

SARB FRAMEWORK No. 14, dated AUGUST 28, 2014

The Banking Self-Regulation System of the Brazilian Federation of Banks - FEBRABAN is instituting the FRAMEWORK FOR THE CREATION AND IMPLEMENTATION OF A SOCIOENVIRONMENTAL RESPONSIBILITY POLICY that formalizes the fundamental guidelines and procedures for the socioenvironmental practices of its Signatories in their business and in their relations with stakeholders.

CHAPTER I - PURPOSES OF THE FRAMEWORK

Article 1 - The self-regulation program for the development and implementation of a socioenvironmental responsibility policy is hereby instituted for the purpose of formalizing the fundamental guidelines and procedures for incorporating socioenvironmental risk assessment and management practices in business and in relations with stakeholders.

Sole paragraph - The guidelines and procedures contemplated herein must be compatible with the nature of the business of each Signatory and the complexity of the products and services they provide, with due regard for the principles of relevance, proportionality and efficiency.

CHAPTER II - DEFINITIONS

Article 2 - For the purposes of this Self-regulation, the terms listed below, when used with a capital letter at the beginning, shall have the following meaning:

Activities: the institution's internal processes and practices that might cause a socioenvironmental impact, not to be confused with financial transactions or services.

Financing: a type of financial transaction originated on the primary credit market by which the Signatory provides, under a long-term loan, funds for a specific purpose identified in the loan agreement.

Transactions: financial transactions identified as liable to analysis by the institution of the socioenvironmental aspects and defined based on the methodology of Articles 7 and 8; and

Project: investments made by the financed party responsible for obtaining the environmental permits in order to install or expand facilities that cause a significant socioenvironmental impact and for which the environmental impact study and the respective report (EIA/RIMA) or simplified environmental report (RAS/SER) pursuant to current legislation.

CHAPTER III - THE CONTENT OF THE SOCIOENVIRONMENTAL RESPONSIBILITY POLICY

Article 3 - Signatory must develop and implement a socioenvironmental responsibility policy ("PRSA"), such as an integrated management instrument, containing guidelines regarding:

- I - governance structure dedicated to socioenvironmental issues;
- II - socioenvironmental risk assessment and management;
- III - Activities and Transactions that must be given priority when implementing the PRSA, with due regard for the principles of proportionality, reasonability and efficiency;
- IV - assurance of compliance with the PRSA;
- V - disclosure and review of the PRSA; and
- VI - training of employees in implementing actions aligned with the PRSA.

Article 4 - Signatory must make sure that their internal rules agree with the provisions of their PRSA.

CHAPTER IV - GOVERNANCE

Article 5 - Signatory must have in place a governance structure capable of dealing appropriately with socioenvironmental issues, proportionately to the institution's risk and to ensure the integration of its policies.

Sole paragraph - Signatory shall establish criteria and processes in order to periodically verify that their internal departments are in compliance with the rules defined in the policies regarding the PRSA, while any exceptions shall be justified.

CHAPTER V - APPLYING THE PRSA

Article 6 - Signatory must take into account the analysis of the socioenvironmental aspects of new products and services, pursuant to the provisions of Article 5.

Article 7 - With regard to financial transactions, to identify those liable to analysis of the socioenvironmental aspects, the Signatory must adopt the method that takes account of their ability to identify in advance the purpose to which the proceeds are to be put by the borrower while observing those which, from a legal standpoint, require analysis of the socioenvironmental aspects.

Sole paragraph - Socioenvironmental analysis shall not apply to financial transactions whose nature prevents the Signatory from identifying in advance the purpose to which the proceeds are to be put by the borrower, pursuant to the method contemplated in the main paragraph of Article 7.

Article 8 - To determine the financial transactions liable to socioenvironmental risk management, the Signatory shall also take into account:

- I - legal aspects
- II - credit risk
- III - reputation risk

CHAPTER VI - SOCIOENVIRONMENTAL RISK MANAGEMENT

Section I - Transactions

Article 9 - Transactions identified by the Signatory as having significant exposure to socioenvironmental risk, pursuant to article 8 shall be subjected to assessment based on criteria that are consistent and easily verifiable, such as, when applicable, the environmental permit issued by the member entity of the National System for the Environment - SISNAMA or an equivalent document.

Article 10 - Signatory, regardless of the classification of the Transaction's exposure to socioenvironmental risk, shall verify, pursuant to current legislation, the Biosafety Quality Certificate issued by the National Technical Commission on Biosafety (CTNBio) in cases where they are engaged in research activities or projects for the purpose of, and within the experimental scope, (i) obtaining Genetically Modified Organisms (GMO) and their derivatives; or (ii) assessing the biosafety of these organisms, including the construction, cultivation, production, handling, transportation, transfer, import, export, storage, research, commercialization, consumption, release into the environment and disposal, pursuant to Federal Law 11.105 dated March 24, 2005 and Decree 5.591 dated November 22, 2005.

Article 11 - The agreements involving the Transactions dealt with in article 9 shall contain clauses that establish, at least:

- I - The borrower's obligation to abide by applicable environmental legislation;
- II - The borrower's obligation to comply with labor legislation, especially the rules and regulations regarding occupational health and safety and the absence of slave-like or child labor;
- III - The option of the Signatory to bring forward the maturity date of the transaction in cases where environmental permits have been suspended and non-appealable sentences handed down, where the borrower has committed acts resulting in child labor, slave-like labor, criminal exploitation of prostitution or damage to the environment;
- IV - The borrower's obligation to monitor his activities in order to identify and mitigate environmental impacts not foreseen when the credit was granted;
- V - The borrower's obligation to monitor his direct and relevant suppliers with regard to environmental impacts, compliance with social and labor legislation and occupational health and safety rules, as well as the non-existence of slave-like or child labor.

Sole paragraph - In the case of sub-section I of this article, an allowance may be made for the discussions in good faith initiated by the principal in the legal and administrative spheres and their respective decisions, injunctions notwithstanding.

Section I - Project Financing

Article 12 - Signatory shall evaluate the Project Financing and its production capacity according to the following criteria:

- I - the economic sector of the borrower and the location of the Project

II - The quality of the borrower's socioenvironmental management within the scope of the Project

Article 13 - Signatory shall monitor the development of the Project from the socioenvironmental risk aspect, pursuant to the general and specific obligations contained in the financing agreement.

Section II - Equity interests in companies

Article 14 - New investments to be undertaken by the Signatory in companies in which they enjoy shareholder rights that assure the institution preference in shareholder deliberations, the power to elect or remove from office most of the management, effective operational control or corporate control must be preceded by an assessment undertaken by the investing company, so as to verify the degree of compliance with its socioenvironmental policies.

Sub-paragraph 1 - The purposes of the socioenvironmental audit, whose focus must be the subject company of the investment, its subsidiaries or other companies with relevance to the Transaction, must be to:

I - evaluate any socioenvironmental liabilities of the company;

II - verify the latter's compliance with current socioenvironmental legislation;

III - evaluate, when applicable, the company's direct and important suppliers with regard to sub-sections I and II.

Sub-paragraph 2 - The documents to be requested at the Signatory's discretion shall depend on the business in which the Company is engaged, and must take into account certifications to NBR ISO 14001 (Environmental Management System), OHSAS 18001 (Occupational Health and Safety Management System) and NBR ISO 26000 (Socioenvironmental Responsibility Management System).

Section III - Activities

Article 15 - Signatory shall manage the socioenvironmental impacts of its activities, bearing in mind:

I - efficiency in the consumption of energy and natural resources

II - proper waste management

III - aspects referring to slave-like and child labor and sexual exploitation

IV - the socioenvironmental aspects in the processes for procuring suppliers and service providers.

CHAPTER VII - REAL ESTATE COLLATERAL

Article 16 - When a rural property is given as collateral for Project Financing, the Signatory shall verify that the legal reserve has been registered on the documentation of the rural property, on the rural environmental register (CAR) or in a document executed with the competent entity pursuant to currently applicable legislation.

Article 17 - In all cases where property is given as collateral, the Signatory, applying the principles of relevance and proportionality, shall:

I - insert in an instrument of agreement or demand a declaration issued by the principal or his representative, to the effect that the subject property of the collateral contains no restrictions on use, including restrictions regarding zoning, land subdivision, preservation of the archeological and historical heritage, restriction on activities due to being located in an APA (Area of Environmental Preservation) or APP (Area of Permanent Preservation), which complies with the requirements imposed by the competent bodies;

II - insert in an instrument of agreement or demand a declaration issued by the principal or his representative, to the effect that the subject property of the collateral is not located on land occupied by indigenous peoples or quilombolas, as defined by the competent authority; and

III - have the option of early maturity of the transaction or demand substitution of the collateral if, during the effectiveness period of the agreement, it is detected by the competent authorities that the subject property of the collateral: (i) contains restrictions on use, including restriction involving land subdivision, preservation of the archeological, paleontological and historical heritage, or that the borrower has not complied with the requirements stipulated by the competent body; (ii) is located on lands occupied by indigenous peoples, quilombolas and conservation units, as defined by the competent authority.

Article 18 - The principal of relevance having been met, the Signatory, at his discretion, shall adopt a method for identifying contamination risk on the property received as collateral, bearing this variable in mind when taking the decision.

Sole paragraph. To comply with section 18, the signatories must adopt the standard document attached to this Framework, entitled URBAN REAL ESTATE SIGNS OF CONTAMINATION (SOC) REPORT, which lists signs of potential contamination in urban properties, so as to speed up acceptance of collateral by banks and reduce costs to the client. (text included on August 13, 2015).

CHAPTER VIII - REGISTRATION AND CONTROL

Article 19 - Signatory shall register the data referring to losses arising from socioenvironmental issues for a minimum period of 5 (five) years from identification.

Sole paragraph - To fulfil the main paragraph, the registration shall include the estimated amount of the loss arising from socioenvironmental issues, the nature of the administrative action/proceeding, the venue of the proceeding and the subject of the controversy.

Article 20 - Signatory shall cooperate with the government, including the public prosecutor, the judiciary and the federal, state and municipal environmental bodies in investigations of a socioenvironmental nature arising from his activities and transactions. To that end, Signatory shall make available the pertinent information, provided this does not contradict applicable legislation and any contractual obligations,

primarily with regard to duties of confidentiality.

CHAPTER IX - FORMALIZATION AND DISCLOSURE OF THE PRSA

Article 21 - Signatory shall:

- I - arrange for approval of the PRSA by the executive board and the board of directors, if any;
- II - formalize the PRSA and ensure its internal and external; and
- III - train the employees responsible for implementing and applying the PRSA.

Article 22 - Signatory shall draw up and disclose an annual report regarding compliance with its PRSA.

Sole paragraph: Signatories that already publish annual reports may use these to demonstrate compliance with their PRSA, without the need to prepare a new report.

Article 23 - Implementation of this framework shall comply with the deadlines established on the rules of the Central Bank of Brazil dealing with PRSA.

Article 24 - This Framework comes into force and effect on the date of its approval.

URBAN REAL ESTATE SIGNS OF CONTAMINATION (SOC) REPORT
(for clarifications consult Exhibit III)

DATE OF VISIT: ____/____/____

1. GENERAL INFORMATION ABOUT THE PROPERTY

1.1. Identification _____ of _____ the
property: _____

1.2. Address: _____ City:
_____ State: ____

1.3. Current use of the property: _____ Intended
use: _____

1.4. _____ Geographical _____ Coordinates:

1.5. Aerial photograph or satellite image (Google Earth): Insert area
photographs and/or present and/or past images of the property, as available,
in Exhibit I.

**2. IDENTIFICATION OF ENVIRONMENTAL STUDIES OF THE PROPERTY
REGARDING CONTAMINATION POTENTIAL**

2.1. Is the property registered on any official public list of contaminated areas?
(Search the IBAMA site as well as state and municipal environmental authorities,
e.g.: CETESB/SP, FEAM/MG, INEA/RJ and the Municipality of São Paulo).

No Yes No public list of contaminated areas available

List the sources consulted:

State _____ Environmental
Authority: _____

Municipal _____ Environmental
authority: _____

Note: If the response is “yes”, please skip the rest of this form and go to item
7, and answer “yes” to question 7.1.

2.2. Did you have access to any environmental assessment of the property? If yes, please forward a copy.

No Yes. What kind? _____ When? _____

2.3. Are the streets that form the polygon where the assessed property is located registered in any official public list of contaminated properties? (Search the IBAMA site as well as state and municipal environmental bodies, e.g.: CETESB/SP, FEAM/MG, INEA/RJ and the Municipality of São Paulo).

No Yes. What is the address of the property in the vicinity? _____

No public list of contaminated areas available

List the sources consulted:

State _____ Environmental authority: _____

Municipal _____ Environmental authority: _____

3. IDENTIFICATION OF POTENTIAL SOURCES OF CONTAMINATION

3.1. There are indications that on the **property** there once existed or there exist:

Past	Present	Incidents on the property
<input type="checkbox"/>	<input type="checkbox"/>	Discharge of effluents into the ground or open-air sewage
<input type="checkbox"/>	<input type="checkbox"/>	Air vents, filling nozzles, piping sticking out of the ground or inspection wells.
<input type="checkbox"/>	<input type="checkbox"/>	Storage of used automotive or industrial batteries, petroleum by-products (fuels), pesticides, herbicides and other biocides, paints, varnishes, solvents or detection of toxic substances. If so, what kind?
<input type="checkbox"/>	<input type="checkbox"/>	Chemical products stored in 20 L recipients or larger (containers, barrels or bags). Which products?
<input type="checkbox"/>	<input type="checkbox"/>	Water courses (rivers, wells, lakes, lagoons) If there are wells, do water rights exist? <input type="checkbox"/> Yes <input type="checkbox"/> No

<input type="checkbox"/>	<input type="checkbox"/>	Stains on the ground, odors of chemical substances, changes in the vegetation, appearance of dead animals, a strange taste or smell in the water.
<input type="checkbox"/>	<input type="checkbox"/>	Explosion or fire, leakage or spillage of chemical substances, the smell of gas and/or fuel.
<input type="checkbox"/>	<input type="checkbox"/>	Others. Describe: _____ _____ _____ _____
Information sources: _____ _____ _____ _____		
Observations and/or justification: _____ _____ _____ _____ _____		

3.2. In the area surrounding* the assessed property, were potential sources of contamination noticed, such as: discharge of effluents into the ground or open-air sewage, stains on the ground, smells of chemical substances, changes to the vegetation, appearances of dead animals, leakage or spillage of chemical substances, smells of gas and/or fuel, etc.?

*** The surrounding area is understood to be the situations shown in the drawings in Exhibit II. In the case of industrial areas, the surrounding area is considered to be a radius of 100 meters from the property limits.**

If so, indicate:

3.3. In the area surrounding the assessed property, indicate whether there are potentially polluting activities such as:

Present	Information not available	Activity
<input type="checkbox"/>	<input type="checkbox"/>	Factories. Which? _____ _____ _____
<input type="checkbox"/>	<input type="checkbox"/>	Mining. Which? _____ _____ _____
<input type="checkbox"/>	<input type="checkbox"/>	Gas stations, vehicle refueling or fuel tanks.
<input type="checkbox"/>	<input type="checkbox"/>	Workshops, oil change, electrodeposition, laundries, dye shops.
<input type="checkbox"/>	<input type="checkbox"/>	Slag heaps, waste dumps, landfills, scrapyards or cemeteries.
<input type="checkbox"/>	<input type="checkbox"/>	Waste storage. Describe the waste: _____ _____ _____
<input type="checkbox"/>	<input type="checkbox"/>	Storage of used automotive or industrial batteries, petroleum by-products (fuels), pesticides, herbicides and other biocides, paints, varnishes, solvents or detection of toxic substances. If so, what kind? _____ _____ _____
<input type="checkbox"/>	<input type="checkbox"/>	Others. Describe: _____ _____ _____
<p>Information sources:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Was there any noticeable decommissioned activity in the surrounding area, for example, gas stations, factories, body shops, etc.?</p> <p>_____</p> <p>_____</p>		

Observations and/or justification:

4. ACTIVITIES CARRIED OUT ON THE PROPERTY

4.1. Indicate whether the **property** was used in the past, or is presently used, for any of the following purposes:

Past	Present	Use of the property
<input type="checkbox"/>	<input type="checkbox"/>	Factories. Which? _____ _____
<input type="checkbox"/>	<input type="checkbox"/>	Gas stations, vehicle refueling or fuel tanks.
<input type="checkbox"/>	<input type="checkbox"/>	Workshops, oil change, electroplating, dry cleaners, dye shops.
<input type="checkbox"/>	<input type="checkbox"/>	Slag heaps, rubbish tips, dumps, landfills, scrapyards or cemeteries.
<input type="checkbox"/>	<input type="checkbox"/>	Waste storage. Describe the waste: _____ _____ _____
<input type="checkbox"/>	<input type="checkbox"/>	Storage of used automotive or industrial batteries, petroleum by-products (fuels), pesticides, herbicides and other biocides, paints, varnishes, solvents or detection of toxic substances. If yes, what kind? _____ _____
<input type="checkbox"/>	<input type="checkbox"/>	Hospital or other healthcare service. Describe: _____ _____
<input type="checkbox"/>	<input type="checkbox"/>	Commerce. What kind: _____ _____

<input type="checkbox"/>	<input type="checkbox"/>	Others. Describe: _____ _____ _____
Information sources: _____ _____ _____ _____		
Observations and/or justification: _____ _____ _____ _____ _____		

5 Describe the sources consulted and the documents used as the basis for preparing this report:

6 ASSUMPTIONS AND LIMITING CONDITIONS

6.1 This report is the result of the appraiser’s visual observations and is based on the documentation described in item 5, whose purpose is to provide the bank with guidance on carrying out environmental investigations for the cases it has identified.

6.2 This report merely indicates the signs of contamination, which may be subsequently investigated by the Bank.

6.3 Environmental liabilities have not been taken into account when appraising the property. These liabilities can only be valued following an extensive environmental investigation that indicates the causes of the environmental events and how to mitigate them.

7) SUMMARY:

7.1 Indications of Contamination on the Property: No Yes

Insufficient information (justification is mandatory). Justify:

7.2 Indications of Contamination in the Vicinity: No Yes

Insufficient information (justification is mandatory). Justify:

Name of appraiser who filled out the form
appraisal firm

Name of the

Signature of appraiser who filled out the form
No. (CNPJ) of the
company represented

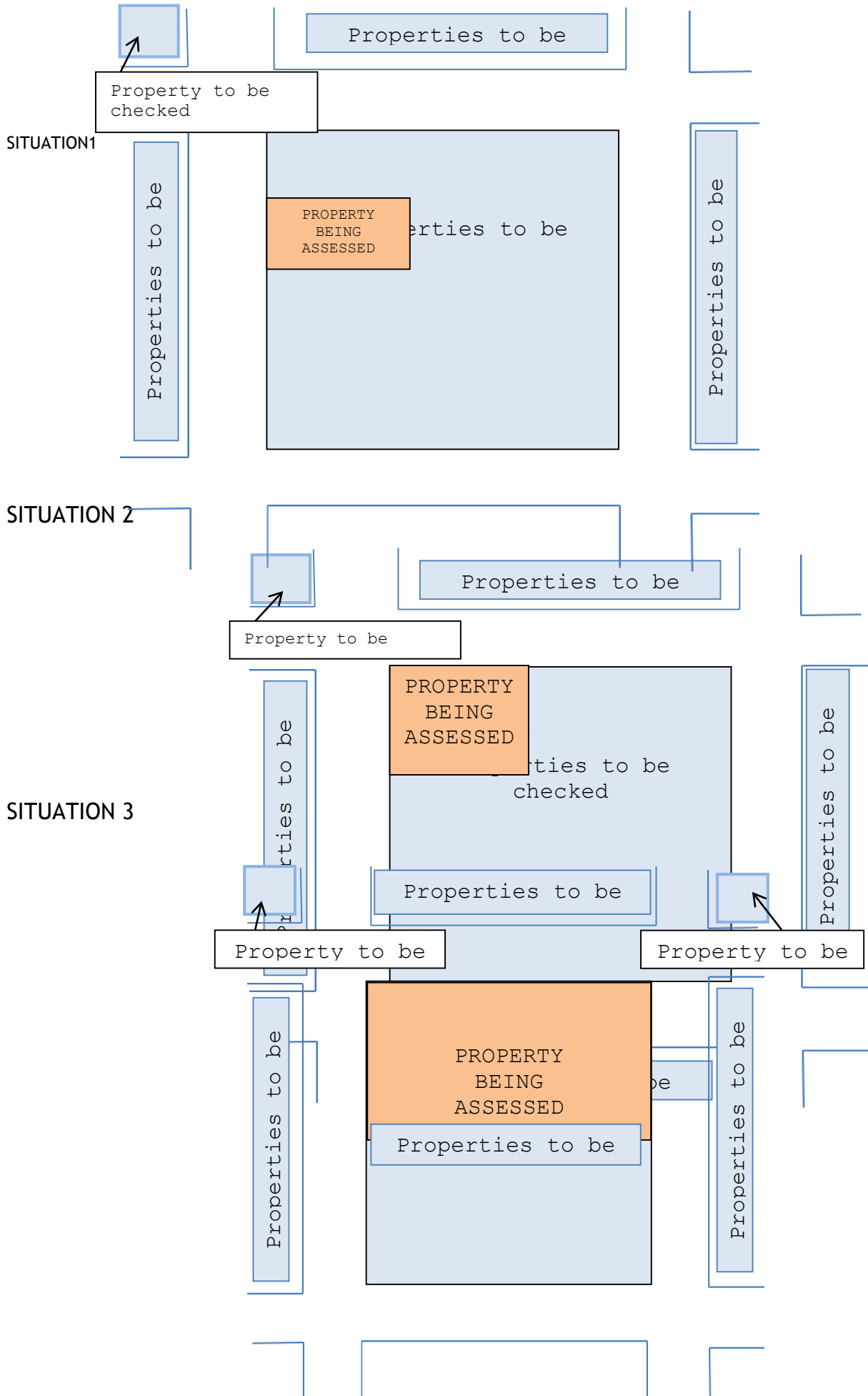
Corporate Tax ID

EXHIBIT I

**Aerial photograph and/or satellite image of the property (present and/or past),
depending on availability.**

EXHIBIT II

(There is no need to include this exhibit in the Appraisal Report)



SITUATION 4

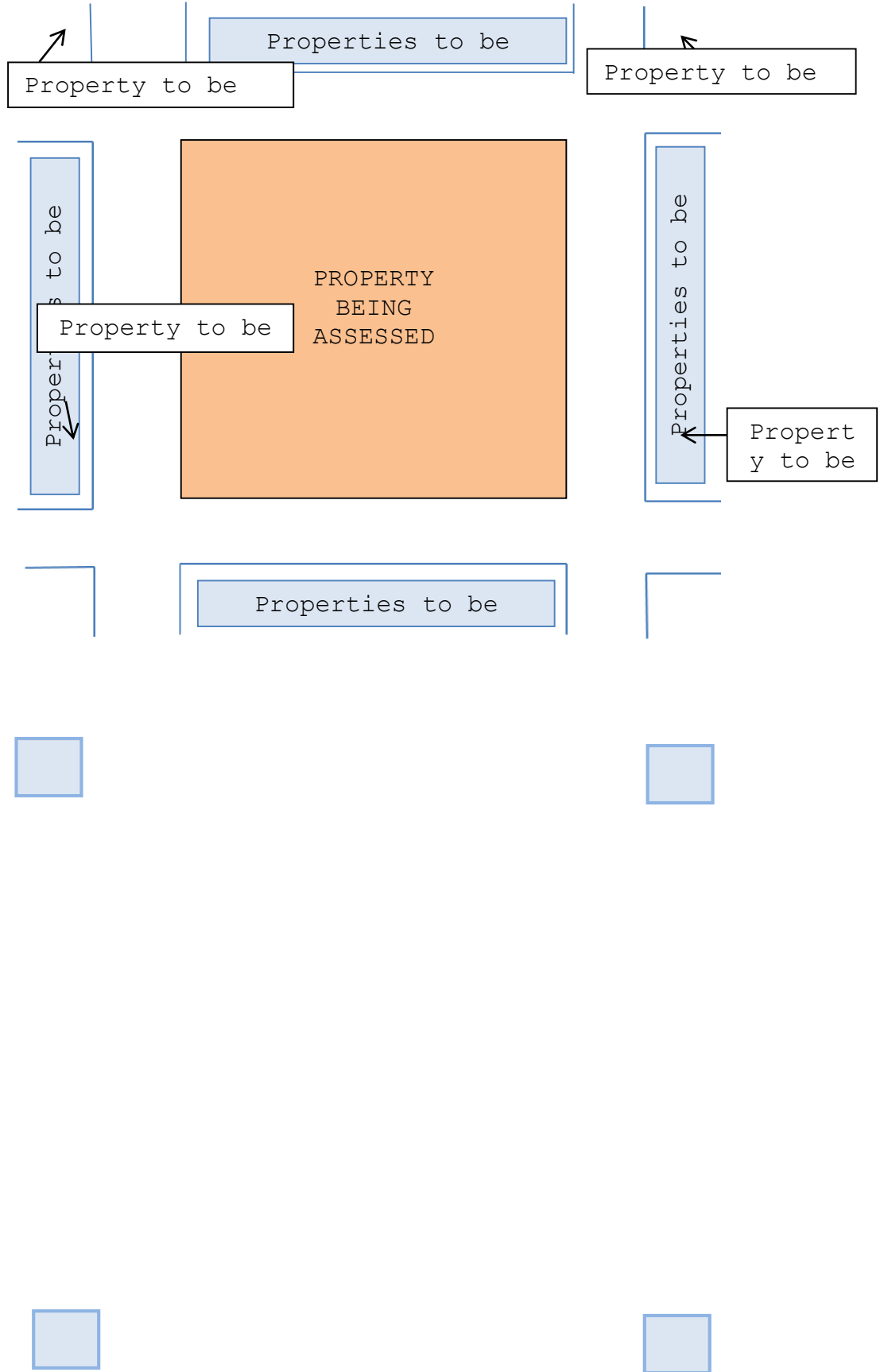


EXHIBIT III

(There is no need to include this exhibit in the Appraisal Report)

Signs of Contamination Report: FAQs

Who fills out the Signs of Contamination Report (SOC)?

The SOC must be filled out and signed by the appraisal firm.

Can appraisal firms be held legally liable for the veracity of the content of the Signs of Contamination Report (SOC)?

Yes, the appraiser is responsible for filling out the SOC in a truthful and impartial manner.

Can appraisal firms be held legally liable if it is discovered that there is contamination that was not detected while completing the SOC?

No. The questionnaire is filled out based on visual observations in the field and on public information (e.g. records, aerial photographs, etc.) which may not be sufficient for a definitive conclusion. The purpose of using the SOC is to identify signs.

How can one tell if the property is actually contaminated?

Contamination can only be confirmed by a Confirmatory Investigation study carried out by a specialist company using chemical analysis of the soil and underground water. This SOC is only a compilation of signs of contamination.

Is it mandatory for the property owner or his/her/its legal representative to sign the contamination evidence report?

No.

Is the appraiser required to personally visit the offices of the environmental authority to identify whether the assessed property is included in any official state/municipal register?

No. Enquiries can be made via the internet, in those cases where the registers are made available by state and municipal public sites.

Must the appraisers request the environmental permits, protocols and Consent Decrees and other environmental documents concerning the property?

No. It is up to the bank to discuss and request these documents from the customer.

How can an appraiser find information to properly fill out the SOC?

We suggest consulting the Contaminated Land Management Manual (*Manual de Gerenciamento de Áreas Contaminadas*) of Cetesb (the São Paulo State Environmental Authority) and the Federal Savings Bank (CEF) Guide to Environmental Sustainability - Environmental Assessment of Potentially Contaminated Land (*Guia CAIXA Sustentabilidade Ambiental - Avaliação Ambiental de Terrenos com Potencial de Contaminação*).

Is the government required to disclose a register of contaminated areas?

Yes. According to Resolution 420 of Brazil's National Council for the Environment (CONAMA), of 2009, state governments are required to disclose the register of contaminated properties. Currently, the states of São Paulo, Minas Gerais and Rio de Janeiro, and the municipality of São Paulo, make this list publicly available.

If the property does not appear on an official register of contaminated properties, does this mean that it is not contaminated?

No.

How can the appraiser know whether an official public list of contaminated areas exists in the state where the property is located?

The appraiser must search the website of IBAMA, Brazil's Federal Environmental Authority, and the websites at the state and municipal environmental authorities.

If the activity at the assessed property has a valid environmental permit, does this mean that the property is free of contamination?

No.

Does the SOC report apply to rural properties? The SOC was originally designed for assessing urban land areas. However, it is up to each bank's policy as to how to use it.

Does the SOC report apply to apartments?

The SOC was originally designed to assess areas of land, not individual apartment units. However, it is up to each bank's policy as to how to use it.

Can the questionnaire formats of CETESB, the Federal Savings Bank (CEF) or the like (for the purpose of filling out the report) replace the SOC?

No.

If the property has a Phase I Preliminary Environmental Assessment, is it necessary to fill out the SOC?

If a Phase I assessment exists, completing the SOC is at the discretion of each bank.

The property already has a Confirmatory Investigation report. Is the SOC required?

No.

For how long is a completed SOC valid?

The document is technically valid for the date of signature. The administrative validity of the document is at the discretion of each bank.

What is the definition of surrounding area?

The surrounding area is understood to be the block where the property being assessed is located, as well as the properties facing the same street, including the other side of the street on all sides of the block, as can be seen from the drawings in Exhibit II. In the case of industrial areas, the surrounding area is considered to be a radius of 100 meters from the property limits.