

1 Responsible Area

- 1.1 Governance, Risk and Compliance Executive Board.

2 Scope

- 2.1 This Policy applies to BB Seguridade Participações S.A. (“BB Seguridade” or “Company”) and its subsidiaries BB Seguros Participações S.A. (“BB Seguros”), BB Cor Participações S.A. (“BB Cor”) and BB Corretora de Seguros e Administradora de Bens S.A. (“BB Corretora”).

3 Review frequency

- 3.1 This Policy shall be reviewed annually or, extraordinarily, at any time, and submitted to the Board of Directors for approval.

4 Introduction

- 4.1 BB Seguridade’s Risk Management Policy (“Policy”) aims to establish guidelines related to BB Seguridade’s risk management, in accordance with applicable law and regulation, covering two performance dimensions:
- 4.1.1 Risk management of BB Seguridade and its subsidiaries;
 - 4.1.2 Risk governance of affiliated companies¹.
- 4.2 Affiliated companies have their own framework to perform its risk management activities, which provide inputs to the achievement of risk governance performed by BB Seguridade.

Definitions

- 4.3 For the purposes of this Policy, the following definitions apply:
- 4.3.1 **Risk**: effect of uncertainty, generated by internal and external factors, on the organization's objectives, which can be expressed in terms of a combination of the consequences of an event and the associated likelihood of occurrence.
 - 4.3.2 **Event**: occurrence or change of a particular set of circumstances.
 - 4.3.3 **Consequence**: outcome of an event affecting objectives.

¹ Companies in which BB Seguros Participações S.A. holds interest.

- 4.3.4 **Risk source**: element which alone or in combination has the intrinsic potential to give rise to risk.
- 4.3.5 **Level of risk**: magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood.
- 4.3.6 **Risk criteria**: terms of reference against which the significance of a risk is evaluated.
- 4.3.7 **Risk management**: coordinated activities to direct and control an organization with regard to risk.
- 4.3.8 **Risk management framework**: set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.
- 4.3.9 **Risk appetite**: maximum risk level that the organization accepts to take in order to meet its strategic objectives, materialized by indicators that define an aggregated view of risk exposure.
- 4.3.10 **Risk tolerance**: maximum risk level that the organization accepts to take, that applies to each risk category, materialized by indicators that lead to risk management in more granular levels, considering the defined risk appetite.
- 4.3.11 **Risk limit**: indicator or parameter used to guide the risk owner in its management, which quantifies in detailed levels the risk tolerance and allows monitoring the risk and its management.
- 4.3.12 **Risk owner**: person or entity with the accountability and authority to manage a risk at the first line of defense.
- 4.3.13 **Monitoring applied to risk governance of affiliated companies**: continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected, that can be applied to the risk management framework, risk management process, risk or control in the context of affiliated companies.
- 4.3.14 **Relevant risks**: risks that, given the current position of the BB Seguridade, are able to threaten its business model, future performance, solvency or liquidity, whether originated inside the Company, at its subsidiaries or at its affiliates.
- 4.3.15 **Underwriting risk**: possibility of loss contrary to the expectations of a company that operates in the segments of insurance, reinsurance, pension plans, premium bonds or dental care plans, associated, directly or indirectly, to technical and actuarial basis used to calculate prizes, contributions and technical provisions.
- 4.3.16 **Market risk**: possibility of loss resulting from fluctuation of market values of positions held, including the risks of transactions subject to foreign exchange rate, interest rates, stock prices and commodity prices.

- 4.3.17 **Credit risk:** possibility of loss associated to non-fulfillment, by a borrower or a counterparty, of its corresponding financial obligations according to negotiated terms, and/or to the devaluation of receivables due to a drop in the borrower or counterparty's risk rating.
- 4.3.18 **Liquidity risk:** possibility of the company (a) not be able to efficiently meet its expected and unexpected obligations, current and future, without affecting its daily operations and without incurring significant losses; or (b) not be able to negotiate a position at the market price, due to its sheer size in relation to the volume usually transacted or due to any discontinuity in the market.
- 4.3.19 **Operational risk:** possibility of loss resulting from failed, deficient or inadequate internal processes, people and systems or from external events. This definition includes legal risk.
- 4.3.20 **Legal risk:** possibility of loss resulting from inadequate or deficient contracts signed by the company, as well as sanctions for non-compliance with legal provisions and compensation for damages to third parties arising from activities performed by the company.
- 4.3.21 **Strategy risk:** possibility of loss arising from adverse changes in business environment or use of inappropriate assumptions in decision making.
- 4.3.22 **Reputational risk:** possibility of loss associated to negative perception about the company by its customers, counterparties, shareholders, investors, government agencies, community or supervisors, which can adversely affect business sustainability.

5 Risk management of BB Seguridade and its subsidiaries

- 5.1 We adopte risk management structure segregated from operational areas and internal audit, responsible for providing foundations and support to the implementation of the stages of identification, analysis, evaluation, treatment and monitoring of relevant risks:
- 5.1.1 **Identification:** process of finding, recognizing and describing risks, involving the identification of risk sources, events, their causes and their potential consequences;
- 5.1.2 **Analysis:** process to comprehend the nature of risk and to determine the level of risk;
- 5.1.3 **Evaluation:** process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable;
- 5.1.4 **Treatment:** process to modify risk;
- 5.1.5 **Monitoring:** continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected.

- 5.2 We recognize as relevant risks market, credit, liquidity, operational, strategy, reputational and underwriting risks, being the exposure to the latter originated exclusively through operations of the affiliated companies.
- 5.3 We base our risk assessments preferably in quantitative information, such as historical data, projections and feedback from stakeholders.
- 5.4 We ensure that the limits and corporate authority levels, previously defined, are observed in risk management process.
- 5.5 We set out standards and procedures for the management of relevant risks.
- 5.6 We act in risk management together with an Internal Controls system, segregated from operations, recognized as fundamental for the achievement of corporate objectives, as it promotes measures to prevent deviations, protect values and support decision making.
- 5.7 We adopte risk exposure prevention by lines of defense, which include integrated action by operational managers (risk owners), risk management and compliance areas, internal and external audit, Supervisory Board, Audit Committee and Senior Management:
 - 5.7.1 As the first line of defense, the risk owner manages the risks and is responsible for implementing corrective and preventive actions to address identified process and controls deficiencies;
 - 5.7.2 At the second line of defense, risk management and compliance areas assist and monitor risk owner in developing processes and controls in order to adjust them to the Company's risk appetite;
 - 5.7.3 In a third line of defense, internal audit, with high independence level, provides governance bodies assessments of the risk management and controls effectiveness;
 - 5.7.4 In addition to the three lines of defense, the Company has a Finance Committee which, though not statutory, advises the Executive Board on issues concerning the financial asset portfolio risk management and control.

Market risk

- 5.8 We manage the market risk of financial investment using the guidelines set out in the Financial Investment Policy, which include:
 - 5.8.1 The characteristics of the instruments with which the company can operate;
 - 5.8.2 Operations whose realization is prohibited, among which are the negotiation of:
 - 5.8.2.1 Derivative securities, unless explicit in investment fund management mandates or managed portfolios and for the sole purpose of protection (hedge);
 - 5.8.2.2 Assets that result in foreign currency risk, equity risk or leverage.
- 5.9 We use as parameters for market risk management:

5.9.1 The Value-at-Risk “V@r”, whose limits are established in the Financial Investment Policy;

5.9.2 The fixed income risk factors exposure considering, at least, fixed interest rate and inflation indexes risks.

Credit risk

5.10 We manage the credit risk of financial investment using, at least, the following parameters, set out in the Financial Investment Policy:

5.10.1 Counterparty rating classification;

5.10.2 Exposure limits and concentration criteria;

5.10.3 Qualitative and quantitative criteria of issuers prior to allocation decision;

5.10.4 Company’s financial assets systematic monitoring.

Liquidity risk

5.11 We manage liquidity risk considering the projections for cash inflows and the expected time horizon of consumption of cash and financial investments.

5.12 We maintain a minimum level of assets with a high degree of conversion in cash to cover liabilities and other planned destinations for consumption in the short term (up to 365 days) as set out in the Financial Investment Policy.

Operational risk

5.13 We manage operational risk using information relating to:

5.13.1 Operating losses incurred by the Company and its subsidiaries;

5.13.2 Losses associated with insurance products distributed by BB Corretora;

5.13.3 Complaints about insurance products distributed by BB Corretora in different administrative levels (Banco do Brasil Customer Service, Banco do Brasil Ombudsman, Procon, Bacen, Susep, among others).

Strategy risk

5.14 We manage strategy risk by monitoring:

5.14.1 The performance indicators related to meeting the targets set out in the Company's budget;

5.14.2 Strategic Planning indicators;

5.14.3 The compliance with the guidelines defined in the Strategic Investment Policy.

Reputational risk

5.15 We manage reputational risk by monitoring the Company's and its subsidiaries' exposure in the media outlets, and evaluating and treating the causes that may adversely affect business sustainability through:

5.15.1 Specific forum to discuss issues related to reputational risk;

5.15.2 Communication Plan with guidelines and procedures for the relationship with the media;

5.15.3 Mapping reputational risk events;

5.15.4 Defining plans to treat probable causes of exposure;

5.15.5 Monitoring treatment actions.

6 Risk governance of affiliated companies

6.1 We recognize that the Company's exposure to the relevant risks also originates from affiliated companies operations.

6.2 We continuously monitor and evaluate the exposures and the relevant risks at the affiliated companies, using the following mechanisms:

6.2.1 Evaluation of performance and monitoring indicators of the relevant risks management;

6.2.2 Representation in affiliated companies governing bodies, particularly in advisory committees related to risk management, in the Board of Directors, in the Supervisory Board and in the Audit Committee;

6.2.3 Promotion of technical exchanges between affiliates;

6.2.4 Prior review and ongoing monitoring of policies and major decisions concerning risk management at the affiliates, in which we guide that every affiliate has, minimally:

6.2.4.1 Risk appetite and tolerance statement, approved by the Board of Directors;

6.2.4.2 Models and tools to support risk management;

6.2.4.3 Risk management framework (i) proportional to its exposure, (ii) compatible with the nature, scale and complexity of its operations, (iii) segregated from the business areas and internal audit and (iv) in line with its Internal Controls system.

Underwriting risk

6.3 We monitor regulatory capital allocation to cover the underwriting risk and the adequacy of technical reserves and assets covering technical reserves, considering the business segment characteristics of each affiliated company.

7 Risk information

- 7.1 We inform the Board of Directors, at least every six months, through management reports, performance and monitoring indicators related to the exposure of the Company, its subsidiaries and affiliates to relevant risks.
- 7.2 We inform, at least quarterly, to the Company's Collegiate Board:
 - 7.2.1 The exposure to credit and market risk in the financial investments and the status of liquidity of the Company and its subsidiaries;
 - 7.2.2 The performance and monitoring indicators related to the exposure of the Company, its subsidiaries and affiliates to relevant risks;
 - 7.2.3 The values of operating losses attributed to insurance products distributed by BB Corretora and the amounts provided to lawsuits and related payments;
 - 7.2.4 The regulatory solvency and liquidity situation of the affiliated companies.

8 Responsibilities

- 8.1 The Executive Risk Management, linked to Governance, Risk and Compliance Executive Board, is responsible for:
 - 8.1.1 Develop and standardize the Company's and its subsidiaries' risk management methodologies and the risk governance methodologies applied to the affiliated companies;
 - 8.1.2 Develop the risk management culture inside the Company and its subsidiaries;
 - 8.1.3 Guide, through governance, the adoption of best risk management practices by affiliates.

9 Final statements

- 9.1 Omissions in the Risk Management Policy should be submitted for approval to the Board of Directors.