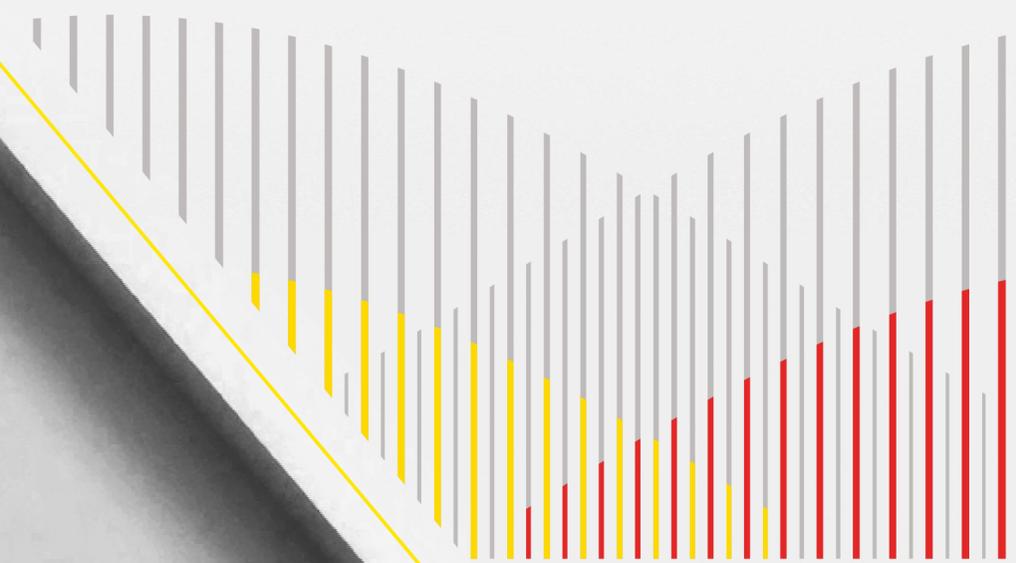




# Innovation and Sustainability Management 2017

# 2017

GRUPO SEGUADOR



# SUM MA RY



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# 1 Context and executive summary



*We invested in repositioning the area, in line with the shifts in the GROUP, which also reviewed its strategic goals*



The Innovation and Sustainability Area partners with the business and functional units in the development of relevant initiatives, meant to achieve GRUPO SEGURADOR BANCO DO BRASIL E MAPFRE<sup>1</sup>'s strategic goals, bringing positive results to our clients' journey and contributing with the continuity of our business and with establishing a differentiated marketing positioning – always in tandem with the GROUP and its shareholders' attributes and direction.

Specifically concerning innovation, in 2017 we invested in repositioning the area, in line with the shifts in the GROUP, which also reviewed its strategic goals. As a result, the innovation model, until then focused only on a culture of innovation

and isolated practices by the general management (GM), was reformulated and migrated to an active and open innovation model, centered on the development of projects focused on a strategy targeting clients and their experience throughout their journey with the GROUP.

When it comes to sustainability, 2017 was a year of continuity and maturation of the initiatives to mitigate risks and/or identify ESG (environmental, social and governance) opportunities, in compliance with the regulation in effect and the national and international commitments undertaken by the GROUP and/or its shareholders.

<sup>1</sup> BANCO DO BRASIL AND MAPFRE INSURANCE GROUP, "the GROUP"



## **1. Context and executive summary**

**As a result of that work, we have achieved important performance indicators and recognitions, amongst which we highlight:**

- | The GROUP was acknowledged as the **most sustainable insurance company in 2017, according to Guia Exame de Sustentabilidade (Exame Magazine Sustainability Guide)**, appearing for the fifth consecutive year amongst the most sustainable companies in the country.
- | Awarded **1<sup>st</sup> Place in CNseg's Antônio Carlos de Almeida Braga Innovation in Insurance Award**, in the Communication category, with business case "Campanha de Compensação de CO2" (CO2 Compensation Campaign), which demonstrates our commitment to innovation and sustainability.
- | Ranked **second in the Insurance and Health Plan category in yearbook "Valor Inovação Brasil 2017" (Valor Newspaper Innovation Brazil 2017)**, published by Valor Econômico newspaper, in partnership with consultancy firm Strategy& PwC. Overall, out of the 150 companies recognized, the GROUP ranked 68th.
- | The GROUP's corporate indicator, called **"sustainability rating"**, is calculated from the scores achieved in the results of four questionnaires applied by *Guia Exame* (general, economic, social and environmental

dimensions). In 2017, the consolidated score for those questionnaires rose 10% compared to 2016.

- | **Exceeded the image share target set for innovation and sustainability**, reaching **37.8%** for innovation and **57.9%** for sustainability.
- | Organization of five **"Creative Day"** workshops **with the Commercial Strategic Channel GM's partners and prospects**, in addition to internal teams, using approaches from Design Thinking, Lean Startup and Agile Methodology.
- | **Inclusion of innovation and sustainability attributes in the development of two relevant products for the creation of long-term value:** Civil Liability (Responsabilidade Civil - RC) Insurance for Drones and New Business Cycle – Coffee Farming.

*The purpose of this report is to present an integrative overview of the results achieved by the Innovation and Sustainability area, articulating the rationale and business context with the incorporation of environmental, social and governance (ESG) factors and the new innovation model.*



**Entrevista exclusiva com Luis Gutierrez, diretor presidente do Grupo Segurador Banco do Brasil e Mapfre**

Por Cobertura |  
Publicado em 23 mar 2017, 09h47

**PRODUTOS E SERVIÇOS QUE CONDIZEM COM A REALIDADE**

Da vivência em outros países, executivo do Grupo Segurador Banco do Brasil e Mapfre traz foco em inovação

Por Karin Fuchs

Diretor-presidente do Grupo Segurador Banco do Brasil e Mapfre e nas áreas de Automóvel, Seguros Gerais e Affinities, Luis Gutierrez assumiu o cargo em janeiro desse ano, visitou corretores de norte a sul do país, e elaborou um projeto de melhorias que já foi aprovado pelo comitê de direção da companhia.

Segundo ele, "a partir de conversas com os corretores, desenvolvemos um projeto de trabalho para prover melhorias para eles, para nos adaptarmos às suas necessidades, e desenvolvermos produtos da forma que eles nos falem e da forma que os clientes queiram", especifica.



GRUPO SEGURADOR





# Principles for Sustainable Insurance (PSI)

In addition to incorporating sustainability into its strategic decisions, the GROUP strives to align its performance to international practices and principles, actively participating in forums that address ESG issues to the business objectives.

Since 2012, the GROUP has endorsed the Principles for Sustainable Insurance (PSI), an initiative of the United Nations Environment Programme Finance Initiative – UNEP/FI, which provides global guidelines based on four principles:



## Principle 2 (PSI 2)



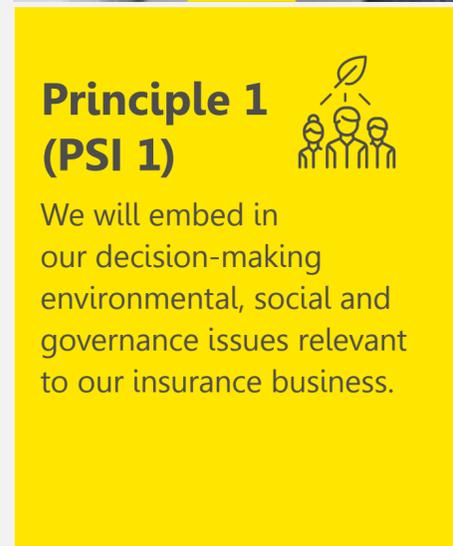
We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.



## Principle 4 (PSI 4)



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



## Principle 1 (PSI 1)



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



## Principle 3 (PSI 3)



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



In this report, a specific icon will indicate the projects and initiatives undertaken in 2017 that contributed to the rollout and dissemination of the PSI (Principles for Sustainable Insurance), demonstrating transparency in our accountability to the GROUP's stakeholders.



# 2 Main objectives and relevant themes

Based on the challenges to the Brazilian society and the relevant questions to the insurance industry in Brazil, the area streamlines its performance to serve two main goals for long-term value creation:

- | **Market development:** engaging main stakeholders in specific sustainable development and innovation strategies
- | **Universalization** of access to insurance, throughout the Brazilian territory

## 2.1 Market development: engaging main stakeholders in specific sustainable development and innovation strategies

To develop its value chain, comprising more than 5,700 employees, 50 thousand suppliers and 20 thousand brokers and business partners throughout Brazil, the GROUP strives to understand the specific issues involving each of those groups, investing in the enhancement and development of products and services.

The area acts to foster those stakeholders through the assessment, guidance and incentive to employees, brokers and suppliers, so that they will seek to develop key socioenvironmental issues within their own businesses, as to ensure the provision of services with more quality to the company and society at large.

## 2.2 Universalization of access to insurance, throughout the Brazilian territory

Given the low index of adherence to insurance products and services in Brazil across all social classes, the Sustainability area has been striving to understand each audience's specific needs, working on the enhancement and development of products and services according to those demands.

For such, **it wagers on the synergy of innovation and sustainability** to develop quality solutions that are capable of anticipating and meeting the new demands by the market and society at large, such as: digital solutions for different consumer profiles and offer of care and protection products for the elderly population.

See below how we have been working to achieve this objective, from the development of specific initiatives to each relevant theme:

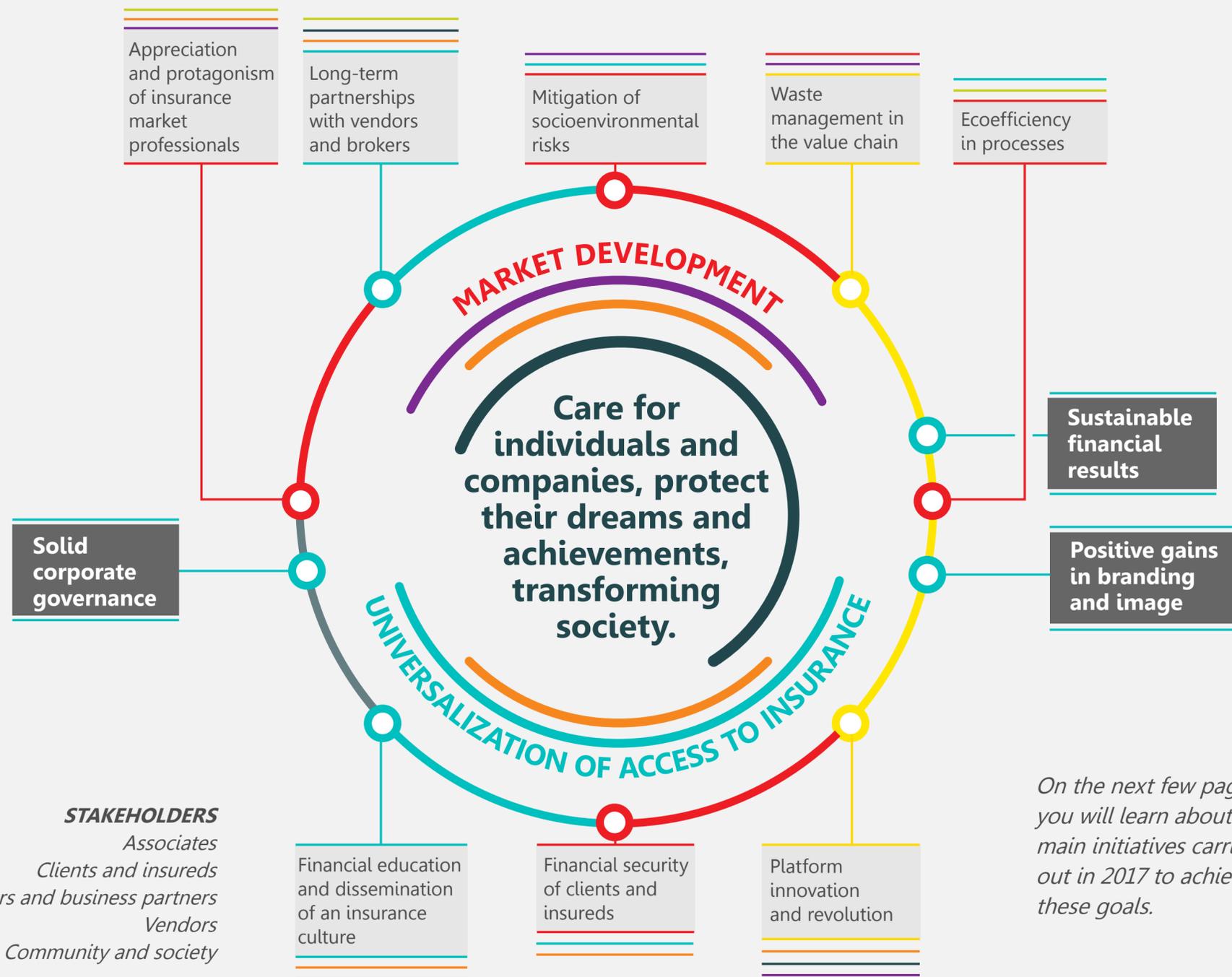


# GRUPO SEGUADOR BANCO DO BRASIL E MAPFRE

## INSURED CAPITALS

- SOCIAL
- NATURAL
- INTELLECTUAL
- FINANCIAL
- HUMAN

- STAKEHOLDERS**
- Associates
  - Clients and insureds
  - Brokers and business partners
  - Vendors
  - Community and society



*On the next few pages, you will learn about the main initiatives carried out in 2017 to achieve these goals.*



# Solid Corporate Governance



### CNseg (Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização)

Since 2015, the GROUP has presided CNseg's Sustainability and Innovation Committee, contributing to the implementation of several drives with the goal of creating suitable conditions for sustainability within the very industry, such as the publication of the Insurance Industry Sustainability Report, following the GRI (Global Reporting Initiative) methodology.

### Risk, Safety and Sustainability Committee

In 2017, the GROUP's committees were restructured, and sustainability was incorporated into the Risk, Safety and Sustainability Committee, enabling the insertion of regular discussions of ESG-related risks in this relevant corporate forum.

### ANSP (Academia Nacional de Seguros e Previdência)

Since 2014, the GROUP has held ANSP's Sustainability chair, contributing to the institutional enhancement of insurance and private pension in Brazil. Also, the GROUP was elected to remain in that entity's board for the triennium 2017/2020.

### PSI (Principles for Sustainable Insurance)

Since 2015, the GROUP has been on the global PSI board created to steer the sustainable practices in the insurance industry and issue global guidelines for the development and expansion of risk management. Throughout the year of 2017, the GROUP attended forums and participated in the engagements held.

### SDGs (Sustainable Development Goals)

The actions the GROUP supports and/or promotes demonstrate the company's contribution to UN's SDGs. In 2017, a workshop was carried out with the goal of aligning the Human Resources GM's planning to the SDGs, attended by 24 associates.

### Dialog with shareholders

As to disseminate knowledge and share best practices, the area nurtures an ongoing relationship with shareholders through periodical forums attended by associates and executives developing innovation projects, both at BB SEGURIDADE and MAPFRE.



# Appreciation and protagonism of insurance market professionals



InovAgentes



E-learning

## InovAgentes (Innovation Agents)

In 2017, 22 InovAgentes from several areas graduated from the 3rd class of the Program. They joined another 33 professionals previously certified by the program. Thus, the GROUP now boasts 55 InovAgentes trained to make a difference on behalf of the business through innovative actions and projects.

To train and put innovation into practice, 10 face-to-face meetings and 10 mentoring sessions were held during the year, which resulted in 20 innovative and incremental propositions focused on each area's challenges. The managers of the newly-graduates attended laboratories aimed at sensitizing towards, and introducing, innovation, where they learned how to manage and motivate the teams in the pursuit of the new and support the proposals made by the InovAgentes.

A survey to assess the degree of continuity and engagement of InovAgentes was also carried out in 2017. Some results are worth highlighting: out of the 20 propositions, six were rolled out still in 2017, four are on ideation phase, five in prototyping and six are ready to be launched. Most propositions will benefit the GROUP through incremental innovations (processes) and the cultural transformation of associates towards innovation and cost-reduction.

## E-learning

### Innovation

228 associates were trained through online courses to understand how the innovation process evolves within the company and how to identify the pillars of innovation when tackling an idea, understanding the challenges to uncover new sources of value creation, and associating them to the current market needs.

### Environmental management

In addition to the standard required courses, in 2017 the GROUP included the requirement of the e-learning course on Environmental Management to all associates, as a means to promote environmental awareness and comply with norm ISO 14001. In total, more than 2 thousand associates took the course during the year, totaling approximately 3.2 thousand associates since 2014.





*We keep our performance focused on its **sustainable growth**, through **socioenvironmental and governance practices**, with responsibility and involvement of all, thus ensuring the **GROUP's continuity** and the contribution for future generations.*

## Classroom courses

### Design thinking

This course trained 79 associates from the GMs of several of the GROUP's areas. The course presents activities that are a combination of training and practices on the development of an innovation mindset following the Design Thinking approach. With 8 hours' duration, the sessions furthered the development of concepts and experimentation with processes through techniques from the innovation toolkit.

### Dialogs about innovation with managers

Eighteen middle and senior managers were trained and sensitized on the development and support to innovation, through concepts, dialogs and practices. The party was introduced to the universe of the GROUP and the market's innovation culture during face-to-face 8-hour-long sessions to understand innovative profiles, motivations and types of innovation.

### Sustainability academy

In 2017, 3,826 professionals – including associates and business partners – were trained on sustainability themes with relevance for the continuity and innovation of the GROUP's businesses. The following meetings are worth highlighting:

| Workshop – Sustainability in Claims in the Personal Risk GM;

- | Training on critical ESG-related themes for experts with the Rural and Mortgage GM;
- | Workshop on UN's SDGs (Sustainable Development Goals), partnering with the HR GM;
- | Distance Courses, partnering with Sebrae-SP and the Auto Insurance GM, to address relevant themes in the value chain (expense Control in Service Provision; Sustainable Bodywork and Painting Workshops; Quality in Servicing – Auto Repair Workshops).

Since 2012, the Sustainability Academy has trained more than seven thousand associates.

### Growing sustainably

Partnering with the HR GM, the Sustainability area organized meetings in the cities of São Paulo, Franca and São Carlos to disseminate the GROUP's value "Growing sustainably". By combining concepts and ludic activities, the objective was to explain the importance of managing ESG-related risks and opportunities, as they apply to the insurance market and the GROUP's businesses. More than 500 associates attended the workshops.



*The experience of buying insurance at Casas Bahia.*

## Long-term partnerships with suppliers and brokers



### Partnership with Sebrae-SP

In 2017, the GROUP launched its distance learning platform (<http://ead.sebraesp.com.br/bbmapfre/>), partnering with Sebrae-SP. The initiative aims at strengthening the business and the service by providers acting on the front line with insureds, such as repair shops and tow companies, by acquiring knowledge in business management and sustainability, for the continuous improvement of the service to insureds. The platform offers three courses at no charge: "Sustainable Workshops", "Quality in Service – Auto Repair Workshops" and "Expense Control in Service Provision". In 2017, the platform recorded 119 enrollments.

### Business partners – claims regulation

In August 2017, a training was organized for more than 50 service providers working with agricultural insurance claim regulations in the Rural and Mortgage GM. The training featured a presentation about socioenvironmental risks, legislation and best practices in the field, in addition to content about the digital revolution in agribusiness. In 2016, a similar training had been provided to regulators, including specific content about waste management in claims related to machinery and equipment.

## Creative Days

For **GRUPO SEGURADOR BANCO DO BRASIL E MAPFRE**, innovating is contributing with the development of new sustainable businesses for the company and its partners. At Creative Day workshops, the objective is to define opportunities for synergy and value creation across businesses. Throughout 2017, several workshops were held with clients, internal teams and business partners, using tools such as the Empathy Map, Client Journeys, Business Model Canvas and Value Proposition. The key business partners were major companies of the likes of Bosch, Cielo, Alelo, Ford and Vivo.

## BOSCH

The Bosch Group is an international leader in cutting-edge technology and services, and is split into four business sectors: Mobility Solutions, Industrial Technology, Consumer Goods and Energy and Constructive Technology. Through its products and services, Bosch looks to improving people's quality of life through innovative and useful solutions.

A workshop was organized, attended by a cross functional team of 14 associates from the GROUP and from Bosch, covering the following themes: "Power Tools", "Security Systems", "Thermotechnology" and "Bosch Service". From the analysis of both companies' products, 48 opportunities for products, services and partnerships between the companies were jointly created, which are now being analyzed by the participating areas (commercial, product, channels).

## CIELO

Leader in the segment of electronic payments in Latin America, Cielo offers a portfolio of intelligent connected solutions to meet the needs of more than 1.7 million active clients, from sole proprietors to the largest retailers in the country. Two meetings with 16 professionals were organized – including both companies' product, commercial and innovation teams – to map preliminary partnership concepts and opportunities. The 25 ideas created were analyzed to prioritize those adding the most value to clients and the companies, in addition to implementation timeliness and feasibility.



Customized training and workshops.



## ALELO

Alelo is the banner specialized in benefits for the segments of meals, culture, transportation and health, which offers a diversified portfolio with benefit cards, corporate management tools and prepaid cards for companies of all sizes and regions in the country. On an intense 8-hour-long Creative Day, 11 associates, including executives from Alelo and the GROUP, created two business models to structure a partnership between the companies, aiming at selling insurance and exclusive Alelo products to associates and to the companies' business ecosystem.

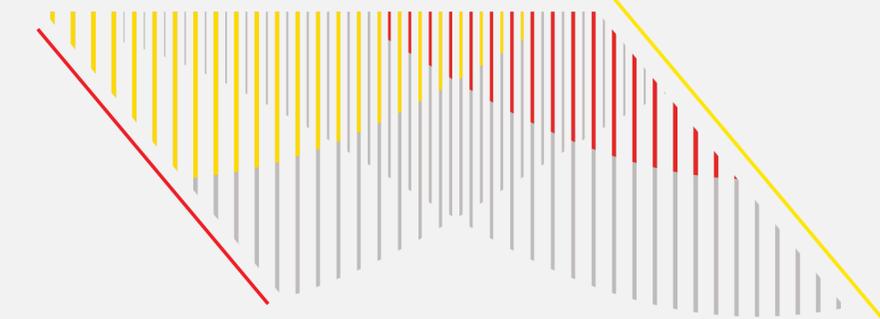
## FORD

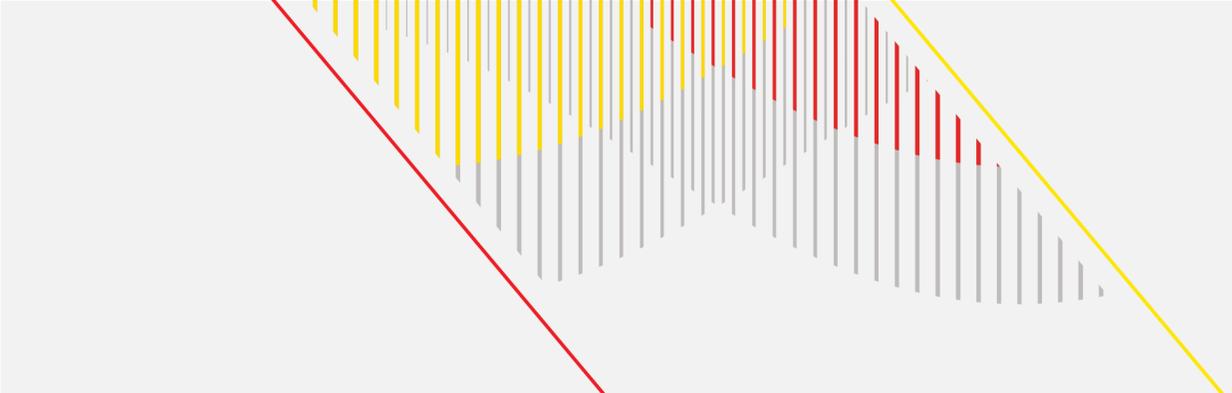
Ford Motor Company is a multinational car manufacturer with a partnership to offer our products at its dealerships throughout Brazil. The Creative Day was dedicated to pursuing synergy opportunities between Ford Credit and the GROUP, involving 10 professionals from Ford's Sales and the GROUP's Products and Innovation team.

During two meetings, 13 action plans focused on innovation in Communication and Training were mapped, as to make the products more attractive to clients and stimulate the sale of insurance at dealerships, involving both the insurance carrier and sales persons. All that plotted on a map to be achieved in short to medium terms.

## VIVO

VIVO, a carrier providing mobile and landline telephony, broadband Internet and pay TV services, partnered with the GROUP to shape new business opportunities to sell insurance to Vivo's clients (Landline, TV and Broadband). Forty opportunities were mapped for the following audiences: associates, resellers and corporate and individual clients. The solutions involve the relationship and approach, channels, new insurance and assistance modes, in addition to technologies deploying telemetry, IoT (Internet of things), amongst others.





# Mitigation of socioenvironmental risks



## Waste Management Guidelines

Partnering with the Rural and Mortgage GM, the Waste Management Guidelines were launched in 2017. The material presents the concept of waste, in addition to bringing basic guidelines that must be adopted to minimize environmental damages resulting from waste produced by rural claims, with a focus on improvements, machinery and farming. Approximately 40 service providers with the unit received the Guidelines, which are also available on the intranet for all of the GROUP's associates.

## Environmental Approval Guidelines

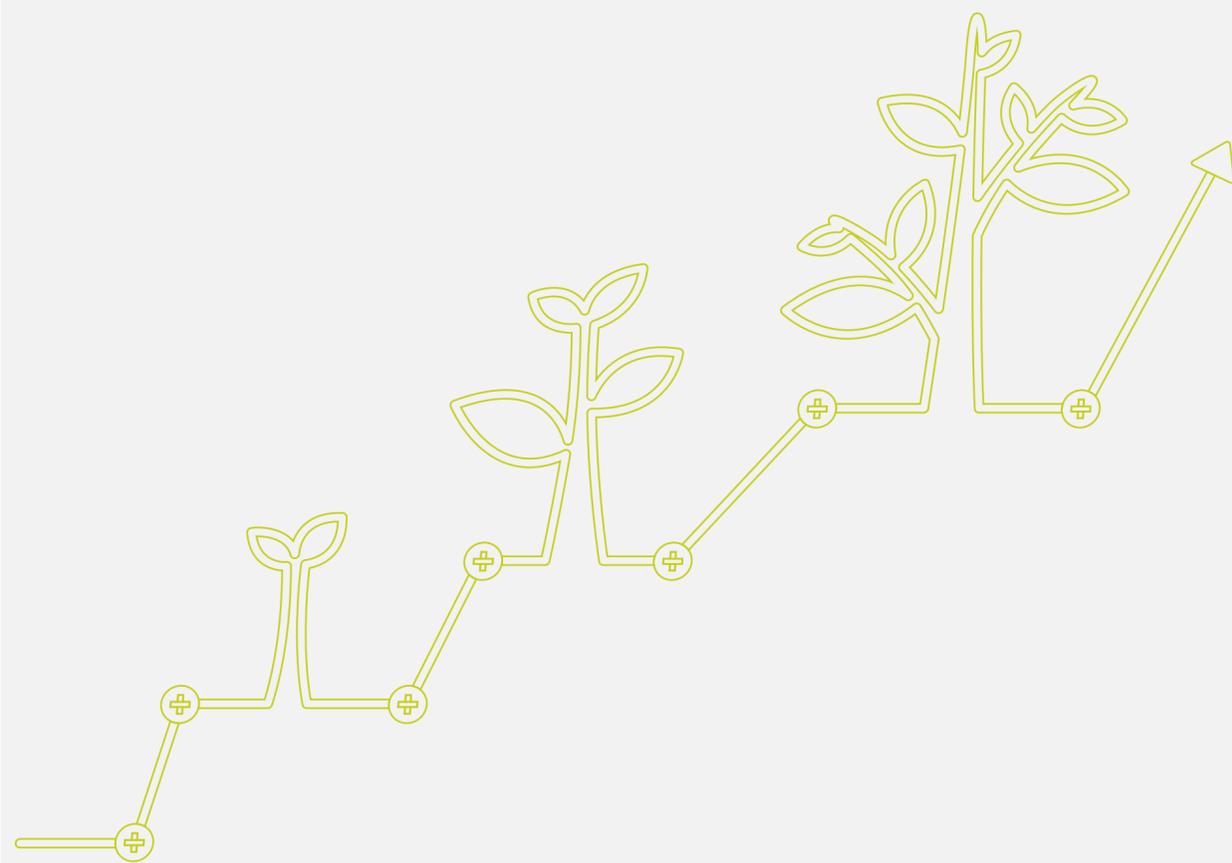
The Environmental Approval Guidelines were developed and launched in partnership with the Procurement area. The document presents the minimal environmental requirements for the approval of suppliers providing services of transportation and waste management resulting from the GROUP's claims. In total, 16 associates from the Business Units and the Procurement area attended the training on the Guidelines, which will be included in the GROUP's approval norms.

## Socioenvironmental risk on the corporate matrix

Within the scope of the GROUP's project EGR (Estrutura de Gestão de Riscos – Risk Management Structure) to comply with SUSEP Circular Letter 521/15, the socioenvironmental risk category was added, which ranks the risk level per GROUP company and indicates the required controls and mitigators. Amongst these, the training courses offered by the Sustainability Academy stand out, and other implemented corporate initiatives that contribute to understanding ESG-related (environmental, social and governance) risks, impacts and opportunities in the business.

## Risk to the Reputation and Image

Partnering with the Internal Risks and Controls area, a proposed decision-making flow was developed, based on a score that takes into account ESG-related factors for the mitigation of reputation and image risks in clients' onboarding or renewal. The proposal was presented to the Risk, Safety and Sustainability Committee and a pilot is being developed with the Large Risk GM.



### Inspection questionnaire – Large Risks

Since 2014, the large-risk inspection questionnaire includes the relevant ESG-related issues. In 2017, a project was developed to review the sustainability questionnaire, which will be incorporated into the traditional inspection model (with a reduction from 21 to 11 questions), and to include environmental, social and governance issues in the Inspection Descriptive Report. These changes will allow for greater efficiency and the capture of information, enabling the adoption of the sustainability rating as a criterion embedded in the decision-making/underwriting and the rating of the inspected risks.

### Claim and salvage forms

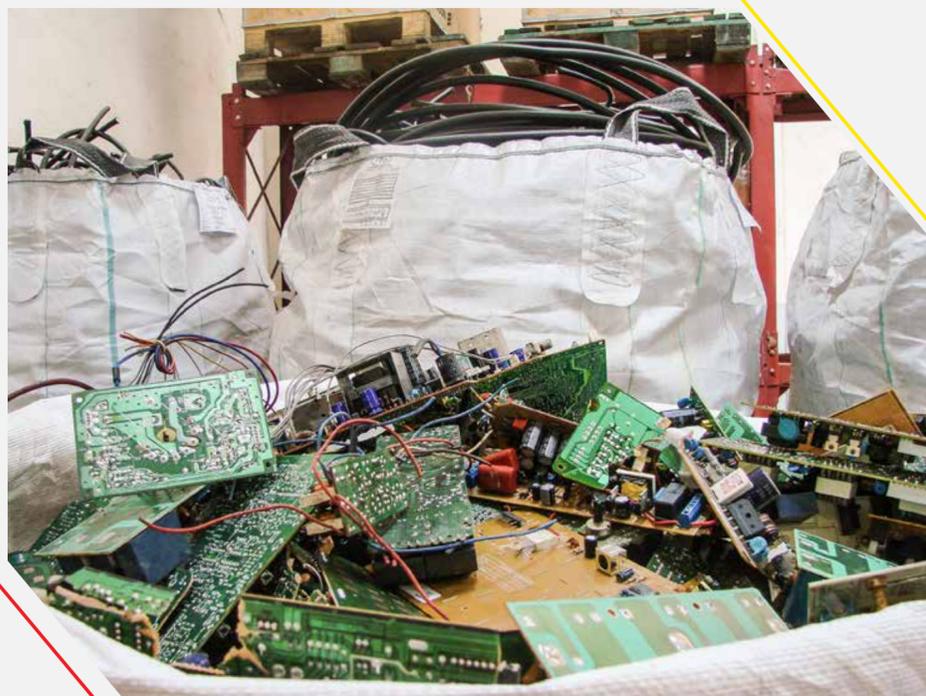
The year of 2017 brought the review of six forms and the term of statement and accountability related to the salvage/claim management process in the Large Risk GM, to mitigate exposure to ESG-related risks and ensure integration with the National Solid Waste Policy (*Política Nacional de Resíduos Sólidos* – PNRS). This work had the collaboration of Legal and the participating GM areas.

### Workgroup – Rural and Mortgage GM

Since 2016, the Sustainability area and the Rural and Mortgage GM have maintained a Sustainability Workgroup (Grupo de Trabalho – GT), in charge of diagnosing the degree of integration of the management of socioenvironmental risks in the GM, starting by reviewing the GM’s documents (manuals, terms and general conditions). In 2017, the GT completed 35% of the timeline for ESG integration into the GM’s documents for risk mitigation, highlighting the Salvage Clause and Ouro Vida Produtor Rural (“Gold” Life Comprehensive Coverage for Rural Producers). Throughout the year, the GT also worked on reviewing the questionnaire of project New Agro, in addition to the publication of the Waste Management Guidelines and the organization of a training course on ESG-related themes to experts from the GM.



# Waste management in the value chain



## Reverse logistics for electrical-electronic appliances

In 2017, partnering with the Mass Insurance Unit, the reverse logistics project to ensure correct destination of electrical-electronic appliances covered by extended guarantee/scheduled replacement was resumed, reducing the environmental impact of the operations and fostering the recycling chain. Throughout the year, more than 31 tons of electrical-electronic appliances were sent to recycling. From the start of the project, in 2015, more than 86 tons have already been scraped in environmentally-friendly ways, approximately 30% of which as iron scrap and 30% plastic scrap, amongst other materials. To ensure excellence in the process, the Sustainability area also organized two guidance and training meetings with the supplier, to promote continuous improvement of all processes in the value chain, and carried out an on-site audit, as part of the risk-mitigation process. In 2017, the audit recorded a 29% reduction in the number of non-compliances.

## Risk-mitigation System at Salvage Yards

In order to mitigate legal exposures, as well as risks related to reputation/image, the Sustainability area has partnered with the Auto unit to develop several initiatives, such as technical-environmental studies and inputs and periodical audits to inspect the stability of the environmental management system of *CESVI Brasil at Pátio Caçapava*, through waste management. As part of this process, three audits were carried out in 2017 identifying 11 non-compliances (March), 14 non-compliances (August) and 15 non-compliances (November). Amongst the serious non-compliances, the highlights are: shipment of hazardous waste without fiscal documents; non-issuance of fiscal invoices for the transfer of scrap materials; infectious waste and sharps waste being discarded along with general waste. Also, throughout the year, associates from the Auto Unit attended working meetings and training sessions on the theme.

# Ecoefficiency in processes



## Renewal of ISO 14001 Certification

To renew the ISO 14001 certification in 2017, we invested in continuous process improvement, in setting new environmental goals and indicators to the areas, in strengthening the training courses related to the subject to associates and service providers, in incorporating tools to sensitize visitors to the EMS (Environmental Management System), in promoting process changes to adjust them to international standards set by the norm and specific environmental legislations and in performing the required adjustments to migrate the EMS from the 2004 to the 2015 version, in norm NBR ISO 14001. The following highlights some examples of actions promoted in this sense:

- | 95% of all associates trained on the Environmental Management e-learning course.
- | Adherence of approximately 80% of all service providers seconded at the GROUP's headquarters to training courses on EMS.

- | From the environmental performance concerning water and power consumption, it was possible to set reduction goals for the usage of natural resources, which shall bring expected savings of approximately R\$ 133,000,00 in the year of 2018.
- | A 4.5% reduction in water consumption at the GROUP's headquarters due to the ecoefficiency actions rolled out.
- | Automation of systems to update legislations pertaining to the GROUP's activities, and acquisition of management systems from critical vendors for EMS.
- | The GROUP's Solid Waste Management Plan and implementation of all pertinent actions with intense participation of managers and the building, *Condomínio WTORRE*, thus ensuring environmental compliance.
- | Strengthening the communication channels with internal and external audiences, contributing with information to building environmental awareness.



## LEED Certification

The GROUP's headquarters are located in a sustainable complex built in accordance with the techniques set by the U.S. Green Building Council, an international institution coordinating the LEED Certification (Leadership in Energy and Environmental Design), an international environmental seal that attests to ecoefficiency criteria in the use of natural resources, traceability of the purchase chain for furnishings, assurance of air and lighting quality to associates, waste management, etc.

As a result of the retrofitting of the interior design project of our facilities, which follows globally-recognized sustainability criteria, the GROUP was awarded the LEED Gold-level Certification, ensuring that the GROUP's headquarters meet a series of sustainability criteria acknowledged worldwide. In 2017, a diagnosis was performed to evaluate the operation of the main systems (water and power). Due to the actions already in place (flow valves, waterflow timed sensors, leak-checking program), the GROUP is considered a Very Effective Water Consumer, i.e., its actions currently only focus on monitoring and maintenance.

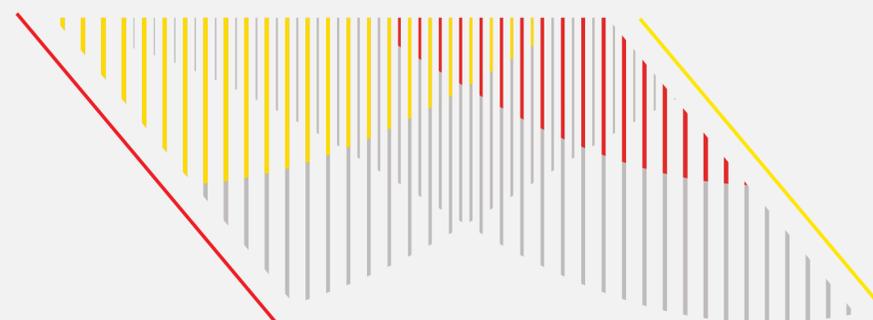
Concerning power, optimization actions have been proposed that reduced the power consumption by 4.5% compared to 2017, raising the GROUP to the category of Efficient Buildings to LEED. If all actions proposed are implemented, there will also be an annual reduction in CO2 emissions of 13.62 (MtCO<sub>2</sub>e/year).

## GHG Protocol

Since 2013, the GROUP has participated in Brazil GHG Protocol Program and publicly recorded its CO2 emissions, ensuring transparency in relevant information to society and strengthening its performance towards the environment. The GROUP's inventory published in 2017 was ranked in the silver category.

### **Recicla BB MAPFRE (BB MAPFRE Recycles)**

The GROUP has a project for the environmentally-correct collection and final disposal of dry cell batteries throughout its 128 units. In 2017, approximately 235 kg of batteries were collected and treated from approximately 16 of the GROUP's units. The Sustainability area controls all documents for the traceability of the waste collection and disposal, as well as the environmental licenses from all commissioned suppliers.



## Selective Waste Collection

In 2017, a survey was carried out with associates to understand critical points concerning selective waste collection. Based on survey responses, actions were established to sensitize and secure the commitment of associates, visitors and service providers, amongst which stand out:

100% of the infectious waste produced by the GROUP is collected and transported through an agreement with São Paulo City Hall.

4,772 kg of electrical-electronic waste and 5,252 kg of toners and cartridges were recycled through a project of reverse logistics by sourcing printing services.

Implementation of the contaminated solid waste management system from the Maintenance area and celebration of an agreement with a company collecting and disposing of such waste.

Implementation of the Hazardous Waste and Infectious Waste Central Repositories.

# Financial education and dissemination of an insurance culture

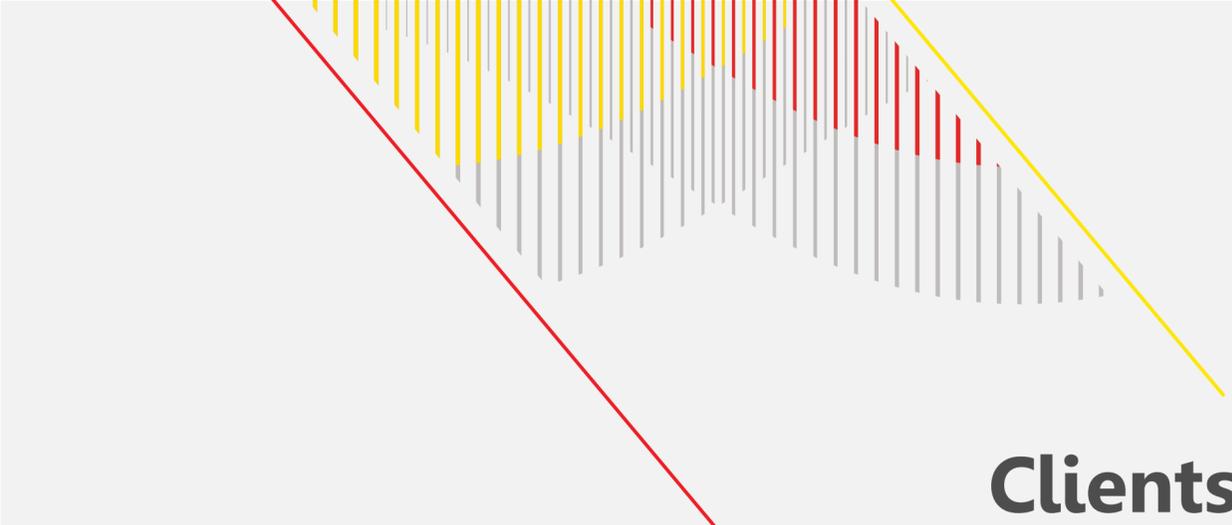


## Internal control project

Partnering with the Innovation and Sustainability team, the Internal Control and Compliance GM created strategies to translate the GROUP's norms through initiatives such as workshops using approaches from Design Thinking and Agile methods, such as Design Sprint. As a result, several models and infographics were jointly created with the internal teams to communicate and disseminate Norm 282 – Product Management and Development.

## Manual of Best Practices in Prevention (Home Insurance)

In 2017, a Manual was developed for the GROUP's two commercial brands covering relevant themes concerning risk prevention and insurance education to Home Insurance clients, brokers and business partners. Presenting technical content in simplified language, the material will be launched in 2018.



## Clients' financial security

### Big Data and AI for knowledge of risk profiles

In 2017, we started a study with some suppliers to use Big Data and artificial intelligence (AI) to create a Social Score that will reflect people's true social-economic standing and financial availability, as to identify their actual capability of paying for services. As benefits, the GROUP will gain subsidies to structure offers related to prices and payment terms, according to each client's social-economic profile, as to ensure their long-term financial security and add profitability to the insurance company. In 2018, we will perform Concept Tests with the teams in charge of Clients, Large Risks and Auto Lines.

### Repositioning of the innovation strategy

From interviews with the GROUP's executives and shareholders and an in-depth benchmarking process, which analyzed the main players in the domestic and international markets, the repositioning of the Innovation strategy was defined. Previously, the focus had been on the dissemination of the innovation culture; now it started prioritizing relevant projects to the business (operational efficiency, better underwriting of product risks, and others) and to improve the client experience.



# Platform innovation and revolution



## Remote sensing

Remote sensing allows for several uses, from monitoring natural phenomena to those caused by man. The Claim Management function in the Rural and Mortgage GM has been using that technology in its processes to monitor insured areas, by crossing points plotted from the policies with meteorological data, records, weather forecasts, land usage and cultivated areas.

Throughout 2017, the possibilities of using the technology were expanded to capture, in a timelier manner, relevant data from the client's risk profile, including more accurate details and socioenvironmental information, such as environmental compliance and overlap with indigenous lands.

## Combined coverage

We have reviewed the offer of combined products to maximize coverage sales to clients, thinking of their lives, homes and automobiles. That view was made tangible through a collaborative work involving the Business Units of Personal Risks, Auto and Mass Insurance, which resulted in a prototype to validate the client experience and the project feasibility compared to the product in itself, and the way to 'bundle subscriptions'.

## Collaborative platform

In 2017, a virtual tool was developed that will provide support to innovation and a channel for interaction with associates from the *BB Seguridade* colligation (Brasilprev, Brasilcap and GRUPO SEGURADOR BANCO DO BRASIL E MAPFRE), centralizing content and information about innovation projects. The purpose of the platform is to test new ways to work together, increase project efficiency, leverage associates' competencies, intellectual capital and skills, reduce the time-to-market to launch products and services, and disseminate the innovation culture.

## Escola de Peritos

A Gerência de Inovação e Sustentabilidade participou do desenvolvimento da Escola de Peritos, uma plataforma online exclusiva para os peritos da DG Rural e Habitacional que apresentará conteúdo rico em temas institucionais e técnicos para fortalecer o conhecimento profissional e tornar nossos parceiros mais eficientes. As aulas virtuais contemplam módulos específicos sobre sustentabilidade aplicada ao agronegócio, como recursos hídricos, compliance ambiental e gestão de resíduos. A grande novidade é que a plataforma concentra o conhecimento na tela do celular, tablet ou computador.



# 3 Long-term value creation

*“The efforts to achieve the objectives of market development and universalization of access to insurance lead to the creation of long-term value, with gains in branding/image and sustainable financial results”*



## Positive gains in branding and image



### Environmental-awareness campaign

Held during the month of June, when the World Environment Day is celebrated, the goal of the campaign was to raise environmental awareness across clients and society at large. As a result, for 100% of all Auto Insurance policies issued through digital channels during the campaign flight, the GROUP offset all vehicle emissions of CO<sub>2</sub> (carbon dioxide) produced during the period of one year.

### Insurtech Sponsorship

Sponsorship of the first *Insurtech Brasil event*, which brought together industry investors, experts, professionals and companies to discuss themes to foster the business growth, with insurance companies as transformation agents, regulatory challenges to innovation, trends, foment to Insurtech startups, new marketplace and engagement models, payment revolution and presentation of successful cases.



### ***Guia Exame de Sustentabilidade***

The GROUP was acknowledged as the most sustainable insurance company in 2017, according to *Guia Exame de Sustentabilidade* (Exame Magazine Sustainability Guide), appearing, for the fifth consecutive year, amongst the most sustainable companies in the country

### ***CNseg's Antônio Carlos de Almeida Braga Innovation in Insurance Award***

The GROUP earned the 1<sup>st</sup> place in CNseg's Antônio Carlos de Almeida Braga Innovation in Insurance Award, in the Communication category, with case "Campanha de Compensação de CO<sub>2</sub>" (CO<sub>2</sub> Compensation Campaign), which demonstrates our commitment to innovation and sustainability.

### ***Valor Innovation Brasil 2017***

The GROUP ranked second in the Insurance and Health Plan category in yearbook "*Valor Inovação Brasil 2017*" (Valor Newspaper Innovation Brazil 2017), published

by *Valor Econômico* newspaper, in partnership with consultancy firm Strategy&PwC. Overall, out of the 150 companies recognized, the GROUP ranked 68<sup>th</sup>.

### **Sustainability Rating**

The GROUP's corporate indicator, called "sustainability rating", is calculated from the scores achieved in the results of four questionnaires applied by *Guia Exame* (general, economic, social and environmental dimensions). In 2017, the consolidated score for those questionnaires rose 10% compared to 2016.

### **Image Share**

The GROUP exceeded the image share target set for innovation and sustainability, which measures to what extent the news created and the institutional positioning reflect the GROUP's image in aspects related to innovation and sustainability, reaching 37.8% for innovation and 57.9% for sustainability, and exceeding the 30% targets set for both areas.



# 4

## Overview of results per unit

The following section presents the results achieved in 2017 per business unit and functional division:

### Auto, Affinities and Mass Insurance GM8

- | Partnership with Sebrae-SP
- | Reverse logistics for electrical-electronic appliances
- | Risk-mitigation System at Salvage Yards
- | Manual of Best Practices in Prevention (Home Insurance)
- | Big Data and AI for knowledge of risk profiles
- | Combined coverage
- | Sustainability academy

### Large Risks GM

- | Inspection questionnaire – Large Risks
- | Claim and salvage forms
- | Big Data and AI for knowledge of risk profiles
- | New products (Drone)

### Personal Risk GM

- | Combined coverage
- | Sustainability academy

### Rural and Mortgage GM

- | Business partners – claims regulation
- | Waste Management Guidelines
- | Workgroup – Rural and Mortgage GM
- | Remote sensing
- | Coffee farming



## Administration, Finance and Marketing GM

- | *InovAgentes*
- | E-learning courses
  - Innovation
  - Environmental management
- | Sustainability academy
- | Environmental Approval Guidelines
- | Renewal of ISO 14001 Certification
- | LEED Certification
- | GHG Protocol
- | Selective Waste Collection
- | *Recicla BB MAPFRE*
- | Big Data and AI for knowledge of risk profiles
- | Repositioning of the innovation strategy
- | Collaborative platform
- | Environmental awareness campaign
- | v Insurtech Sponsorship

## MAPFRE Network and Channels GM

- | Creative Days

## Risks, Internal Controls and Corporate Governance GM

- | Socioenvironmental risk on the corporate matrix
- | Risk to Reputation and Image
- | Internal controls project

## HR GM

- | Growing sustainably
- | Sustainability academy

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