



*PSI Launch at Rio+20 in 2012*

With the new governance structure 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 strategy. The Principles for Sustainable Insurance (PSI) from the United Nations Environment Program for Financial Institutions (UNEP FI) was one of them.

SulAmérica gained an important role in the Brazilian Insurance Sector with the Sustainability Commission Presidency at the Brazilian National Insurance Association (CNseg, in Portuguese) and its nomination as a PSI board member, both in 2012. Two key positions gave SulAmérica the responsibility to work with other insurance players to integrate environment, social and governance (ESG) issues throughout the sector, as well as to motivate more members for the PSI initiative in Brazil.

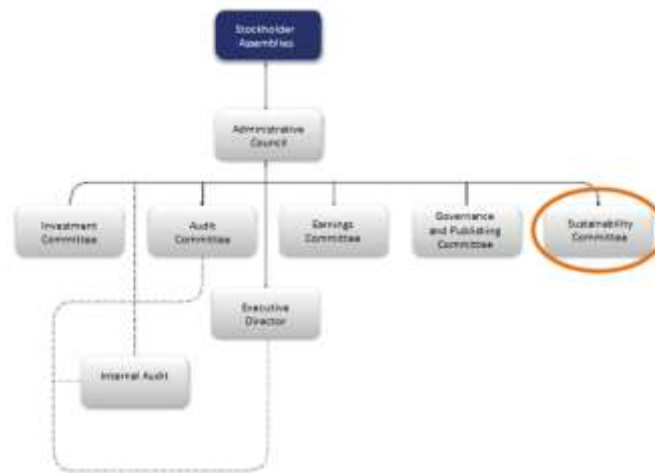
In the following pages you will find the main initiatives and projects to implement the four principles in its strategy, operations, relationships and communication the company underwent since the last report, released in June 2013.

## **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 establishment of the sustainability strategy and approval of all initiatives and projects proposed by the different business and corporate units, monitored by the its Superintendence. Since 2011, the Sustainability Committee reports to the Board of Directors and has the CEO as its president, plus three vice-presidents, the Human Capital Director, an independent member from the Board of Directors as well as an external sustainability expert as members.



In 2012 the Committee worked with the Board of Directors and the Executive Committee to incorporate sustainability into the triennial strategic planning process. As a result, the Board of Directors approved in April 30<sup>th</sup> of 2013, the new [Corporate Sustainability Policy](#) and a Sustainability Strategic Initiative. The goal is to integrate ESG issues into the business model and decision-making process.

The entry of two new shareholders, the reinsurance company Swiss Re and the International Finance Corporation (IFC), is a good example of the benefits of integrating sustainability into the strategy. These two organizations invest only in companies working on the integration of sustainability into its business model and operations.

### Risk Management

A sound risk management strategy and system is the core strategy for an insurance corporation. 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. During the last two years, SulAmérica worked on a series of improvements into its risk matrix and risk prevention tools:

- The Company improved its risk management system to ensure good performance in operations over the coming years by developing a new Emerging Risks Framework (ERF). As part of the Sustainability Strategic Initiative, a training program will be developed for its actuarial staff to understand climate, social and environmental risks to be incorporated into its ERF and pricing models. The goal is to start the program in 2014.
- Review of the Code of Ethical Conduct to incorporate its voluntary commitments and some ESG risks related to the supply chain. 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. In addition, the Code includes directives on the prohibition of corrupt practice, money laundering and other issues, including socio-environmental responsibility.
- As per the 2013 PSI Disclosure, SulAmérica continues with its *Procedure for Analysis and Review of Products, Services and Partnerships* (Procedimento de Análise e Revisão de Produtos or PARP in Portuguese) that includes a sustainability review. No product, service or partnership analyzed in the last year presented a sustainability concern or was refused based on ESG issues.

## Products & Services

Year after year, SulAmérica increased the investment and number of products, services and partnerships that include ESG aspects. In 2013 the Company launched and continued with the following products and services:

- *Responsible Disposal* (Descarte Responsável): SulAmérica's Residential and Corporate policyholders are offered services for the collection, segregation and recycling of home appliances, consumer electronics and furniture. In partnership with *Ecoassist Serviços Sustentáveis*, in August 2013 SulAmérica launched the Responsible Disposal service, which provides convenience and savings to clients and ensures the proper disposal of objects and waste. Before being disposed of, the objects collected at the customers' residences are selected and analyzed. This service is provided to more than 4,800 policyholders.
- *Active Health* (Saúde Ativa): SulAmérica created the Active Health program in 2002 to offer a set of initiatives for the promotion of health and prevention of disease. The program has been expanded with the offer of new services for persons with chronic illnesses, such as diabetes, obesity and heart disorders, among others. In 2013, R\$24 million was invested and 416 thousand policyholders benefitted from this service. Since 2010, R\$82 million has been invested in the program, and 4,916 companies have used the service.
- *Online School Assistance* (Pension Funds): Offered with the purchase of the product *Previdência Educaprevi*, this benefit includes a set of services that support school activities, such as online classes for all the subjects from the 5th grade of elementary education through to university entrance exams, along with virtual tests and revision of subjects. The amount invested in 2012 was R\$66,683.00 and it helped 7,618 users. In 2013, the year ended with a total investment of R\$46,526.50 and with 8,843 registered clients, which was an increase of roughly 16%. Due to a negotiation with the provider of the service to include the *Online School Assistance* in the Residential product, there was a reduction on the amount invested where the registration fee paid by the Company was reduced from R\$0.70 to R\$0.22 per client.
- *Driver Friend* (Automobile insurance): Service offered to holders of automobile insurance. When the insured party is in no physical or psychological condition to drive, SulAmérica provides a driver to take them home and to park the vehicle in a place indicated by the customer. This service was utilized 8,376 times in 2013, representing a total investment of R\$1.6 million, taking into account the average amount for this service. This represents a 31% increase in the number of times it was used and almost 100% increase in the investment by comparison with the previous year.
- As part of the Sustainability Strategic Initiative, the Company is reviewing products and services to incorporate ESG benefits and risks. The goal is to create new products and services, or review existing ones.

## Customer Satisfaction

As part of the process of improving customer care and satisfaction with the services provided, SulAmérica conduct yearly a series of surveys with its strategic stakeholders. To increase transparency, SulAmérica publishes all results on its website. For more detailed information, [click here](#).

The highlights in 2013 included:

- *Customer service channels*: SulAmérica makes available several customer assistance and communication channels that permit access to information and the sending of suggestions, criticisms and questions about its products and services. Customers can find all channels at the Company's website and on policies and informational materials distributed to policyholders.

- The *National Health Agency* (ANS, in Portuguese) monthly evaluates all private health insurance and operators in Brazil on number of complains. In 2013, SulAmérica Companhia de Seguro Saúde was ranked as number one on February and finished in 12<sup>nd</sup> position in December, due to a series of process changes to improve customer quality of service and satisfaction.
- The publication of the *new regulation CNSP 279/13 from SUSEP*, which requires the implementation of an ombudsman department and the resulting media exposure, increased the number of complaints through this channel by 72%. The SulAmérica Ombudsman was created in 2005.
- *Customer service quality and satisfaction surveys*: SulAmérica conducts several quality and satisfaction surveys among its stakeholders (policyholders, service providers, brokers and investment analysts) as a way to improve the quality of its products and services. The main results of the 2013 surveys were:
  - SulAmérica's general customer satisfaction index was 80%, 3 percentage points below the 2012 survey.
  - The call centers for Private Pensions, 24-hour Assistance, Customer Assistance Center and SME Health Plans had 81.7% user satisfaction. The attribute with the best rating was the cordiality of service providers in the past two years and the improvement in the agility of telephone services, up 4.2% compared to 2012. In turn, the ease and agility in resolving policyholders reasons for contact received a lower rating, down 4.5% compared to the previous year. See the chart below to view the degree of satisfaction attributed to each call center.
  - The satisfaction of brokers with our brand's attributes achieved 80.4%, while the relationship with our sales area was 69.9%, up 3 percentage points against the previous year.
  - The level of satisfaction with 24-hour Assistance service providers was 86.7%, unchanged when compared to the previous year.
- Quality of Customer Care and Services was included as one of the strategic themes of the Sustainability Policy. As part of the Sustainability Strategic Initiative, a series of processes will be reviewed to guarantee the establishment a relationship of trust and mutual respect with customers.

## Asset Management

In 2013 SulAmérica Investimentos continued with its program to disseminate the Principles for Responsible Investment (PRI) to its team of analysts and managers, by developing a training course for those employees involved in drawing up and applying the [Responsible Investment Policy](#) (only in Portuguese), which included the risk and compliance area (1 person), the long-term variable income investment area (2 persons) and the credit area (1 person). As a result of this, the team now includes an evaluation process for ESG questions in the investment and credit analyses, as well as in the investment funds of long-term equities and corporate credit assets. As a result, SulAmérica Investimentos has developed some funds that are subject to ESG analysis: the Expertise and Total Return funds that represent roughly 6.8% of the Variable Income Assets and 26.13% of the corporate fixed income assets.

To develop the theme even more, in 2014, SulAmérica Investimentos will develop an ESG training program, review its Responsible Investment Policy and create a new Social Environmental Policy.



## **Human Capital Development on ESG**

Since the creation of the Sustainability Department, SulAmérica has invested in improving the knowledge and skills of its employees on ESG issues. As a follow up from the implementation of a basic training program comprising e-learning, lectures and round-tables to all employees in 2010, the Sustainability Strategic Initiative developed an action plan to integrate ESG issues into all basic training programs, as well as to identify which departments – such as actuarial, IR and investments – had to develop targeted ESG training programs. The goal is to start implementation in the second semester of 2014.

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 2013, 1,374 employees, 15% of whom were managers, completed courses in **Ethics, Fraud Prevention and Prevention of Money Laundering**, amounting to 10,648 hours of training. A total of 65 brokers also took these courses, and since 2002, 4,495 employees have received **Anti-corruption** training, amounting to 17,980 hours.

## **Environmental Initiatives**

Through the Corporate Sustainability Superintendence Department, SulAmérica has disseminated awareness within all departments to mitigate the environmental impact generated by the company since 2009. As part of its new Sustainability Strategic Initiative, SulAmérica is working on a Climate and Environmental Management System that will be implemented until 2015.

For the fourth year in a row, SulAmérica drew up its Greenhouse Gas (GHG) Emissions Inventory according to the GHG Brazil Protocol. Apart from measuring GHG emissions, the company ran initiatives, including the engagement of its value chain, to reduce its scope 3 emissions, reducing it by 15,2% in 2013. To see all inventories [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 equipment 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.**

## **Brokers**

- **New Generation Broker Course:** In July 2013, SulAmérica launched a new program to contribute to the sustainability of family owned brokerage companies. In the two models run in 2013 and 2014, 70 brokers sons and daughters learned about the different lines of insurance and the role of brokers, as well as presented new online tools to improve agility and engagement with the new generation of customers.

## Suppliers

- To guarantee that its suppliers share the same sustainability commitments as those of SulAmérica, all new contracts include a Sustainability and Corporate Responsibility clause. The next step is to develop criteria and processes to contract suppliers based on social environmental criteria.
- The main impact of labor practices in SulAmérica's supply chain is from noncompliance with the CLT (the Brazilian Labor Code), whether due to not formally registering an employee with a work card or to tax and social charges evasion. To mitigate these risks, 100% of SulAmérica's agreements include a labor clause, to guarantee that service providers and suppliers comply with the Brazilian labor law, and provide documents to prove such compliance – such as proof of payment of labor charges. In addition, the Sustainability and Corporate Responsibility clause, included in most Company contracts, includes criteria for the non acceptance of slave and child labor.
- In the Auto segment, SulAmérica has developed some initiatives and partnership programs to integrate ESG criteria into its operations:
  - The referred autoshops were identified as being the service providers with the greatest risk of a possible occurrence of child labor or slave labor in the automobile segment. For this reason in 2012 a project was undertaken, together with the accreditation and investigation and audit areas, to make it easier to identify these risks with these service providers by means of the inclusion of questions related to the topic in the accreditation questionnaire and the inclusion of the Sustainability and Social Responsibility clause in all contracts. In order to ensure the truthfulness of the answers and of compliance with this clause in the contract, the area responsible for inspection and internal investigation audits the information given by the service providers. This audit does not follow any specific norm and included 75 autoshops during the year, all of which were found to be in line with established standards. There were no cases registered in 2013 of child labor or slave labor in the chain of automobile service providers.
  - *Auto Green Seal Towing* (Selo Guincho Verde): Since 2011, SulAmérica has invested in the use of biodiesel in its towing truck fleet by adopting the *Green Seal*, a program of the State of Rio de Janeiro that encourages the replacement of diesel by biofuels. Since 2011, almost 120,000 services were done by Green Seal Towing;
  - *Recycling of vehicle glass*: In partnership with the *Autoglass Institute*, SulAmérica recycles damaged vehicle glass from auto insurance claims. Since 2011, more than 2,270 tons of auto glass were recycled by this program;
  - *Auto water-based paint*: Since 2009, SulAmérica encourages the use of water-based paints in its accredited autoshops to repaint damaged vehicles. This material contains 90% less solvents than traditional paints. For this reason, it permits a reduction in emissions of volatile organic compounds (VOC) that threaten the health of painting professionals and the local communities, besides contributing to reduce pollution levels. Since 2011, more than 23 tons of VOC were not emitted by suppliers using the water-based paint.

Since becoming a Global Compact, PSI and PRI signatory, one of SulAmérica's commitments is to organize sustainability events for clients, suppliers, brokers and other parts interested. In 2013, SulAmérica hosted a study group on Integrated Report developed by *Report Sustentabilidade* where SulAmérica joined other companies to discuss best practices and how to implement the concept in large organizations. In addition, in partnership with the Global Reporting Initiative (GRI), the Carbon Disclosure Project (CDP) and the Brazilian Business Council for Sustainable Development (CEBDS),

SulAmérica hosted two meetings of the Sustainability Report Pioneer Companies Group in Rio de Janeiro.

## 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 social environmental programs and projects to help build public policies and encourage engagement and capacity building of people from the communities where it operates. The company also used its communication channels to spread ESG concepts directly to customers, brokers, service providers and employees.

SulAmérica, as one of the leading insurance companies in Brasil and holding the presidency of the Sustainability Commission at the Brazilian Insurance Association (CNseg, in Portuguese), is also working to incorporate sustainability and ESG issues in the sector agenda. Some of the initiatives established in the last years by CNseg with SulAmérica's collaboration were: the Sustainability Commission (2012), a [sustainability webpage](#) (2012), the inclusion of sustainability in the Antonio Carlos de Almeida Braga Innovation on Insurance Awards, seminars and workshops promoting the PSI and other ESG issues, and the development of the sector's ESG materiality matrix.

### **Social Initiatives**

In 2013, SulAmérica donated about R\$ 1.3 million to support projects, campaigns and social and environmental actions. All social investments are analyzed by the Corporate Sustainability Superintendence according to specific criteria approved by the Sustainability Committee, a Board of Directors Committee.

SulAmérica supported ten social projects in communities close to its main offices in Rio de Janeiro and São Paulo, directly and indirectly benefiting over 9,600 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 2013, 57 business partners participated in the events in Rio de Janeiro and São Paulo, benefiting more than 8,000 people in four events organized throughout the year.
- **Lideranças Comunitárias SulAmérica** (SulAmérica Community Leadership): Project developed in partnership with CIEDS, a non-profit organization established in Rio de Janeiro, that offers training and capacity building to community leaders in neighborhood associations and non-profit organizations. In 2013, over 50 people from more than 40 organizations in Rio de Janeiro and São Paulo attended a 38-hour course.
- **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 partners social organizations located in the communities close to the headquarters in Rio de Janeiro and the Morumbi unit in São Paulo.

- **SulAmérica Financial Education Week (Semana da Educação Financeira SulAmérica):** The National Committee for Financial Education (CONEF), promoted the National Week of Financial Education in several Brazilian states during the first week of May 2014. Highly engaged with this theme, SulAmérica organized the “SulAmérica Financial Education Week” in Rio de Janeiro and São Paulo. More than 400 employees participated in lectures and discussions about financial planning, discipline, independence and investments. The favorability of the events was 90% among the participants.

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 related to traffic and accidents.
- **Previdência sem Bla Bla Bla** portal: A 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. To know more about it, visit [www.previdenciasemblablabla.com.br](http://www.previdenciasemblablabla.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.**

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.

In 2013 SulAmérica innovated by starting to integrate its Annual Report, a hot site, with all relevant information distributed on its various communication channels. This is the first step into an integrated report. To view our 2013 Annual Report visit [www.sulamerica.com.br/relatorioanual](http://www.sulamerica.com.br/relatorioanual) and all former reports can be viewed by clicking [here](#).

SulAmérica publishes this document as its second PSI Disclosure Report in August 2014.