



The Principles for Sustainable Insurance (PSI)  
**PSI Disclosure Report 2014**

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## Introduction

In 2014 Terra Brasis Re celebrated their second year of operation. Despite a challenging year, the company reached their goals with important process upgrades and improvements. Besides, the company, through of their actions and progress, reinforced the commitment to the highest level of corporate governance and environmental and social sustainability with employees, partners and clients.

The presence of the International Finance Corporation (IFC), the private investment arm of The World Bank Group, as one of our Shareholder, attests to our competence to these principles.

One of Terra Brasis' pillars is a compromise to incorporate principles of Environmental and Social Sustainability into its operations, positioning the Company as an example in Corporate Responsibility. The wish to incorporate these actions in the company's daily activities, consolidating this philosophy across all employees and contributors, was one of the major incentives for Terra Brasis to be the first Brazilian Reinsurer to adopt the PSI directives.

It is a great pleasure to make part in this initiative and our aim is to effectively contribute for the project's progress, in partnership with all signatory companies, through actions that provide benefits for the entire society and, in special, for the environmental.

Terra Brasis has invested in a highly qualified and motivated team, banded by great standards of corporate governance. Although Terra Brasis be a young company, our way has worked, respect the people and environmental, has been fundamental for all progress achieved. Throughout this report we intention to show this practices.

Some of the highlights of our progress include:

- Currently in the process of obtaining ISO 14001 certification – Environmental Management. The target to finish the certification process is 2015;
- Developed an internal Electronic Reinsurance System. Last year was marked by important improvements in this strategic tool;
- Offered training to clients and partners, there are recognized in the Brazilian Insurance and Reinsurance market by quality;
- Developed Guidelines for each Line of Business;
- Established a Research Team, publishing the magazine Terra Report, among others;
- Pioneer development of the Brazilian Catastrophe Map – Winner of the second place at CNSeg Antonio Carlos de Almeida Braga Innovation on Insurance Awards by has identification with Principle 2 of the PSI in 2013.

## 1. Basic information

### 1.1. Terra Brasis

Terra Brasis is a local reinsurance company founded on September 20, 2010, with Susep - Brazilian Insurance Superintendence final license and operations launched on October 4, 2012.

TERRA BRASIS RESSEGUROS mission is to be the preferred option for the local Insurers, sharing with them challenges and projects, being a partner in all moments and economic scenarios. TERRA BRASIS RESSEGUROS offers innovative solutions for the Brazilian market and adds knowledge, qualified service, responsibility in the management of risks and the highest standard of corporate governance.

### 1.2. Sustainable practices

Terra Brasis Re is committed to using its knowledge and access to the Brazilian reinsurance market to highlight the importance of adopting sustainability as a permanent attitude in business. Hence, Terra Brasis Resseguro became a signatory of the Principles for Sustainable Insurance (PSI), launched by the United Nations Environment Program Finance Initiative (UNEP FI). Terra Brasis believes in the observance of the PSI and other social and environmental practices, in order to improve the quality of life of their employees, partners and clients. Such goals should be achieved through internal practices, such as research and training, focus on awareness and learning of all individuals involved and the expansion of these actions to the entire insurance and reinsurance market, adding positive values to the industry. Reaching the objective

Terra Brasis Re believes it is paramount to have a deep understating of the environmental and social impacts, and the reputational risks they may entail, of each and every risk taken up with each business transaction.





## 2. Principles for Sustainable Insurance – PSI

On February 8<sup>th</sup>, 2013, Terra Brasis Resseguros became the first Brazilian reinsurer signatory of the Principles for Sustainable Insurance, launched by the United Nations Environment Programme Finance Initiative (UNEP FI).

### 2.1. Principle 1

**We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.**

In 2014 Terra Brasis worked to improve its Social & Environmental Management System (SEMS), a project in partnership with IFC – International Finance Corporation, the private investments arm of the World Bank Group and Terra Brasis' minority shareholder.

The purpose of this tool is to guarantee that all Company's decision to consider environmental, social and governance issues. In order to achieve this, the project was divided into six stages, which are highlighted below:

#### **First Step – Investment in our team to achieve an internal sustainable culture.**

Terra Brasis Re believes in its team's potential and it will always strive to improve their professional and personal life, seeking to form better people in all aspects. The company has an internal environment which seeks to encourage a sustainable behavior, for example, fortnightly Sustainability Journal, with tips about ESG issues, selective collection of garbage, automatic double-sided printing, lectures on the subject.

#### **Second Step – To promote aware behavior in all society**

Terra Brasis underwriting guidelines incorporates principles of respect to the human rights, environment, National laws and regulations.

#### **Third Step – ISO 14001**

In 2015, the company intent to conclude the implementation of ISO 14001, an internationally recognized environmental management standard. The ISO 14001 standard includes all of the elements needed to develop an environmental management system in our organization.

#### **Fourth Step – Activity exclusion list**

An activity exclusion list has been implemented in accordance with IFC's standards, obligating underwriting process to be in accordance with social and environmental principles. The increased awareness of the company's employees together with the exclusion list it have resulted in better and more conscious decisions.

**Fifth Step – Research Area**

Terra Brasis established a research and market intelligence group, wich develop studies focused on (re) insurance and focus on the Brazilian Market. The ultimate goal of the group is to foster knowledge, contributing to the development of themarket, consequently benefiting society as a whole.

**Sixth Step - Electronic Reinsurance System**

Terra Brasis team created the electronic reinsurance system used by the Company. Among the advantages, highlight that the system was elaborated following all Terra Brasis' principles and it can be adjusted according to the needs

## 2.2. Principle 2

**Terra Brasis is committed to working together with our clients and business partners to raise awareness of environmental, social and governance issues, to manage risks and to develop solutions.**

### Clients and Business Partners

Terra Brasis has a commitment to do only ethical and transparent business, aligning itself to insurers, reinsurers and other business partners that respect human rights, the environment, and the National laws and regulations.

Within its business process, Terra Brasis Re continually analyses the track record of its clients and business partners, their profile, social and environmental responsibility and finance.

Below is a list of sustainable actions performed by Terra Brasis’ clients:

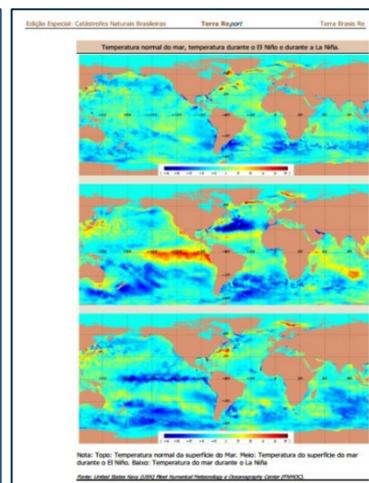
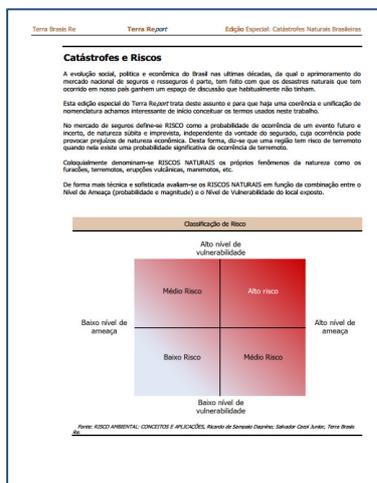
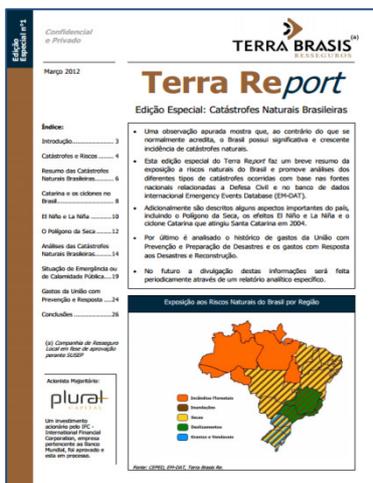
- Development of the human capital
- Preservation of the environment
- Support the community, aiming at social transformation
- Studies about the climate change
- Recycling

These points illustrate the commitment of our clients to social and environmental issues. Moreover, those actions are essential to stimulate sustainable business and to promote changes.

### Our Actions

Terra Brasis stimulates sustainable actions through studies developed by its Research group. We have a special interest on Brazilian Natural Catastrophes, a subject that is gradually gaining prominence, but still needs to be more debated, culminating in beneficial solutions for all Brazilian society.

### Terra Report – Special Edition # 1 - Brazilian Natural Catastrophes



Access full document: <http://www.terrabrisis.com.br/en/Report/>

**Terra Report – Special Edition # 1 – Map of Brazilian Natural Catastrophes**



The screenshot shows the 'Terra Report' website interface. On the left is the title page for 'Terra Report Edição Especial N.º 2' with the Terra Brasis logo. The main content area is divided into three columns. The first column contains an 'INTRODUÇÃO' section with introductory text. The second column contains 'DEFINIÇÕES DE EVENTOS' (Definitions of Events) with a table defining terms like 'Inundação', 'Alagamento', 'Seca e Estresse', and 'Alagamento'. The third column features a map of Brazil titled 'INUNDAÇÕES E ALAGAMENTOS' with a legend showing different levels of risk (e.g., 100, 1100, 1200, 1300, 1400, 1500, 1600, 1700, 1800, 1900, 2000).

Access the map: <http://www.terrabrisis.com.br/Content/pdf/TerraReport201308E.pdf>

Terra Brasis full team is involved in understanding the impacts of environmental and social considerations on financial performance.

Below follows some internal procedures followed in 2014 by Terra Brasis:

- (i) Organized lectures with experts about the theme
- (ii) Implemented a policy of mandatory 2-side printing
- (iii) Implemented an Environmental calendar, with educative texts on special days
- (iv) Fortnightly Sustainability Journal
- (v) Improvements in Social & Environmental Management System (SEMS)

**Fortnightly Sustainability Journal**

This screenshot shows the 'Quinzenal 19.2014' page. It features a header with the Terra Resources logo and a main text block. Below the text is a grid of six featured articles, each with a small icon and title: 'FUEL', 'FAKE SHOWER', 'APPLIFISH', 'COMMITO GREENE!', 'BATTERY DOCTOR', and 'GOODGOOD'. At the bottom, there are social media links for Facebook and Twitter, and a small 'Quer saber mais?' section with a link to a website.

This screenshot shows the 'Quinzenal 01.2015' page. It features a header with the Terra Resources logo and a main text block. Below the text is a section titled 'Comece o ano com tudo! 3 dicas para ser mais sustentável em 2015:' followed by three numbered tips: 1. Informe-se, 2. Evite desperdícios, and 3. Movimente-se. Each tip includes a short paragraph of advice. At the bottom, there are social media links and a 'Quer saber mais?' section.

## 2.3. Principle 3

**Terra Brasis will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.**

### **Terra Brasis's Brazilian Natural Catastrophes Map (2010-2013)**

In 2014, Terra Brasis updated the first Brazilian Natural Catastrophes Map developed by an insurer or reinsurer in Brazil, with data that reflects occurrences in Brazilian Municipalities that underwent an Emergency Situation and/or State of public calamity between 2010 and 2013, attempting to identify, in a clear and objective way, the places that are more susceptible to natural catastrophes.

The goal of this initiative is to contribute to increase debate and foster interest on the theme, encouraging public and private investments aimed at preventing, reducing and transferring catastrophic risks of the Brazilian market and culminating in beneficial solutions not only for the insurance and reinsurance market, but also for the Brazilian society as a whole.

The scope of these projects developed by Terra Brasis Re, can be illustrated by the mailing list statistic shown below.

<b>Tipos</b>		<b>Countries</b>	
Insurer	428	Brazil	897
Reinsurer	264	United States	76
Others	164	England	56
Reinsurance Broker	130	Germany	35
Financial Market	72	Colômbia	21
Law Firm	24	Switzerland	20
Insurance Broker	21	Bermuda	15
Regulatory Agencies	21	Peru	11
Journalist	20	Mexico	8
Rating Agency	16	China	5
Consultancy	16	Ireland	5
Auditing	4	French	4
<b>Total</b>	<b>1.180</b>	Qatar	4
		Argentina	3
		Denmark	3
		India	3
		Belgium	2
		Chile	2
		Caribbean	2
		Uruguay	2
		Spain	1
		Netherlands	1
		Nigeria	1
		Portugal	1
		Thailand	1
		Ukraine	1
		<b>Total</b>	<b>1.180</b>



## Industry Events

Terra Brasis' team has been participating in conferences, seminars, and workshops that promote PSI and other ESG issues.

### 2.4. Principle 4

**Terra Brasis is committed to demonstrating accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.**

This report constitutes our commitment in demonstrating accountability and transparency in regularly disclosing publicly our progress in implementing the Principles over the last year, in line with Principle 4.

