

GRUPO SEGUADOR BANCO DO BRASIL E MAPFRE

PRINCIPLES FOR SUSTAINABLE INSURANCE

2017



The Sustainability Management Model adopted by the GRUPO SEGURADOR BANCO DO BRASIL E MAPFRE is focused on the environmental, social, and governance changes (ESG) and their direct or indirect impact on the result of business and the quality of the products and/or services offered to our clients.

Thus, to strengthen sustainability as a strategic decision for business, the functional and business units are encouraged to develop initiatives which will allow them to identify ESG risks and opportunities in their respective area of work. This model permeates all activities and areas which rely on the support of the Sustainability Area to meet their needs.

Every year, this work is developed in partnership with different areas to promote the integration of socio-environmental issues with the business strategy, with the identification of risks and opportunities which allow us to address the most relevant issues.

In addition to that, by including sustainability as a strategic issue for business, the GRUPO is able to improve socio-environmental risk management and to identify new opportunities, taking the lead of the value chain in search of integrated results and a balanced performance with their stakeholders.

This work continued in 2016, ensuring that GRUPO SEGURADOR BANCO DO BRASIL E MAPFRE is considered, for the fourth year running, one of the most sustainable companies in Brazil by the Guia Exame de Sustentabilidade – one of the most respected surveys about sustainable development in the country.

In the following pages, we present the main initiatives developed by the GRUPO in 2016 to spread the sustainability management across the value chain, always aligned to the PSI - Principles for Sustainable Insurance.

Principle 1

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

STRATEGY

PERFORMANCE AND COMPENSATION MEASURES

The sustainability goals which were defined during the strategic planning are monitored and managed in the company results, influencing the Participation Plans of Profit Sharing. To achieve this goal, the GRUPO has invested in the training and engagement of their executives and employees to spread the subject, facilitating the understanding by all involved. In 2016, approximately 130 managers, executives, and other decision-makers attended training sessions and lectures about the integration of the concepts of sustainability into the business.

INTERNAL PROCESSES

The GRUPO manages ESG (Environmental, Social, and Governance) issues in internal operations, reducing costs and engaging employees through initiatives that minimize paper usage for printing, encourage recycling and optimize energy consumption.

In 2016, the resources allocated for the corporate actions to mitigate environmental impacts added up to R\$ 950,542.45, a significant growth compared to the previous amount (R\$ 630,000). This amount was invested in activities related to waste management, environmental consultancy, certifications (LEED, ISO14001, GHG PROTOCOL), an environmental audit of suppliers (reverse logistics and salvage yards), in addition to providing training on environmental management at the Sustainability Academy to internal and external audiences,

STRATEGIC PLANNING

To foster the integration of ESG aspects into the strategic planning of the company, a technical meeting was promoted for the training of executives. The Sustainability Academy trained 1,674 participants, among collaborators, suppliers and business partners to discuss priority sustainability themes for the business. Among the main technical themes addressed throughout the year, are the following: environmental insurance; presentation of gas and oil sectoral studies, with emphasis on ESG issues, decision making processes, and climate changes; training in claims regulation, with a dedicated module in salvages and residues; among others.

RISK MANAGEMENT AND UNDERWRITING

RISK MATRIX

The management of priority themes, established throughout 2016, was based on the ESG risks and impacts matrix developed in 2015 for prioritization of the activity targets and relevant topics in the area of Large Risks, Rural and Mortgage, Life and Automobile. Several activities, which are presented in this report, were created to minimize the socio-environmental impacts and, as a consequence, to mitigate the effects of climate change.

RISK PREVENTION INDICATOR MANAGEMENT

The inspection database for Large Risks insurance evolved in 2016, having performed approximately 90,000 inspections. These inspections included questions related to sustainability management, which enabled us to compare the evolution of the portfolio in terms of risks of the same sector or of different sectors.

SUPPLIER APPROVAL

In 2016, the ESG criteria were included in the approval tool of the registration center, ensuring the mapping and the risk management in the value chain, as well as the mitigation of risks.

Among the criteria analyzed, themes worth highlighting are labor practices and human rights assurance, environmental impacts, exposure to the risk of fraud, corruption, and bribery. In total, 2,454 new suppliers were assessed throughout the year, which represents 186% of the total number of suppliers assessed in 2015.

PREVENTIVE LISTS MAPPING

To improve the process of reputational risk mitigation, a preventive list mapping tool was developed, with the ESG criteria, as a mechanism for the monitoring and prevention of actions as money laundry, illegal actions linked to corruption and other related risks.

Throughout the year of 2016, the first tests were carried out with the Automobile units (300.000 individual taxpayer registration numbers -CPF- and corporate registration numbers -CNPJ- were evaluated) and with Large Risks units (141.900 CNPJ were evaluated). In 2017, this tool is available to all units as a way of evaluating the adoption of this review mechanism, enabling a deeper understanding of the value chain.

NORMS, POLICIES AND PROCEDURES OVERHAUL

To diagnose the integration level of socio-environmental risk management in the GRUPO, nearly 50 documents from the Rural and Mortgage business unit, among manuals and general terms and conditions, were overhauled. Forecast to be completed in 2017, the process aims at the consolidation of a more sophisticated risk management, which contributes to the mitigation of financial and reputational risks and to the strengthening of the GRUPO's position as the fomenter of good practice among its target public.

PRODUCT AND SERVICES

PRODUCTS THAT MEET THE ESG CRITERIA

In 2016, R\$ 1,390,796,265.75 were paid as premiums related to products with ESG characteristics, with 4,536,555 policies in the year.

SALVAGE YARDS

In this year, an environment management system was implemented in the Salvage Yard in Caçapava, in the state of São Paulo, to ensure that the residues were environmentally disposed of.

The construction of a Residue Storage Center (CAR, for Centro de Armazenamento de Resíduos) was also initiated. CAR was implemented with the technical support of sustainability studies to ensure its environmental risk mitigation system, which includes periodical audit process for the waste management and the mapping of potential risks and/or environmental impacts.

Throughout 2016, three audits were carried out, the first one happened when the waste management system was still being implemented, and it resulted in the detection of 38 nonconformities. In the third audit, carried out in December, only four nonconformities were detected, which represents a decrease of 89% in the points of attention.

REVERSE LOGISTICS

Implemented in 2015, the initiative covers electronics insured with extended warranty, which present functional defects and are forwarded to the reverse logistics process. In 2016, over 35 tons of electronics were environmentally disposed of.

Throughout the year, the company also carried out a pilot for the expansion of this project for electronics insured against electrical damage, which were stored with partner stores which provide technical assistance. Approximately two tons of material went through the reverse logistics process.

INTERNAL PROCESSES

SELECTIVE WASTE COLLECTION

In 2016, the project for the selective waste collection, which was already taking place at our Berrini Headquarters and was awarded the ISO 14001 certification, was extended to 118 branches. Each branch received four waste disposal cans (blue, red, yellow, and gray) for the correct disposal of materials. For the areas where the waste collection is not covered by the municipal administration, the GRUPO has established partnerships with private companies for the job.

RECICLA BB E MAPFRE

The Recicla BB E MAPFRE project continued in 2016, gathering 186kg of batteries.

LEED CERTIFICATION

The new GRUPO headquarters is located in a sustainable building, constructed with observance of the techniques established by the U.S. Green Building Council, an international institution which coordinates the LEED certification (Leadership in Energy and Environmental Design), an international environmental seal, which certifies eco-efficiency criteria for natural resource usage, chain traceability for furniture purchase, air and light quality assurance for employees, waste management, etc.

ISO 14001 CERTIFICATION

In 2016, the process of moving to the new administrative headquarters in São Paulo was a success, ensuring the maintenance of the NBR ISO14001 environmental certification. In order to do that, the GRUPO has invested in several activities to adapt the new facilities to the demands of the certification: new goals and environmental indicators were established for each area, new training sessions dedicated to the theme were organized for the employees, and the processes were adjusted to meet the international standards established by the norms of the certification.

ENERGY AND WATER CONSUMPTION

The moving to the new GRUPO headquarters has contributed to the reduction in the consumption of water and energy resources: In 2016, a consumption of 15,098 GJ was recorded by the energy provider, a drop of 54% when compared to the records of 2015. In terms of overall water consumption, there was a reduction of 59% in 2016, totaling up 28,722.90 cubic meters.

SERVICE CHANNELS

To provide over 10 million customers with quality service, the GRUPO maintains a structure formed by three call centers (in the cities of Franca and São Carlos, in the state of São Paulo), totaling 1,847 service positions, 118 branches and units of P.A.R.E. (Fast and Specialized Service Station), 28,184 points of sales and over 15,000 licensed service providers.

SUSTAINABILITY TRAINING

MAPFRE NETWORK

Two orientation training sessions for MAPFRE Network (Rede MAPFRE) new managers were carried out in partnership with the Human Resources area, and their scope included ESG issues, highlighting the importance of these themes for 25% of the corporate workers in the area.

BUSINESS SCHOOL

Throughout 2016, the process of integration of sustainability issues into the business was addressed in two events at the Business School, with the attendance of 58 professionals. These events presented the concepts and the strategic justifications of ESG themes, which are applicable to the insurance market.

CORPORATE UNIVERSITY

In 2016, the module “Sustainability Academy” was included in the GRUPO’s Corporate University, providing an eight-hour training program. In addition to establishing an interface with corporate strategic planning, this module addresses general concepts of sustainability and related themes, such as waste management, climate changes, and supply chains, among others. In 2016 the first meeting for 15 employees from different units of the GRUPO was organized.

ISO 14001 TRAINING

Throughout 2016, several training sessions were organized regarding the ISO14001 recertification, which benefited over 340 professionals, among employees and service providers. These training sessions addressed topics such as residues, selective waste collection, and chemical product handling.

SUSTAINABILITY ACADEMY

Positively affecting 5,627 since 2012, the Sustainability Academies are another way of spreading information among stakeholders. Among the topics addressed in 2016, we can highlight risk management, environmental management, integration of the ESG aspects into the business, among others. In 2016, a total of 1,674 professionals attended the technical meetings offered by the Sustainability Academy. Among the most important technical themes discussed during the year, are the following: environmental insurance; presentation of gas and oil sectoral studies, with emphasis on ESG issues, decision making processes, and climate changes; training in claims regulation, with a dedicated module in salvages and residues; among others.

INVESTMENT MANAGEMENT

SPONSORSHIP STRATEGY

The GRUPO adopts a sponsorship strategy through incentive laws which, in 2016, resulted in the support of 35 sociocultural projects developed by 31 institutions across Brazil, which benefited over 4.4 million people. Altogether, from the R\$ 4.6 billion spent in taxes, contributions, tributes, and fees throughout the year, R\$ 23,378,014.00 were allocated to sponsored projects.

AWARENESS CAMPAIGNS

NATIONAL FIGHT AGAINST CANCER DAY

In order to spread relevant content about prevention and quality of life to Seguro Auto clients, we developed an engagement campaign about the National Fight Against Cancer Day (November 27), with the involvement of partner parking facilities.

The campaign was carried out from November 23rd to 30th in partner parking facilities in 12 Brazilian states. In this period, 100% of the money paid by policyholders who parked their cars in these facilities was donated to Hospital Pequeno Príncipe, one of the institutions supported by the GRUPO and which is a reference in outpatient and hospital care for children, with a special mention for the oncology treatments. Altogether, 1,496 clients took part in this action, resulting in R\$ 20,856.17 donated to the institution.

EARTH HOUR

The GRUPO has participated in the Earth Hour initiative for the fifth running year. This initiative is organized annually by WWF International to raise awareness to global warming and climate changes. In order to participate in the initiative, several actions were promoted to encourage everyone's participation, such as hosting dedicated banners on the GRUPO's hot site and its brands; promoting the campaign on social media; sending e-mail messages to policyholders and employees; and preparing press releases to the media.

WORLD ENVIRONMENT DAY

To celebrate the World Environment Day (June 05) the GRUPO engaged its stakeholders by passing on tips about the environment preservation and reinforced the existence of an environmental channel, dedicated to solving questions and hearing suggestions about the given content.

An internal survey with the employees was also carried out to assess how much they knew about the main environmental topics and to attest the individual perception concerning the current practices of the GRUPO.

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.

CLIENTS AND SUPPLIERS

SUPPLIER MANAGEMENT

In 2016, several actions were promoted to ensure the inclusion of the ESG criteria in the management of our suppliers, aiming at the improvement the standardizing documents and procedures to mitigate the incidence of risks and to foster the relationship with reputable business partners. Among the actions, we can highlight the creation of the Supplier Guide, available on the GRUPO's website (<http://www.bbmapfre.com.br/site.aspx/fornecedores>), so that business partners understand our approval process, and become aware of our values, mission, and ethical code. It is also worth highlighting the inclusion of a socio-environmental self-assessment questionnaire during the approval process, aiming at organizing groups with similar interests.

BRAZILIAN SOLID WASTE POLICY

The approval process of suppliers, which had already existed in the GRUPO, became more elaborated for the Large Risks partners, who handle the residues originated from damage or loss. Developed together with each unit and with the Coordination of the Supplier Registration and Management Center, this project proposes a specific approval stage for the environmental certifications and licenses. In this pilot, 15 prospective partners for the collection, storage, and disposal of salvages were assessed regarding their licenses, documentation and best practices, in line with the PNRS (Brazilian Solid Waste Policy).

ONLINE SURVEY

Similar to previous years, in 2016, the GRUPO developed an online survey, which counted with the participation of 4,025 different stakeholders and had two specific purposes: to map out the most relevant issues for each audience, and to measure the maturity of company management for each of these topics.

RISK INSPECTION WORKSHOP

During this year, the 4th Risk Inspection Workshop was organized with the attendance of over 70 GRUPO's business partners and employees. This workshop addressed technical issues in risk inspection and the main characteristics of the areas of dams and tunnels, and of windmills, as well as the electrical sector. Additionally, it covered the most frequent damages or losses and their impact in each type of operation.

JORNADA INTERNACIONAL GLOBAL RISKS

The GRUPO participated in the first Jornada Internacional Global Risks, organized in Brazil by MAPFRE Global Risks and which gathered 150 attendees to discuss the challenges and opportunities available for the Brazilian Large Risks sector. This event offered an exclusive panel about the challenges in sustainability management in line with the business strategy.

TECHNICAL MEETINGS

The GRUPO also invested in the dissemination of information to its suppliers by holding meetings about Environmental Insurance and the Oil and Gas sector, addressing technical issues and their integration with the ESG aspects, in addition to the context and market practices abroad and in Brazil. These meetings were attended by 44 participants.

TRAINING SESSIONS

In 2016, a training session was carried out for over 90 suppliers of the Agribusiness and Housing sectors. Its main topic was the integration of ESG aspects for the improvement of regulatory practices. It also included specific questions related to the client's sustainability practices in the regulatory form of claims of rural property and housing damages, aiming at collecting information for the proper salvage management.

WASTE MANAGEMENT MANUAL

In 2016, the Manual for the Orientation about Waste Management was created to guide the actions of the Rural and Mortgage segments concerning the mitigation of environmental impacts originated in claim processes. Targeted at producers, clients, and partners, this material is intended to present and clarify the procedures which must be adopted to minimize environmental damages resulting from the handling and management of residues generated from damages or losses. Containing clear information in line with the pertinent legislations, the manual is one more initiative promoted to benefit the environment, thus consolidating the GRUPO's role as the fosterer of good practices in the value chain. The manual will be available in 2017.

TECHNICAL AND PROCEDURAL GUIDE FOR THE ESG INTEGRATION

Created in 2016, this document gathers references and good practices from Brazil and abroad, as well as suggesting methodologies and practices so that the ESG issues are incorporated in processes, products, strategies, and governance of the Large Risks business unit, thus broadening people's view on the analysis of risk exposure of which we underwrite and of loss damage and loss management.

PARTNERSHIP WITH SEBRAE-SP

In 2016, the GRUPO established a partnership with SEBRAE-SP, the main reference in Brazil for the qualification of micro- and small-scale entrepreneurs, to offer courses on sustainable processes and business and people management to licensed auto repair shops and to fender repair shops which provide services to policyholders. During this year, on-site courses on Strategic Planning and Team Management were carried out in six cities in the state of São Paulo, with the participation of over 130 professionals, mainly shop owners and managers.

INSURERS, REINSURER, AND BROKERS

FINANCIAL EDUCATION

Started in 2015, this project involves the sale of a funeral coverage insurance and the performance of financial educational activities, aiming at the dissemination of the insurance culture among the nearly 20,000 inhabitants of Conjunto Palmeiras, in the outskirts of Fortaleza, Ceará.

The idea of financial education is put into practice through courses and the support and instrumentation of the community representatives, who are the ones responsible for the dissemination of the insurance culture across the community. In 2016, approximately 30 community representatives were qualified to perform insurance sales through our app and 118 young adults attended the financial education courses.

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.

GOVERNMENTS, REGULATORY BODIES, AND POLICY-MAKERS

CNSEG

Since 2015, the GRUPO has presided the Commission of Sustainability and Innovation of CNseg (National Confederation of General Insurance, Private Pension & Life, Supplementary Health and Capitalization), contributing to the performance of actions which aim at creating adequate conditions for the sustainability of the sector itself, with the creation of a map and strategic planning based on the BSC methodology, which presents the actions to be taken in the 2016-2018 cycle and the publishing of the first Insurance Sector Sustainability Report, based on the GRI (Global Reporting Initiative) methodology.

OTHER ENTITIES

The GRUPO also active in forums and specific entities to ensure the proactive positioning of the company regarding the issue.

- Sustainability Commission at the Official Spanish Chamber of Commerce.
- ANSP - Brazilian Academy of Insurance and Pension.

OTHER STRATEGIC AUDIENCES

COP21/PARIS PLEDGE FOR ACTION

The GRUPO is on the list of companies which signed the pledge, which aims at the carbon emission reduction to contribute to sustainable growth and development.

PSI

Since 2015, the GRUPO is part of the global board of PSI (Principles for Sustainable Insurance), created to guide the sustainable practices in the insurance sector and to provide global guidelines for the development and expansion or risk management. Throughout the year, the GRUPO attended forums and participated actively in the engagements proposed.

GREEN INSURANCE PROTOCOL (PROTOCOLO DO SEGURO VERDE)

The GRUPO is a signatory to this initiative, which defines the guidelines for the implementation of actions of socio-environmental responsibility, reinforcing the sector positioning regarding environmental preservation.

TECHNICAL MEETINGS

In partnership with the Institute for Energy and Environment at the University of São Paulo (IEE/USP), three technical meetings were organized to broaden the understanding of the environmental and climate context, notably concerning the impacts of climate changes in agriculture and in the decision-making process related to the risk management of such issue. A total of 76 General Board collaborators were benefited, ranging from professionals of the Rural and Mortgage area, academics, and professionals from the public sector.

To strengthen the relationship with different audiences, the GRUPO was present in events

which addressed the challenges, the opportunities and the best sustainability practices in the sector, with an attendance of over 300 people.

- **Sustainability Café** - promoted by the Brazilian Academy of Insurance and Pension (ANSP) in São Paulo, this meeting stressed the importance of, besides understanding sustainability as a concept, applying it to the business to ensure the continuity and competitiveness of its activities.
- **Financial Education Seminar** - organized together with Susep, this seminar reinforced the importance of sustainability and of clear product and service communication for the insurance market, and it also addressed the specificities of the consumer relations and consumer's law.

ANSP

Since 2014, the GRUPO holds the Sustainability Chair at the Brazilian Academy of Insurance and Pension (ANSP), thus contributing to the institutional improvement of insurance and private pension in Brazil. In addition to that, the GRUPO was elected to continue to participate in ANSP Board of Directors during the 2017-2020 term.

Principle 4

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

RESPONSIBILITY AND TRANSPARENCY

SUSTAINABILITY REPORT

The GRUPO collects indicators and information for its shareholders, in line with the guidelines of GRI (Global Reporting Initiative).

GLOBAL COMPACT

Being a member since 2008 of this UN initiative to mobilizes companies to adopt principles regarding human rights, labor relations, environment and anti-corruption policies, the GRUPO reports its progress and activities carried out in the Advance level, which corresponds to the highest rating offered by the UN.

GHG PROTOCOL

To ensure the transparency of the relevant information to the society and to strengthen its performance regarding the environment, the GRUPO has been part of the Brazilian GHG Protocol Program, with the monitoring management of greenhouse gas (GHGs) through the publication of its emissions inventory in the Gold category (verified by a third party).

SUSTAINABLE DEVELOPMENT GOALS (ODS)

The supported and/or promoted actions by the GRUPO demonstrate the company's contribution to this global commitment, created to substitute the Millennium Development Goals and is formed by a set of 17 objectives and 169 goals.

GUIA EXAME

The GRUPO was recognized for the fourth running year, as one of the most sustainable companies in Brazil by Guia Exame (national magazine specialized in sustainability management), and is one more time the only insurer in the guide and one of the highlights in the Financial Institutions chapter.