the GE accounted for 8.8% and 9.6% of the total balance of corporate credit operations in 2013 and 2014, respectively.

CONCLUSIONS AND RECOMMENDATIONS

Clearly the creation of data base of resources intended for the GE, as well as the conditions that make this possible, using a standardized data-gathering methodology, is extremely relevant for Brazil to advance its sustainable development agenda, discussing the best and most efficient manner for allocating those resources. Insofar as one can only manage data that are known, the methodology presented in this study is an initial step in the effort to quantify the BFS resources channeled to financing the transition to the GE.

This quantification favors more in-depth strategies for mitigating risks and/or identifying new business opportunities for financial institutions. Standardization and potential automation in collecting and managing information about funds channeled to the GE, as well as the conditions that make this possible, initiates a series of historical data using objective and comparable information that will enable comparative analysis, from a Brazilian sectorial point of view, with the international market.

Moreover, the survey of the funds allocated to the GE, as well as the conditions that make this possible, can contribute to risk management in accordance with Resolution 4.327/14, as the institutions move forward not only in quantifying the potential environmental impact of their portfolios, but also in risk management practices in line with the socioenvironmental features of their portfolios. It is possible to move ahead with in-depth analysis of socioenvironmental risk in those sectors with the potential to cause environmental impact, creating the conditions with the potential for reducing environmental impacts, while at the same time encouraging an increase in the funds to the green economy.

Although the methodology proposed herein is still a work in progress requiring enhancement and refinement, the sustainable development agenda for the BFS has moved forward and it is now possible to identify the position of Brazilian banks with regard to the financial resources allocated to the GE, as well as the conditions that make this possible.

Lastly, below is a description of the recommendations for the continuity and advancement of this process of GE-related indicators. They have been divided into categories of operational and strategic aspects:

From the operational aspect: actions the institutions can adopt for the next cycle of updating the amounts channeled to the GE:

- Standardize the understanding of the control areas, by means of preparatory data survey training programs;
- Standardize and implement automated data gathering processes;

- Implement assurance processes to ensure the data are standardized and comparable.
- Suggest to the government the creation of new GE-related CNAEs.

From the strategic aspect: identifying opportunities and breakthroughs involving the GE for the forthcoming cycles:

- Update the study on an annual basis so as to create a data base with a per-sector history;
- Identify difficulties facing sources of financing for the GE for analysis and propose action on a per-sector basis;
- Map opportunities for seeking dialogue with government entities so as to encourage the creation of public policies to facilitate the transition to the GE.
- Engage in analysis so as to identify opportunities in sectors of the economy with positive environmental externalities, so as to channel more funds from financial institutions.

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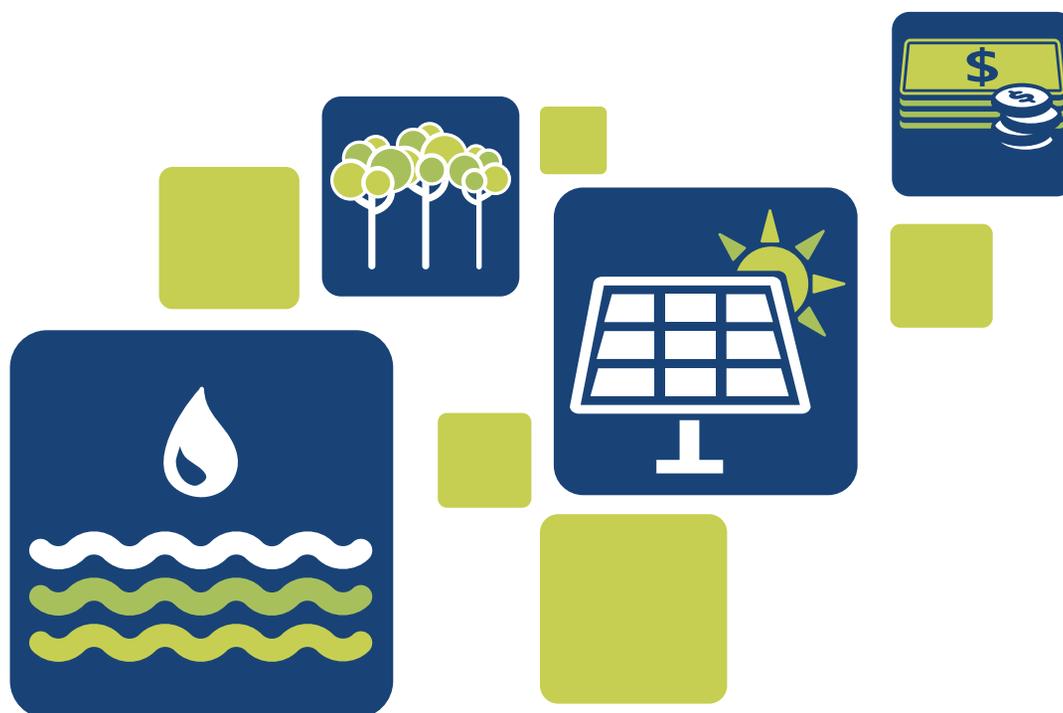
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EXHIBITS

EXHIBIT 1: LIST OF BNDES THEMATIC PRODUCTS

TABLE 3. LIST OF THEMATIC PRODUCTS OF BNDES

BNDES ON-LENDING PRODUCTS
BNDES FINAME MODERNIZA BK (Capital Goods)
BNDES FLORESTAL (Forestry) PROGRAM
BNDES PROPLÁSTICO (Plastics Production Chain Program)
BNDES PRORENOVA (New Sugarcane Plantations Program)
DESENVOLVIMENTO LIMPO (Clean Development Program)
ENERGIA - Electrical Energy Generation Program
ENERGIAS ALTERNATIVAS (Alternative Energies)
AMAZON FUND
MEIO AMBIENTE (Environment Program)
MODERFROTA (Farm Machinery Modernization) Program
MODERINFRA (Irrigation and Storage Incentive Program)
PRODECOOP (Agricultural Cooperative Development Program)
PROESCO (Energy Efficiency Program)
PROGRAMA ABC (Farming GHG Reduction Program)
CLIMATE FUND PROGRAM
PRONAF INVESTIMENTO (Family Agriculture Program)
PRONAMP INVESTIMENTO (Farm equipment Finance Program)
PROPFLORA (Forest Recovery and Commercial Planting Program)
PSI - Inovação (Efficient Machinery and Equipment)
PSI - Inovação - BK Eficientes (Efficient Capital Goods)
ENVIRONMENTAL SANITATION AND WATER RESOURCES
Others

▲ SOURCE: PREPARED INTERNALLY

EXHIBIT 2: METHODOLOGIES FOR INTERNATIONAL CNAES

MSCI Global Industry Classification Standards (GICS) has mapped the industry in a manner similar to that using the CNAEs, but which also has missing categories on Green Economy sectors

Global Industry Classification Standard (GICS®)



SECTOR	INDUSTRY GROUP	INDUSTRY	SUB-INDUSTRY
60 - Real Estate (new Sector and code)	6010- Real Estate (new code)	601010 - Equity Real Estate Investment Trusts (REITs) (rename and new code)	60101010 - Diversified REITs (new code) 60101020 - Industrial REITs (new code) 60101030 - Hotel & Resort REITs (new code) 60101040 - Office REITs (new code) 60101050 - Health Care REITs (new code) 60101060 - Residential REITs (new code) 60101070 - Retail REITs (new code) 60101080 - Specialized REITs (new code)
		601020 - Real Estate Management & Development (new code)	60102010 - Diversified Real Estate Activities (new code) 60102020 - Real Estate Operating Companies (new code) 60102030 - Real Estate Development (new code) 60102040 - Real Estate Services (new code)

▲ SOURCE: PREPARED INTERNALLY

EXHIBIT 3: LIST OF CNAES IDENTIFIED FOR LEVEL A

TABLE 4. LIST OF CNAES FOR LEVEL A

Detailed structure of the CNAE-Subclasses 2.2: divisions, groups, classes and subclasses		
CNAE CODE	CNAE STRUCTURE	DESCRIPTION
01	Division	AGRICULTURE, LIVESTOCK FARMING AND RELATED SERVICES
02	Division	FORESTRY PRODUCTION
03	Division	FISHING AND AQUACULTURE
5	Division	EXTRACTIVE INDUSTRIES
06	Division	EXTRACTION OF OIL AND GAS NATURAL
07	Division	METALLIC MINERAL EXTRACTION
08	Division	NON-METALLIC MINERAL EXTRACTION
10	Division	MANUFACTURE OF FOOD PRODUCTS
11	Division	MANUFACTURE OF BEVERAGES
12	Division	MANUFACTURE OF TOBACCO PRODUCTS
13	Division	MANUFACTURE OF TEXTILE PRODUCTS
14	Division	MANUFACTURE OF CLOTHING ITEMS AND ACCESSORIES
15	Division	PREPARATION OF LEATHERS AND MANUFACTURE OF LEATHER GOODS, TRAVEL GOODS AND FOOTWEAR
16	Division	MANUFACTURE OF TIMBER PRODUCTS
17	Division	MANUFACTURE OF PULP, PAPER AND PAPER PRODUCTS
19	Division	MANUFACTURE OF COKING COAL, PETROLEUM BY-PRODUCTS AND BIOFUELS
20	Division	MANUFACTURE OF CHEMICAL PRODUCTS
21	Division	MANUFACTURE OF PHARMOCHEMICAL AND PHARMACEUTICAL PRODUCTS
22	Division	MANUFACTURE OF RUBBER PRODUCTS AND PLASTIC MATERIALS
23	Division	MANUFACTURE OF NON-METALLIC MINERAL PRODUCTS
24	Division	METALLURGY
25	Division	MANUFACTURE OF METAL PRODUCTS, EXCEPT MACHINES AND EQUIPMENT
26	Division	MANUFACTURE OF INFORMATICS EQUIPMENT, ELECTRONIC AND OPTICAL PRODUCTS
27	Division	MANUFACTURE OF ELECTRICAL MACHINES, DEVICES AND MATERIALS
28	Division	MANUFACTURE OF MACHINERY AND EQUIPMENT
29	Division	MANUFACTURE OF AUTOMOTIVE VEHICLES, TRAILERS AND CHASSIS
30	Division	MANUFACTURE OF OTHER TRANSPORT EQUIPMENT, EXCEPT AUTOMOTIVE VEHICLES
31	Division	MANUFACTURE OF FURNITURE
32	Division	MANUFACTURE OF MISCELLANEOUS PRODUCTS
ELECTRICITY, GAS AND OTHER UTILITIES		
35.11-5	Class	Electricity generation
35.12-3	Class	Electricity transmission
35.2	Group	Production and distribution of gaseous fuels for urban network
CATCHMENT, TREATMENT AND DISTRIBUTION OF WATER		
3600-6/01	Subclass	CATCHMENT, TREATMENT AND DISTRIBUTION OF WATER
37	Division	SEWAGE AND RELATED ACTIVITIES
38	Division	COLLECTION, TREATMENT AND DISPOSAL OF WASTE; RECUPERATION OF MATERIALS
39	Division	DECONTAMINATION AND OTHER WASTE MANAGEMENT SERVICES
BUILDING CONSTRUCTION		
41.2	Group	BUILDING CONSTRUCTION
INFRASTRUCTURE WORKS		
4211-1/01	Subclass	Highway and railroad construction
42.12-0	Class	Construction of special works of art
4221-9/01	Subclass	Construction of dams and reservoirs for generating electricity
4221-9/02	Subclass	Construction of electricity distribution stations and networks
4221-9/04	Subclass	Construction of telecommunication stations and networks
42.22-7	Class	Construction of water supply and sewage collection networks and related constructions
42.23-5	Class	Construction of pipeline transportation networks, except for water and sewage
42.91-0	Class	Port, marine and river works
42.99-5	Class	Civil engineering works not specified elsewhere
SPECIALIZED CONSTRUCTION SERVICES		
43.12-6	Class	Drilling and sounding
43.13-4	Class	Earth-moving work
43.19-3	Class	Land preparation services not specified elsewhere
43.91-6	Class	Foundations
4399-1/05	Subclass	Drilling and construction of water wells
WHOLESALE TRADERS, EXCEPT AUTOMOTIVE VEHICLES AND MOTORCYCLES		
46.71-1	Class	Timber and timber products wholesalers
4679-6/01	Subclass	Wholesalers of paints, varnishes and similar products
46.81-8	Class	Slid, liquid and gaseous fuel wholesalers, except natural gas and LPG
46.82-6	Class	Liquefied petroleum gas (LPG) Wholesalers
46.83-4	Class	Farm chemical, compost, fertilizer and soil correctives wholesalers

SOURCE: PREPARED INTERNALLY

EXHIBIT 3: LIST OF CNAES IDENTIFIED FOR LEVEL A

TABLE 4. LIST OF CNAES FOR LEVEL A

Detailed structure of the CNAE-Subclasses 2.2: divisions, groups, classes and subclasses		
CNAE CODE	CNAE STRUCTURE	DESCRIPTION
46.84-2	Class	Chemical and petrochemical product wholesalers, except agrochemicals
46.92-3	Class	General merchandise wholesalers, predominantly farming inputs
RETAILERS		
47.3	Group	Automotive vehicle fuel retailers
47.41-5	Class	Paints and paintwork materials retailers
4744-0/02	Subclass	Timber and artifacts retailers
47.84-9	Class	Liquefied petroleum gas (LPG) retailers
4789-0/06	Subclass	Fireworks and pyrotechnic articles retailers
4789-0/09	Subclass	Weapons and munitions retailers
47.9	Group	Street vendors and other retailers
GROUND TRANSPORTATION		
49.11-6	Class	Railroad cargo
49.4	Group	Pipeline transportation
WATERBORNE TRANSPORTATION		
5011-4/01	Subclass	Coastal shipping - Cargo
5012-2/01	Subclass	Long-distance ocean transportation - Cargo
50.2	Group	Inland waterway transportation
5030-1/01	Subclass	Maritime support navigation
5030-1/02	Subclass	Harbor support navigation
50.91-2	Class	Sea crossing transportation
AIR TRANSPORTATION		
51.2	Group	Air cargo
51.3	Group	Space transportation
WAREHOUSING AND ANCILLARY TRANSPORT ACTIVITIES		
52.1	Group	Warehousing, loading and unloading
52.21-4	Class	Highway, bridge and tunnel concessionaires and related services
52.22-2	Class	Bus and rail terminals
5231-1/01	Subclass	Port infrastructure management
5231-1/02	Subclass	Port Authority Activities
5240-1/01	Subclass	Airport and airfield operations
55	Division	ACCOMMODATION
SCIENTIFIC RESEARCH AND DEVELOPMENT		
72.1	Group	Experimental research and development experimental in physical and natural sciences
BUILDING SERVICES AND LANDSCAPING ACTIVITIES		
81.22-2	Class	Immunization and urban pest control
HUMAN HEALTHCARE ACTIVITIES		
8640-2/01	Subclass	Pathological and cytological anatomy laboratories
8640-2/02	Subclass	Clinical laboratories
ACTIVITIES INVOLVING THE CULTURAL AND ENVIRONMENTAL HERITAGE		
91.03-1	Class	Activities involving botanical gardens, zoos, national parks, ecological reservations and areas of environmental protection
SPORTING, RECREATION AND LEISURE ACTIVITIES		
93.21-2	Class	Fun parks and thematic parks

▲ SOURCE: PREPARED INTERNALLY

EXHIBIT 4: LIST OF CNAES IDENTIFIED FOR LEVEL B

TABLE 5. LIST OF CNAES FOR LEVEL B

Detailed structure of the CNAE-Subclasses 2.2: sections, divisions, groups, classes and subclasses		
CNAE CODE	CNAE STRUCTURE	DESCRIPTION
AGRICULTURE, LIVESTOCK FARMING AND RELATED SERVICES		
01.4	Group	Certified seed and seedling production
FORESTRY PRODUCTION		
Forestry production - planted forests		
0210-1/01	Subclass	Eucalyptus cultivation
0210-1/02	Subclass	Black wattle cultivation
0210-1/03	Subclass	Pinewood cultivation
0210-1/04	Subclass	Teak cultivation
0210-1/05	Subclass	Cultivation of timber species, except eucalyptus, black wattle, pinewood and teak
0210-1/06	Subclass	Cultivation of seedlings in forest nurseries
0210-1/07	Subclass	Timber extraction in planted forests
0210-1/09	Subclass	Production of black wattle bark - planted forests
0210-1/99	Subclass	Production of non-timber products not specified elsewhere in planted forests
Forestry production - native forests		
0220-9/01	Subclass	Timber extraction in native forests
0220-9/03	Subclass	Brazil nut harvesting in native forests
0220-9/04	Subclass	Latex harvesting in native forests
0220-9/05	Subclass	Harvesting of hearts of palm in native forests
0220-9/06	Subclass	Native forest conservation
0220-9/99	Subclass	Harvesting of non-timber products not specified elsewhere in native forests
02.3	Group	Forestry production support activities
FISHING AND AQUACULTURE		
03.21-3	Class	Aquaculture in salt and brackish water
03.22-1	Class	Freshwater aquaculture
MANUFACTURE OF COKING COAL, PETROLEUM BY-PRODUCTS AND BIOFUELS		
1922-5/02	Subclass	Re-refining of lubricants
MANUFACTURE OF MACHINERY AND EQUIPMENT		
28.11-9	Class	Manufacture of engines and turbines, except for aircraft and highway vehicles
28.21-6/01	Subclass	Manufacture of industrial ovens, non-electrical devices and equipment for thermal installations, parts and accessories
28.25-9	Class	Manufacture of machines and equipment for basic and environmental sanitation
28.29-1/99	Subclass	Manufacture of other machines and equipment for general use not specified elsewhere, parts and accessories
MANUFACTURE OF AUTOMOTIVE VEHICLES, TRAILERS AND CHASSIS		
29.30-1/01	Subclass	Manufacture of cabins, chassis and trailers for trucks
29.5	Group	Reconditioning and recuperation of engines for automotive vehicles
MANUFACTURE OF OTHER TRANSPORT EQUIPMENT, EXCEPT AUTOMOTIVE VEHICLES		
30.1	Group	Boatbuilding
30.3	Group	Manufacture of rolling stock
MAINTENANCE, REPAIR AND INSTALLATION OF MACHINES AND EQUIPMENT		
33.15-5	Class	Maintenance and repair of rolling stock
33.17-1	Class	Vessel maintenance and repair.
ELECTRICITY, GAS AND OTHER UTILITIES		
35.11-5/01	Subclass	Electricity generation
35.12-3	Class	Electricity transmission
35.14-0	Class	Electricity distribution
35.20-4/02	Subclass	Distribution of gaseous fuels for urban networks
36	Division	Water catchment, distribution and treatment
37	Division	Sewage and related activities
38	Division	Waste collection, treatment and disposal
39	Division	DECONTAMINATION AND OTHER WASTE MANAGEMENT SERVICES
INFRASTRUCTURE WORKS		
42.21-9/04	Subclass	Construction of telecommunication stations and networks
42.21-9/05	Subclass	Maintenance of telecommunication stations and networks
42.22-7	Class	Construction of water supply and sewage collection networks and related constructions
42.23-5	Class	Construction of pipeline transportation networks, except for water and sewage
SPECIALIZED CONSTRUCTION SERVICES		
43.99-1/05	Subclass	Drilling and construction of water wells
SALES AND REPAIRS OF AUTOMOTIVE VEHICLES AND MOTORCYCLES		
45.11-1/06	Subclass	Wholesale trade in new and used buses and micro buses
GROUND TRANSPORTATION		
49.1	Group	Rail and subway transportation
49.2	Group	Passenger rail transportation
49.4	Group	Pipeline transportation

• SOURCE: PREPARED INTERNALLY

EXHIBIT 4: LIST OF CNAES IDENTIFIED FOR LEVEL B

TABLE 5. LIST OF CNAES FOR LEVEL B

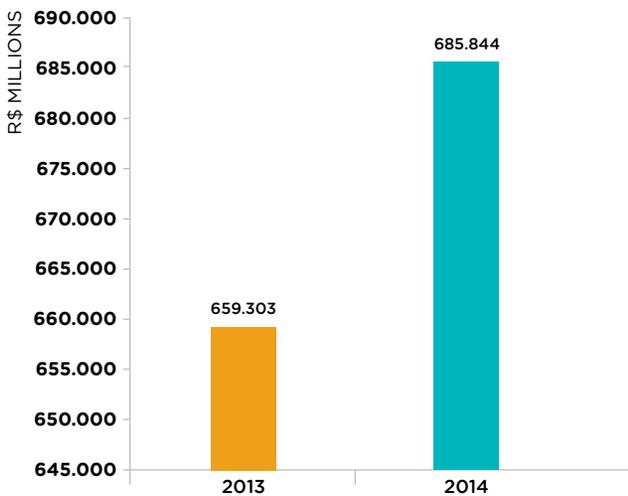
Detailed structure of the CNAE-Subclasses 2.2: sections, divisions, groups, classes and subclasses

CNAE CODE	CNAE STRUCTURE	DESCRIPTION
49.5	Group	Tourist trains, chair/ski lifts/cable cars and the like
50	Division	WATERBORNE TRANSPORTATION
		WAREHOUSING AND ANCILLARY TRANSPORT ACTIVITIES
52.22-2	Class	Bus and rail terminals
52.3	Group	Waterborne transportation ancillary activities
		TELECOMMUNICATIONS
61.1	Group	Landline telecommunications
61.2	Group	Wireless telecommunications
61.3	Group	Satellite telecommunications
61.9	Group	Other telecommunication activities
		BUILDING SERVICES AND LANDSCAPING ACTIVITIES
81.3	Group	Landscaping activities
		GOVERNMENT, DEFENSE AND SOCIAL SECURITY
84.12-4	Class	Regulation of healthcare activities, education, cultural services and other social services
85	Division	EDUCATION
86	Division	HUMAN HEALTHCARE ACTIVITIES
87	Division	HUMAN HEALTHCARE ACTIVITIES INTEGRATED WITH SOCIAL ASSISTANCE PROVIDED IN CARE HOMES AND PRIVATE RESIDENCES
88	Division	SOCIAL ASSISTANCE SERVICES WITHOUT ACCOMMODATION
		ACTIVITIES INVOLVING THE CULTURAL AND ENVIRONMENTAL HERITAGE
91.01-5	Class	Library and archive activities
91.02-3	Class	Exploration and museum activities, artistic restoration and conservation of historical places and buildings and similar attractions
91.03-1	Class	Activities involving botanical gardens, zoos, national parks, ecological reservations and areas of environmental protection

▲ SOURCE: PREPARED INTERNALLY

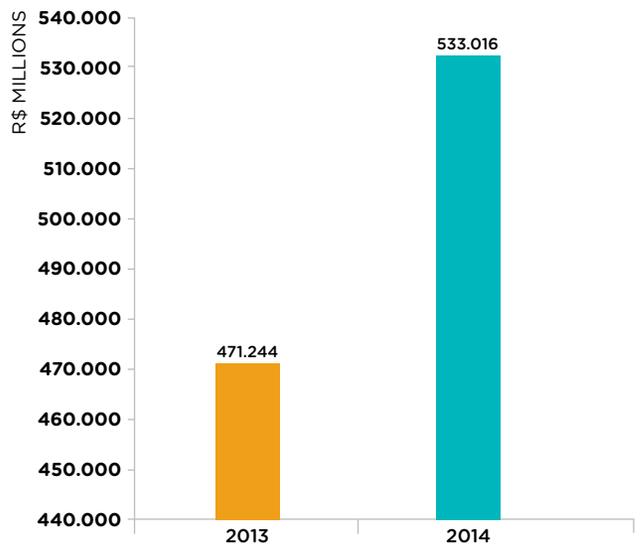
LEVEL A - AMOUNTS CONTRACTED AND BALANCES

FIGURE 6. AMOUNTS CONTRACTED FOR SECTORS WITH THE POTENTIAL TO CAUSE ENVIRONMENTAL IMPACTS



▲ SOURCE: PREPARED INTERNALLY

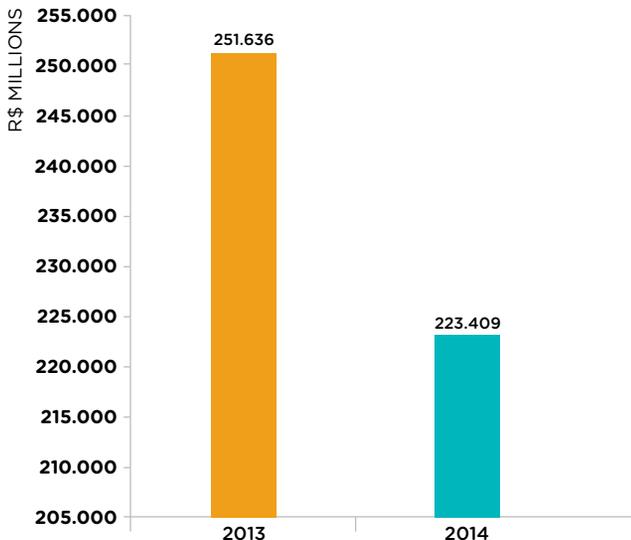
FIGURE 7. BALANCES OF OPERATIONS FOR SECTORS WITH THE POTENTIAL TO CAUSE ENVIRONMENTAL IMPACTS



▲ SOURCE: PREPARED INTERNALLY

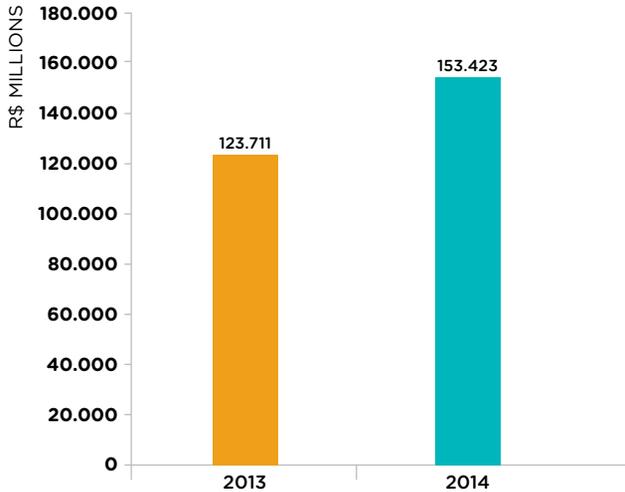
EXHIBIT 6: LEVEL B - AMOUNTS CONTRACTED AND BALANCES

FIGURE 8. AMOUNTS CONTRACTED FOR GE SECTORS

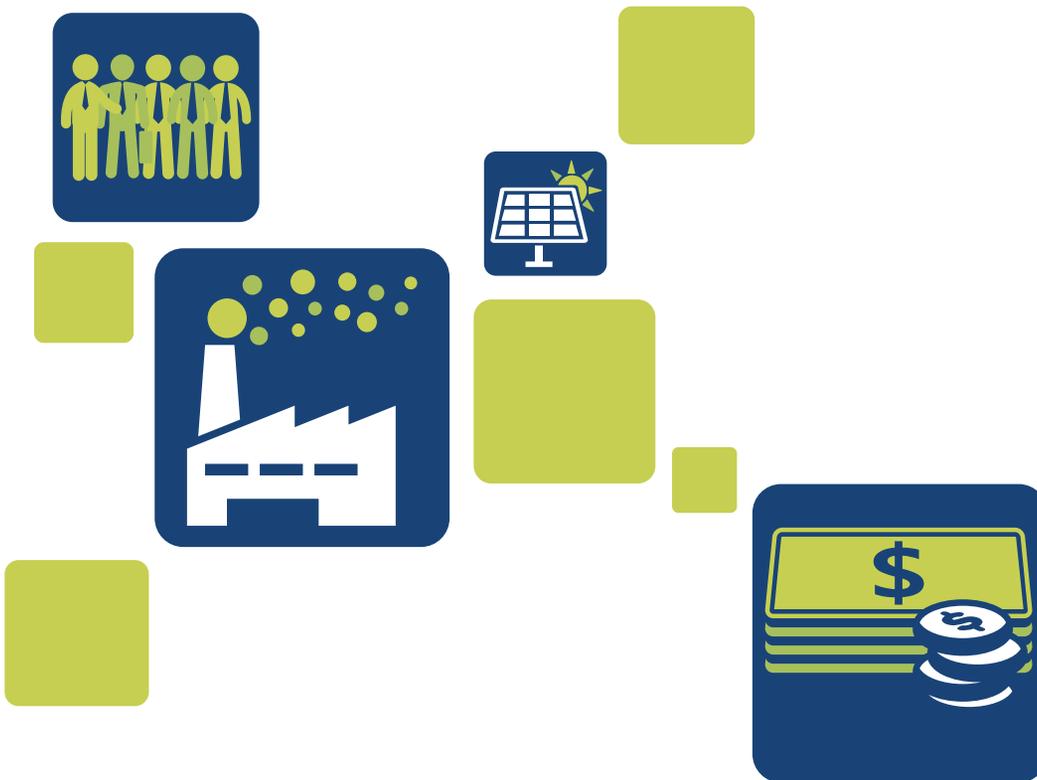


▲ SOURCE: PREPARED INTERNALLY

FIGURE 9. BALANCE OF OPERATIONS FOR GE SECTORS



▲ SOURCE: PREPARED INTERNALLY





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