



With the new governance structure for sustainability in place at the end of 2011, when the Sustainability Committee started to report directly to the Board of Directors, SulAmérica adopted a series of voluntary commitments to guide its sustainability strategy. The Principles for Sustainable Insurance (PSI) from the United Nations Environment Program for Financial Institutions (UNEP FI) was one of them. In 2012, the company was one of the 27 insurance and reinsurance companies worldwide to become a founding signatory. This commitment reflects the importance of the theme for the company and its business strategy.

The four principles offer guidelines for the implementation of environment, social and governance (ESG) issues to be applied in the insurance industry, following its predecessor initiatives for financial institutions – Equator Principles for banks and Principles for Responsible Investment (PRI) for asset management institutions. By adopting these principles, SulAmérica believes it will be better prepared to contribute to the sustainable development of the communities and markets where it operates, as well as to support the implementation of best ESG practices for a better insurance sector in Brazil.

In the following pages we describe the main actions, initiatives and projects the company underwent in the last years to implement the four principles in its strategy, operations, relationships and communication.

PRINCIPLE 1:

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

Corporate Governance

Created in 2009, the Sustainability Committee is responsible for the elaboration of the sustainability strategy and approval of all initiatives and projects proposed by the different business and corporate units, that are monitored by the Sustainability Superintendence. Since 2011, the Sustainability Committee reports to the Board of Directors and has the CEO as its president. The CFO, three vice presidents from the mains

business and corporate areas of the company, an independent member from the Board of Directors and an external sustainability expert are the members of the Committee. In 2012 the Committee worked with the Board of Directors and the Executive Committee to incorporate the theme into the triennial strategic planning process. In the same year, the Committee approved the association to two new voluntary commitments: the UN Global Compact, the Global Reporting Initiative (GRI) Organizational Stakeholder (OS) and the UNEP FI Principles for Sustainable Insurance (PSI). With these voluntary commitments, added to former commitments established in prior years – the Principles for Sustainable Investment (PRI) in 2009 and the National Pact for the Abolishment of Slave Work in 2011 – the Sustainability Committee expects to bring the best ESG practices into the company's strategy and operations.

Added to the more strategic function of the Sustainability Committee, SulAmérica gained an important role in the Brazilian Insurance Sector with the Sustainability Commission Presidency at the Brazilian National Insurance Association (CNseg in Portuguese). Another important role was the nomination for a PSI board position in November of 2012. These two key positions give SulAmérica the responsibility to work with other insurance actors to spread ESG concepts and practices throughout the sector, as well as to gather more members for the PSI initiative.

Risk Management

A sound risk management strategy is fundamental in an insurance Company. The mapping of risks that are intrinsically linked with operations and Company activities ensures assertiveness in managing reserves and prevents adverse effects to its objectives. In 2012, SulAmérica improved its risk management to ensure good performance in operations over the coming years.

- As this topic permeates all business units and corporate areas, the Company constantly spreads the culture of control through an internal program that includes campaigns, training, events and workshops with customers, brokers, partners and employees. The main mechanisms for bolstering this culture are the Legal Compliance Program and the Code of Ethical Conduct. The Legal Compliance Program monitors Company compliance with legislation, identifying possible compliance risks. The Code of Ethical Conduct consolidates all ethics guidelines in relations with public and private parties, and describes the channels for whistle-blowing such as 'Compliance Hears You', the 'Fraud Hotline' and the Ombudsman, and also includes directives on the prohibition of corrupt practice, money laundering and other issues, including socio-environmental responsibility.
- Since 2011 sustainability issues have been analyzed in all approval processes for new products, services and partnerships on our *Procedure for Analysis and Review of Products, Services and Partnerships* (Procedimento de Análise e Revisão de Produtos or PARP in Portuguese). The creation of products and services and the launch of new partnerships also form part of the risk management policy. All new projects have to go through the Product Review and Assessment Procedure (PARP), a meticulous assessment that involves departments such as Actuarial, Compliance, Legal and Sustainability. PARP rejected three of the 13 products (23%) that were submitted in 2012. Furthermore, the Company risk platform was reviewed to raise social, environmental and governance risks already covered by the risks department, as well as identifying those for future inclusion that have not yet been incorporated into the risk matrix.

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- During the first half of 2012, the Sustainability area worked with the Risk Management area to assess the Company's corporate risk matrix in order to raise the ESG Risks that had been exposed and those that should be included into the matrix in the coming years. Additionally a workshop was organized on ESG Risks for the area's actuarial team, where the ESG risk matrix, published in the 2009 UNEP-FI Global State of Sustainable Insurance, was presented for inclusion into the Company's risk matrix.

Products & Services

- In the Health segment, SulAmérica created the **Saúde Ativa** (Active Health) Program as an additional cover in 2009. Focusing on managing risk factors and monitoring chronic illnesses, it aims to engage the client companies' Human Resources to manage their employees' health, avoiding losses due to absenteeism and reducing the cost of treatments. The program has been adopted by an increasing number of companies and is being expanded with new initiatives. Some of the main results of this program in 2012 were:
 - **Active Age:** Offered to policyholders aged 65 and over. It aims to help with healthy aging, guidance on a proper diet, medical and dental care, vaccinations and other procedures, and support in emergency situations. There were 3,890 active policyholders in 2012.
 - **Healthy Slimming:** This program, which is currently being assessed in terms of methodology and results, offers multidisciplinary assistance, mainly in nutrition and physical activity, to reduce weight and the risks associated with obesity. The pilot program involved 514 policyholders in 2012.
 - **Risk Factor Management:** Outlines the policyholder's risk profile regarding the development of chronic diseases through questionnaires and exams. An average of 15,000 policyholders participate in the program every year. 14,352 policyholders from 132 companies participated in 2012.
 - **Health Orientation:** shows the importance of ongoing medical care for chronic patients, physical exercise, the correct use of medication and nutritional guidelines as well as offering emergency support when necessary. There were 25,098 active participants in the program in 2012.
- The **Online School Assistance** is a service included in the Educaprevi Pension Fund product offered to all policyholders. The benefit includes a series of tools and services that support school activities such as online classes for 5th grade pupils, virtual tests and subject revision. R\$ 66,683.00 was invested in 2012, which helped 7,618 users over the year.
- Offered as an additional coverage to auto insurance customers, **Motorista Amigo** is a service that provides a driver to take the policyholder home and park the vehicle as instructed if the customer cannot drive for physical or psychological reasons. This service was used 6,375 times in 2012 for a total of R\$ 839,316.18¹, considering the average amount paid for the service.
- The **SulAmérica Water-based Paint** program, adopted by more than 21 referred autoshops in repairing vehicle paintwork, which in 2012 prevented 8.5 tons of VOC² (Volatile Organic

¹ The total investment refers to the number of times that the service was used during the year, i.e. 5,038.

² The method used to calculate the VOC belongs to Basf, our partner in the Water-based Paint program, and can be found at the following link <https://docs.google.com/a/sulamerica.com.br/file/d/0B9RIW3ouDiYGd0RYa3IyLVILSW8/edit>

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Compounds) from being released into the atmosphere. Since the program started in 2009, more than 39 tons were avoided. The project won the CNseg Antonio Carlos Braga de Almeida Prize for Innovation in Insurance under the Products category.

Customer Satisfaction

As part of the process of improving customer care and satisfaction with the services provided, SulAmérica conducted a series of polls with its strategic stakeholders. Highlights in 2012 included:

- Customer satisfaction poll with the Asset Management clients to assess the products and services offered. The general satisfaction index was 83%, one percentage point higher than in 2011. The call center service reached 90%.
- Assessment of the call centers for Pension, 24-hour Assistance, SAC and SME services. Users' level of satisfaction was 81%, three percentage points higher than the prior year.
- Satisfaction survey of 914 brokers. The brand attributes had a satisfaction rating of 79.5% and relationship with the sales area 71.2%.
- The Ombudsman, an important mechanism for improving customer care and services provided, acts in situations of conflict, assessing cases individually to improve processes and products and strengthen the company's relationship with its customers. The Ombudsman receives communications from a range of sources, such as the Consumer Defense and Protection Foundation (Procon), the Private Insurance Supervisory Authority (SUSEP), the press, extrajudicial notifications, the Internet (through "Speak to us" on the company website or by email ouvidoria@sulamerica.com.br) and Caixa Postal (PO Box) 13.788 (Post Code 20210-972 – Rio de Janeiro-RJ). The last two account for 40% of complaints received. In 2012, the Ombudsman assessed 2,677 cases regarding all business segments (21.5% fewer than in 2011), acting impartially and with autonomy.
- The **Saúde Ativa** Program, was quoted as a successful management example in a report by Care Continuum Alliance, an international umbrella association of more than 200 population health management organizations. The program received 87% positive approval from its participants and 98% approval from the human resources that contracted Risk Factor Management. This recognition encourages the Company to create new programs and expand existing ones.

Asset Management

The most important aspects of the management company in terms of Corporate Governance are its efficient control of risks and the adoption of the best compliance practices. One significant investment in the area was a new fund liability control system, improving the management of investments by customer both in terms of fixed and variable income.

Responsible investment is a constant concern at the Company. The sustainable investment policies applied were fundamental in the management decision-making process. The Principles for Responsible Investment (PRI) criteria are always taken into consideration when allocating resources and this extends across the entire value chain, as the Company demands that the brokers who sell their financial products follow the PRI principles.

Human Capital Development on ESG

In order to encourage the spread of ESG concepts internally and externally and to raise awareness among the various groups of stakeholders, SulAmérica developed a series of e-learning courses, talks and workshops since the establishment of the Sustainability area in 2009. The aim of these initiatives was to spread the concepts and application of practices in the various processes in SulAmérica to mitigate any socio-environmental aspects generated by Company operations.

- **Courses:** SulAmérica has used e-learning, talks and workshops to spread the concept of sustainability among its employees since 2009. The Sustainability e-learning course covers the concepts and application of the company commitments in everyday work situations. Since its launch in 2010, 4,727 employees have been given 9,454 hours of training. A total of 50 employees took the human rights course in 2012.
- **Environment Week:** 200 employees from the Head Office units in Rio de Janeiro and Morumbi in São Paulo participated in talks to spread the concept of recycling waste, and 13 business partners and social projects contributed with exhibitions and activities for the employees.
- **Principles for Sustainable Insurance (PSI) Workshop:** as president of the CNseg Sustainability Commission and founding signatory of the PSI, SulAmérica helped to organize an event for about 200 people from the insurance sector to launch the research into implementing PSI in Brazilian insurers.
- **Dissemination of the basis for the United Nations Principles for Responsible Investment (PRI):** training was held for the SulAmérica Investimentos analyst team and managers to present ESG questions that can be included in the analysis of the companies in which we invest. This led to the creation of a sustainability report.
- In order to ensure that financial institution employees understand issues related to ethics, compliance, fraud and money laundering, the regulators have demanded mandatory training since 2002. In 2012, 616 employees, 9.1% of whom were managers, completed courses in **Ethics, Fraud Prevention and Prevention of Money Laundering**, amounting to 3,925.5 hours of training. A total of 65 brokers also took these courses, and since 2002, 4,228 employees have received **Anti-corruption** training, some 88.8% of the current work force, amounting to 16,912 hours.

Signing up to three major international sustainability initiatives –UN Global Compact, OS GRI and UNEP FI PSI – brought the Company new responsibilities, mainly in terms of sustainability. The commitments, approved by the Sustainability Committee and the Board of Directors, created a need to “educate” company executives and employees, which was achieved through internal communication and meetings with groups who are responsible for ESG indicators, or areas that were most important for applying the principles to the business. The plan for 2013 is to run a series of talks and workshops on the principles of the Global Compact and PSI, so the areas can understand how to incorporate ESG criteria into their daily operations, as well as opportunities for engagement with external stakeholders such as industry associations, service providers, academic and research institutions, customers and brokers, to name a few.

Environmental Initiatives

Through the Corporate Sustainability Superintendence Department, SulAmérica disseminated awareness within all departments to practice mitigation of the environmental impact generated by the company.

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Apart from spreading environmental management concepts through its main communication channels, promotes action to save and rationally use energy, water and materials for better environmental performance. To guarantee improved performance, a corporate environmental management policy is planned to be established in 2013 as part of the sustainability strategy begun in 2012.

- In its constant quest to reduce energy consumption, the company swapped 3,500 desktops for more modern notebooks that use less power. This modernization of equipment (changing computers that are more than three years old) will save energy, but this will only be reflected in 2013. Because of this “Refresh Project”, the amount of equipment sent for donation or to be disposed properly was 297% higher in 2012 than the year before.
- For the third year in a row, SulAmérica drew up its Greenhouse Gas (GHG) Emissions Inventory according to the GHG Brazil Protocol. Apart from measuring greenhouse gas emissions, the company ran initiatives, including with the engagement of its value chain, to reduce its scope 3 emissions. To see all inventory [click here](#).
- Since 2009 SulAmérica has strived to use materials that cause the least impact on the environment, and developed initiatives to reduce waste disposal and paper use. The “Certificação Digital Saúde”, the “Imprimir pra quê?” program, selective waste collection and the disposal of auto parts and equipments have all contributed to a growing reduction in waste disposal from company operations.

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

- In the Auto segment, the referral area includes a clause on social responsibility and sustainability in contracts with partner autoshops, which are perceived as posing a greater risk in terms of the use of child or slave labor. In addition, these autoshops must fill in a questionnaire covering socio-environmental questions. To guarantee the truthfulness of the responses and the fulfillment of the contract clause, the area responsible for internal inspections and investigations audits the information provided by the service suppliers. This audit does not follow specific regulations and involved 79 autoshops in 2011, all of them conforming to established standards. In 2012, no cases were recorded of either child or slave labor.
- In the Health segment the clause will be included in all contracts in the health care network. The inclusion of the clause depends on the signing of the TCAC with ANS.

Suppliers

- To ensure that its suppliers share SulAmérica’s commitment to sustainability, the purchasing department decided to include a social responsibility and sustainability clause in all significant contracts. In 2012, 64% of significant purchasing contracts adopted this clause, almost twice as many as the previous year, and in some cases suppliers requested the removal of the clause due to

their use of standard contracts. Significant contracts are those which involve the provision of services essential for the running of the Company, with a value of more than R\$ 5 million.

- In 2011, SulAmérica signed the International Labor Organization's (ILO) National Pact for the Eradication of Slave Labor in Brazil. Since then, it has adopted the practice of consulting the Ethos Institute and the ILO "black list" before contracting suppliers and service providers. In order to guarantee that its suppliers share its sustainability commitments, the areas responsible for 24-hour assistance, purchases, workshops, tow trucks and mechanics, and adjustment and investigation have inserted a social responsibility clause into their key contracts.
- In the Auto segment, the referral area also includes a clause on social responsibility and sustainability in contracts with partner autoshops, which are perceived as posing a greater risk in terms of the use of child or slave labor. Additionally, these autoshops must fill in a questionnaire covering socio-environmental questions. To guarantee the truthfulness of the responses and the fulfillment of the contract clause, the area responsible for internal inspections and investigations audits the information provided by the service providers.
- Also in the Auto segment, in 2012 all three expert technical investigation contracts had the social responsibility and sustainability clause added to their contracts and were audited to check compliance.

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.

SulAmérica ran several socio-environmental programs and projects to help build public policies and encourage engagement and the training of people from the community on the management of non-profit organizations. The company also used its communication channels to spread ESG concepts directly to customers, brokers, service providers and employees. In its [Code of Ethical Conduct](#), the company also prohibits financial contributions to political parties or candidates to reduce the risk of money laundering and corruption.

Regulators

SulAmérica, as one of the leading insurance companies in Brasil, have been working closely with the Brazilian Insurance Association (CNseg in Portuguese), to incorporate sustainability and ESG issues in the sector agenda. Some of the initiatives established in the last two years by CNseg with SulAmérica's collaboration were: the Sustainability Commission, a [sustainability webpage](#), the inclusion of sustainability in the Antonio Carlos de Almeida Braga Innovation on Insurance Awards, the launch of PSI in Brazil during the Rio+20 conference and seminars and workshops promoting the PSI and other ESG issues.

Social Initiatives

In 2012, SulAmérica donated about R\$ 1.3 million to support projects, campaigns and social and environmental actions, of which a little over R\$ 1 million are tax incentive resources. These amounts are 30% less than the previous year, mainly due to a reduction in own capital investment in socio-environmental actions due to the preparation of the company's strategy. All social investments, whether

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own resources or tax incentive, are analyzed by the Corporate Sustainability Superintendence according to specific criteria approved by the Sustainability Committee, a Board of Directors Committee.

- SulAmérica supported nine social projects in communities close to its main offices in Rio de Janeiro and São Paulo, directly and indirectly helping 4,215 people and 50 organizations. In most of its initiatives and projects, the company counts on the voluntary support of its employees and some business partners. Further details are available on the [institutional website](#). SulAmérica also provides services to society through partnerships and own initiatives, including:
- **Dia da Cidadania SulAmérica** (SulAmérica Citizenship Day): Run in partnership with local non-profit organizations and business partners to provide health services and foster employability and citizenship in vulnerable communities near the company's main offices. In 2012, 24 business partners participated in the events in Rio de Janeiro and São Paulo, involving 3,802 people.
- **Lideranças Comunitárias SulAmérica** (SulAmérica Community Leadership): Offers training and capacity building to community leaders in neighborhood associations and non-profit organizations. In 2012, 44 people attended a 52-hour course. These people came from 27 organizations in Rio de Janeiro and São Paulo.
- **Campaign for the Combat of Dengue (Campanha de Combate à Dengue)**: SulAmérica organizes two campaigns per year with the aim of increasing the awareness of employees, members of the community, service providers, clients and brokers about the responsibility of each one in combating dengue. This campaign follows the national campaign organized by the Health Ministry. Through its various communication channels, the Company publishes tips on how to prevent the proliferation of the mosquito that transmits the disease, and holds seminars and entertainment activities at partner social organizations located in the communities close to the headquarters in (RJ) and the Morumbi (SP) unit.

SulAmérica also acts to create opportunities for social well-being and has developed a series of initiatives and actions that benefit society as a whole.

- **Rádios SulAmérica Trânsito** (SP) and **SulAmérica Paradiso** (RJ): A partnership with Grupo Dial Brasil to broadcast traffic reports, entertainment tips and support campaigns such as "Chega de acidentes", "Não foi acidente" and "Proteção ao pedestre".
- **'Previdência sem Bla Bla Bla'** portal: Virtual platform that answers the most common queries regarding private pensions, such as the product portfolio and alternative investments in a simple and clear manner. The site was accessed more than 700,000 times last year. To know more about it visit www.previdenciasemblablbla.com.br.
- **Guia do Uso Consciente do Plano de Saúde** (Guide for the conscious use of Health Insurance): A tool developed by SulAmérica Health unit professionals, this is a simple approach to important topics regarding health care, such as the importance of having a trustworthy doctor, procedures for using the health plan and calculations for income tax. Go to <http://www.sulamericausoconsciente.com.br> for further details (only in Portuguese).

PRINCIPLE 4:

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

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Since 2008 SulAmérica publishes its Annual and Sustainability Report as a standalone document, online and following the Global Reporting Initiative (GRI) methodology. Since 2011, this report has been verified by independent auditors to certify the accuracy and reliability for all ESG information. To view our 2012 Annual Report visit www.sulamerica.com.br/relatorioanual and all former reports can be viewed by clicking [here](#).

On June 2013, SulAmérica publishes this document as its first PSI Disclosure Report.