

GRUPO SEGUADOR BANCO DO BRASIL E MAPFRE

PRINCIPLES FOR SUSTAINABLE INSURANCE

2015

GRUPO SEGUADOR



At a moment of profound social and environmental changes, incorporating sustainability into the core of the business has increasingly gained strategic importance. Such is because the analysis of environmental, social and governance aspects may be synonymous with cost reduction, business opportunities and with fostering growth.

That rationale is part of GRUPO BB E MAPFRE's daily routine, which has already integrated sustainability into the company's strategic positioning, spearheading the value chain in pursuit of integrated results and a balanced performance with its audiences of interest.

Such performance is steered by GRUPO BB E MAPFRE's Sustainability Management Model, which focuses on the understanding and analysis of the social-environmental and governance changes affecting, whether directly or indirectly, the company's business results, reputation and/or its relationship with stakeholders.

This Model allows enhancing the company's social-environmental management process, as well as identifying new opportunities.

In addition to incorporating sustainability into its strategic decisions, GRUPO BB E MAPFRE also participates actively in national and international associations and organizations that promote sustainability, actively participating and contributing with the elaboration of public policies.

We also comply with international principles and agreements, of which we are signatory, such as the Principles for Sustainable Insurance (PSI).

All that effort has led GRUPO BB E MAPFRE to rank once more amongst the 61 most sustainable companies in the country, according to Guia Exame de Sustentabilidade 2013/2014, one of the country's leading business magazines.

Why the GRUPO is signatory?

The GRUPO SEGURADOR is aligned to the PSI because of its belief on its relevance to the development of the segment.

What have we done?

In 2014, GRUPO SEGURADOR held several initiatives to disseminate sustainability management across the value chain with the principles of the UN PSI.

Among them are:

Principle 1

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

STRATEGY FOR THE COMPANY	Strategic plan The annual meeting of the strategic planning establishes ESG goals for sustainable results for each of Business and Functional units of the company, maximizing the engagement of executives and employees within the sustainability strategies.
	Performance measures and remuneration The sustainability goals set forth in the strategic plan are monitored and managed through the company's results, influencing the annual compensations PSP (Profit Sharing Plans).
	Internal procedures The company manages ESG issues in the internal operations, reducing costs and engaging employees through initiatives, which minimizes printing, encourages recycling and optimizes energy consumption.
RISK AND UNDERWRITING MANAGEMENT	Studies and research The company carries out sectoral studies to follow up the most relevant ESG challenges, opportunities and risks on the local markets, conducting sustainability and performance strategies.
	Underwriting policies The Large Risks underwriting policies were analyzed with reference to the sustainability, aiming to reduce the exposure to the social and environmental risks and to optimize the business opportunities, in line with the Principles for Insurance Sustainability.
	Risk management policy A category of social, environmental and governance risks was included in the corporate policy.

RISK AND UNDERWRITING MANAGEMENT

National Policy for Solid Waste (Política Nacional de Resíduos Sólidos - PNRS)

In order to promote awareness of the risks and the PNRS impacts on the company's Business Units, the training "Hazardous and Non Hazardous Solid Waste – Auditing Guidelines and Risk Assessments and Liabilities" was conducted in 2014. The meeting was attended by approximately 40 employees from different business units (Personal Risks, Auto, Large Risks and Legal Department).

Management of the value chain

Assessment and monitoring of the suppliers were carried out in order to encourage the prevention and management of the risks, seeking to develop sustainable practices and the adoption of a systemic vision that goes beyond the commercial analysis and value suppliers that seek to differentiate themselves with reference to the sustainability, and the Manual of Sustainable Purchases was launched, together with the Brazilian Business Council for Sustainable Development (*Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável – CEBDS*).

Suppliers approval

Programs for personnel and supply chain to educate and discuss the main impacts of ESG on the business operations. The program aims to include ESG aspects to the process of approval of suppliers.

Business Continuity Plan (Plano de Continuidade de Negócios – PCN)

Several cities in Brazil are facing a water crisis. Due to this reason, a Working Group was formed aiming to ensure the maintenance of activities and operations in the event of water shortage.

PRODUCTS AND SERVICES DEVELOPMENT

Financial inclusion

Development of products and services for the poorest social classes in Brazil in order to ensure financial inclusion and promote the access to insurance services. Examples of such products are: "Agroamigo" and "Seguro Vida Agricultura e Familiar".

PRODUCTS AND SERVICES DEVELOPMENT**Microinsurance**

The first insurer authorized by SUSEP (Superintendence of Private Insurance) to operate with microinsurance in Brazil.

Residential insurance

Sustainable assistance offering environmental consulting and intelligent disposal.

ABC Forestry Insurance

Insurance with coverage for forestry climate risks, derived from a line of credit designed for the low carbon agriculture. The contracts of the Low Carbon Agriculture (*Agricultura de Baixo Carbono – ABC*) credit facility established since the Crop and Cattle Raising Plan 2010/2011 motivated the GROUP to launch an insurance specific for the forestry sector, one of the most important segments of the agribusiness chain for reducing carbon released to the atmosphere.

Environmental damage liability

The product has been created as a response to the need for involuntary property damage and/or physical damage repair, resulting from contamination for sudden and accidental leakage of hazardous or contaminating substances, resulting from accident with a carrier vehicle occurring during the insurance policy period.

Destination of vehicles involved in accidents

In the two Salvage yards located in the State of São Paulo, the waste is directed to recycling and are reused. There are partnerships with companies for the disposal of metal wreckages in an environmentally friendly way. Scraps are sold to properly registered companies. Between January and December 2014 there were sent to recycling more than 83 tons of material.

Decontamination of vehicles at the salvage yard

It structured the decontamination salvage vehicle program, which will generate a set of informative, procedural and legal materials for the environmentally sound and efficient management of waste generated during the decontamination process, mitigating possible environmental risks and fulfilling the National Policy for Solid Waste (*Política Nacional de Resíduos Sólidos – PNRS*).

PRODUCTS AND SERVICES DEVELOPMENT

Final disposal of electronics

An environmental diagnosis of the final disposal process of electronics discarded under the extended warranty insurance was carried out, in order to mitigate potential risks arising from the concept of the responsibility for the final disposal of waste, according to PNRS.

Leadership in Energy and Environmental Design (LEED) Certification

Tests and procedures necessary to verify that the new headquarters complies with sustainability criteria before, during and after its construction was carried out. Indicators included in the processes: rational use of water; energy efficiency; reducing, reusing and recycling of materials and resources; quality of internal environments of the building; and compliance with local needs as defined by GBC's professionals specific for the analyzed enterprise.

ISO 14001 certification

ISO 14001 certification obtained for the administrative headquarters of the company, confirming that the environmental management system of the Company is aligned with the best practices.

Publication of the first inventory of GEE (greenhouse gases), 2013-base year

The certificate Gold Seal was obtained with the publication of the first inventory of GEE (*gases do efeito estufa - GHG/greenhouse gases*), following the guidelines of the Brazilian GHG Protocol Program, which is coordinated by the Sustainability Studies Center (*Centro de Estudos em Sustentabilidade – GVCes*) of the Business Administration School Getúlio Vargas Foundation (FGV-EAESP). The following indicators were reported: energy; waste; transport employees; business travels; consumption.

CLAIMS MANAGEMENT

SIM 24h

Customer Service Central that serves an average of 100,000 calls per month, structured for a fair and effective solution.

SALES AND MARKETING

Communication Channels

Magazines, online websites and internal marketing to keep an direct and assertive commuicaion with key stakeholders of the company, including employees, agents, business partners and customers.

Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

CUSTOMERS AND SUPPLIERS

Strategic management of supply chain

The company implemented a Sustainable Relationship Policy with the Supply Chain and developed a program to measure, evaluate and monitor the level of supplier's sustainable activities.

Sustainable purchase manual

During the year, the Company participated in the creation of the Sustainable Procurement Manual, developed by the Procurement Working Group CEBDS (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável - Brazilian Business Council for Sustainable Development). Prepared in the second half of 2013, and launched in 2014, such material was created with the purpose of offering shopping professionals a practical and additional tool to the decision-making process, with the differential to incorporate sustainability criteria in choosing suppliers.

Electric bicycles

Assistance to customers for technical and mechanical support supplied via electric bicycles in Rio de Janeiro. The initiative aims to bring benefits to the local urban mobility, reduce CO2 emissions and provide rapid assistance to simple claims.

Online survey

The GROUP conducted an online survey in order to identify social and environmental issues relevant to its business according to its stakeholders' perspective. In total, 784 people participated, among suppliers, customers and employees.

Datafolha survey

The survey's goal was to identify what are the social and environmental issues that should be supported by an insurance company. The survey was conducted by Datafolha in more than 200 municipalities, totaling 2,376 responses.

INSURERS, REINSURERS AND INTERMEDIATE PARTIES

Sustainability Academy

Benefiting more than 2,600 people since its inception, the Sustainability Academy consists of meetings in order to empower and disseminate sustainability issues, discuss challenges and opportunities in the insurance industry and raise awareness regarding the potential impacts of ESG issues and their risk management.

In 2014, 17 meetings were carried out and 713 people attended those meetings - including employees, brokers and suppliers.

The main topics discussed were: the impacts of the “National Policy for Solid Waste” in the insurance sector; sustainable procurement; GRI guidelines; Strategic planning with focus on the long term; PSI (Principles Sustainable Insurance); among others.

Dissemination to risk inspectors

In 2014, it was held the second workshop of risk inspectors with training of 73 inspectors for a risk management culture that takes into account the social, environmental and governance aspects in the underwriting process and risk analysis between customers. By 2014, over 40,000 inspections were carried out considering the environmental, social and governance aspects.

Financial education and culture of protection

In 2014, a series of workshops was held, which included the participation of more than 1,200 employees of the bank branches, in addition to management e-learning training programs about life insurance, with more than 20 thousand accesses in the banking system, and training aimed to the MAPFRE Network professionals, which give customer service to more than 22,000 brokers.

Principle 3

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

GOVERNMENT, REGULATORS AND POLICY MAKERS

CNSEG

Integration of CNSeg (*Confederação Nacional das Empresas de Seguros* – National Confederation of Insurance Companies) and member of its Committee on Sustainability to promote and enrich the debates to include ESG issues in the insurance market.

FUNENSEG

Partnership with the *Fundação Escola Nacional de Seguros* – National School of Insurance Foundation to develop programs and seminars to disseminate ESG issues for the entire insurance industry value chain.

OTHER STRATEGIC PUBLIC

CESVI

Created in 1996, the Center of Experimentation and Road Safety (*Centro de Experimentação e Segurança Viária*) was the first institution dedicated to research and studies for road safety. The center has extensive experience with the management of vehicles reaching their Life Span End.

Currently, GRUPO BB E MAPFRE is developing with CESVI a project to review its waste management, in order to ensure environmentally friendly disposal.

CEBDS

Integrating and actively participating in various thematic working groups in the Brazilian Business Council for Sustainable Development (*Conselho Empresarial Brasileiro Para o Desenvolvimento Sustentável*) (the local WBCSD branch), the company chairs the Thematic Working Group on Urban Mobility.

We continue working with governments, regulators and policy makers to ensure the proactive positioning of the company in this regard.

- member of the Brazilian Network of Global Pact (*Rede Brasileira do Pacto Global*)
- Presides the Sustainability Committee of the Spanish Official Board of Commerce.

Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Sustainability report

Since 2007, preparing the Sustainability Report in accordance with the GRI (Global Reporting Initiatives) guidelines.

Management of material issues

The GROUP is developing its material issues, from a set of initiatives that promote dialogue with various stakeholders, and seek to condense the discussions to tangible social and environmental issues that are still in the shadow of the business and that may give important input to the review of processes, performance, products, assistance, as well as in dialogue with society.

Guia EXAME

Recognized in 2014 by a national magazine specialized in sustainability management (Guia EXAME) as one of the 61 most sustainable companies in Brazil.

Which are our purposes?

- Discuss the development of new products and services that introduce the vision of the UN PSI in its several areas.
- Increase the dissemination of PSI for UN employees and business partners.
- Continue to develop initiatives to disseminate the principles, achieving results and communicating them to the public.
- In addition to incorporating sustainability into our strategic decisions, we will maintain active participation in associations and national and international organizations which work to promote sustainability and environmental responsibility, participating and contributing actively to the formulation of public policies.
- We also will follow principles and international agreements to which we are signatories, the Global Compact, an initiative developed by the UN to mobilize companies to adopt related to values ten principles in their practices; and the UN Millennium Development Goals, the eight major world problems, to be worked and achieved by all countries by 2015.