

1. Purpose

The purpose of this policy is to confirm Banco Indusval S.A. and conglomerate, from now on referred to as BI&P, is committed to sustainable development, aligning the Bank's activities within long lasting sustainable relationships with its clients.

The social environmental aspects should always be observed in its business activities and, therefore, the lending activity should help disseminating a new business ethic attitude that considers and respects the environmental and social development.

2. Definition

Social Environmental Responsibility means the compliance with the individual and corporate obligations towards society and the environment, and acting to preserve it. By being socially and environmentally responsible, companies through their resources and staff may help other companies and people to become aware of the importance of the rational use of natural resources in the company's daily operations.

Industrial companies that seek competitiveness have been increasingly pressured to take new positioning on environmental and social issues, expressed by the way they run their businesses or their organizational structures. As a result, they develop ways to address social environmental issues through self-regulating mechanisms to improve their social environmental responsibility management.

3. Areas of Application

All departments of the Institution.

4. Commitment

Committed to sustainability, BI&P has established a Social Environmental Management System (SEMS) to ensure that its lending business is compliant with the Social Environmental Legislation and the International Finance Corporation's Exclusion List.

This commitment shall be aligned with the best practices adopted by any solid institution to perpetuate its businesses. BI&P cherishes its long lasting relationships, benefitting all involved among them: clients, shareholders, society and environment.

5. Excluded Sectors

By principle, BI&P does not lend resources to companies that belong to any of the situations bellow:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
- Production or activities involving harmful or exploitative forms of child labor.

- Production and commercial transactions that violate the measures foreseen by the "International Labour Organization Declaration on Fundamental Principles and Rights at Work", among them: freedom of association and right to collective bargaining; finding of forced labor; discrimination in the workplace; absence of record in the employment record book of its employees, as well as outsourced workers who work for the company on a temporary or regular basis within or outside their properties.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in wildlife or products regulated under Convention on International Trade in Endangered Species - CITES.
- Production or trade in radioactive materials.
- Production, trade in or use of unbonded asbestos fibers.
- Commercial transactions of cutting wood or purchasing equipment for cutting wood, except in reforestation areas;
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Production or trade in pharmaceuticals which are prohibited or with production process in discontinuity.
- Production or trade in ozone depleting substances, including those which its production process is in discontinuity.
- Production or trade in ozone depleting substances subject to international bans or which has its production process in discontinuity.
- Production or trade in products that contains PCBs (banned chemical compound of high toxicity and environmental persistence).
- Drift net fishing using nets in excess of 2.5 km in length,

The Compliance department will monitor clients' engagement in the activities listed above as excluded sectors. Exceptions will be treated in the Credit Committee.

BI&P contractual agreements signed with its borrowers bear a social and environmental responsibility clause through which the customer commits not to employ child, slave or forced labor in its activities and to make all efforts to adopt such clause in agreements with its clients, suppliers and service providers. Similarly, the customer undertakes to provide strict compliance with laws and regulations intended to protect the environment, as well as to maintain all valid licenses, permits and studies required by law to the full development of its activities. The borrower also commits to take measures and procedures applicable to rule out any aggression, danger or risk of harm to the environment that may be caused as a result of its activities, including by delegation to third parties. The infringement of this clause will be cause for early payment of loans contracted with BI&P. BI&P may still refuse to grant new loans while the borrowers' infringements are not resolved.

BI&P is going to use as exclusion list the "dirty list" on the following website: www.reporterbrasil.org.br/listasuja/index.php

This list highlights slave labor veto as one of the criteria guiding its relationships with Brazilian companies.

This list, prepared by the Ministry of Labor, contains the names of companies and people that have proven used slave labor on their properties.

The use of the “dirty list” is a tool to fight employers that use slave labor in the country. Credit restriction is one of the most effective cold weapons in this fight, since it hinders the maintenance and expansion of the enterprise.

The measures taken by other Brazilian economic agents are in harmony with the World Bank’s stance.

Since 2003, the Ministry of Social Integration has prevented those included on the “dirty list” from obtaining new contracts with the Constitutional Financing Funds – credit lines focused on production development in the North, Northeast and Midwest regions of the country.

As long as they remain on the list, these employers are also prohibited from receiving financing from public and private institutions, such as the Brazilian Development Bank (BNDES) and other banks.

6. Responsibility of Commercial Department

Whenever a relationship manager visits a customer that will be submitted to the Credit Committee, comments on the following aspects must be included in the Visit Report, regardless of the customer’s size or the relevance of the credit line:

- Investments in the development of technologies for treating industrial waste, product recycling and pollution prevention.
- Development of products that cause minimal environmental impact.
- Preservation of natural resources by recycling and other appropriate methods.
- Assurance that its facilities and products support and comply with environmental regulations.
- Support to government agencies and official organizations that defend environmental preservation.
- Participation in programs like “Adopt an Area”, being responsible for remodeling and maintaining such area.
- Requirements for environmental license for its business activities to be carried out.

7. Responsibility of Credit Department

Credit Department should be attentive to:

- The result from the research on the exclusion list at the website www.reporterbrasil.org.br/listasuja/index.php
- The result of research on Internet about any possible involvement of the applicant in an environmental crime.
- Fulfillment of item 10 of the Credit Report – “Social Environmental Responsibility” using the data obtained in internal and external sources, with the following fields:

Item	Comment
Search on Restriction list (*)	No Record or Included
Environmental Crime	No Record or Record Found

Environmentally Responsible Attitude	Which items are met
Specific Environmental License	No / Yes / Which

(*) <http://www.reporterbrasil.org.br/listasuja/index.php>

Any doubts arisen from the research should be clarified by the customer.

8. Responsibility of Compliance Department

Compliance department will perform the clients' monitoring regarding the exclusion list mentioned in item 5, taking into account:

- Use child, slave or forced labor.
- Engage in activities that encourage, directly or indirectly, gambling and prostitution.
- Operate in the production and trade of products containing asbestos.

9. Associated Regulation:

There is no single code or pattern associated to the exercise of socio environmental responsibility and the sustainable growth of the corporations. Therefore, the involvement of BI&P and its employees must be disciplined by principles that guide and orientate joint efforts, so that, as a result, everyone can be benefited.

Law # 6.938 of August 31, 1981.	Regulates National Environment Policy, its purposes, and formulation and application mechanisms.
Law # 11.105 of March 24, 2005.	Regulates subparagraphs II, IV and V of § 1 st article 225 of Federal Constitution; establishes rules of security and mechanisms of inspection of activities which involves genetically modified organisms (GMO) and its byproducts; creates the National Biosecurity Council; restructures National Technical Biosecurity Commission; and regulates the National Biosecurity Policy. Revokes law # 8,974 of January 5, 1995, provisory measure # 2,191-9 of August 23, 2001, and articles 5, 6, 7, 8, 9, 10 and 16 of law # 10,814 of December 15, 2003.
Law # 11.460 of March 21, 2007.	Regulates plantation of genetically modified organisms in conservation units; adds new devices to law # 9,985 of July 18, 2000 and to law # 11,105 of March 24, 2005. Revokes provision of law # 10,814 of December 15, 2003.
Law # 9.605 of February 12, 1998.	Regulates criminal and administrative penalties related to conducts and activities which are harmful to the environment.
Law # 11.284 of March 02, 2006.	Modifies laws # 10,683 of May 28, 2003; # 5,868 of December 12, 1972; # 9,605 of February 12, 1998; # 4,771 of September 15, 1965; # 6,938 of August 31, 1981; and # 6,015 of December 31, 1973.
Law # 12.305 of August 02, 2010.	Modifies law # 9,605 of February 12, 1998.
Resolution # 4.327 of April 25, 2014.	Regulates the guidelines to be observed in the establishment and implementation of the Social Responsibility Policy by financial institutions and other institutions authorized by the Central Bank of Brazil.

This Policy was approved by the Executive Board on March 10, 2016.
